

Eighth Meeting of the Standing Committee on Finance Bonn, Germany, 1–3 October 2014

Report

Attendance

Mr. Stefan Agne
Ms. Diann Black-Layne (Co-Chair)
Mr. Jozef Buys
Ms. Sarah Conway
Mr. Roger Dungan
Ms. Inka Gnittke
Ms. Outi Honkatukia
Mr. Yorio Ito
Ms. Edith Kateme-Kasajja
Mr. Raymond Landveld
Mr. Ali Daud Mohamed
Mr. Hussein Alfa (Seyni) Nafu
Mr. Kyekyeku Yaw Oppong-Boadi
Mr. Paul Herbert Oquist Kelley
Ms. Rajasree Ray
Mr. Stefan Schwager (Co-Chair)
Mr. Ayman Shasly
Ms. Suzanty Sitorus
Mr. Mark Storey

Absent with apologies

Mr. Georg Børsting

Proceedings

1. Opening of the meeting

1. The eighth meeting of the Standing Committee on Finance (SCF) was opened at 09.30 a.m. on Wednesday 1 October 2014.

2. Organizational matters

(a) Adoption of the agenda

2. Co-Chair Diann Black-Layne welcomed the members of the SCF and observers, including Party observers, representatives of United Nations agencies, as well as intergovernmental and civil society organizations.¹ She informed members of the SCF of the resignation of Ms. Jessica Brown (United States of America) from the Committee and welcomed her replacement, Ms. Sarah Conway. Mr. Mark Storey (Sweden) was nominated to fill the remaining vacant seat of the Annex I constituency.

3. Co-Chair Diann Black-Layne drew the attention of members to the scenario note, which was issued by the Co-Chairs in advance of the meeting, and which identified procedural and substantive issues and possible outcomes or deliverables for each of the agenda items of the provisional agenda.

4. Co-Chair Black-Layne informed members of the availability of the comparative viewing figures of the webcast of the meetings of the various thematic bodies, which had been previously requested by the SCF. The Co-Chair further informed members that on the first day of the meeting, there would be an opportunity for an informal joint lunch with the members of the Adaptation Committee (AC).

¹ <<http://gaia.world-television.com/unfccc/scf07/>>.



5. The SCF adopted the agenda, as contained in document SCF/2014/8/1.

(b) Organization of the work of the meeting

6. Co-Chair Black-Layne introduced the proposed tentative schedule as well as the order of work for the three-day meeting as outlined in the annex to document SCF/2014/8/2.

3. First biennial assessment and overview of climate finance flows

Discussion

7. Co-Chair Black-Layne introduced the agenda item and gave the floor to Ms. Outi Honkatukia and Mr. Seyni Nafu, the two facilitators of the working group on the first biennial assessment and overview of climate finance flows (BA). They provided a short presentation on the outputs of the 2014 BA, the objectives of the meeting, and the follow-ups. They also introduced the background note to this agenda item (SCF/2014/8/3.² During the working group sessions, members discussed the Draft Summary and Recommendations of the SCF on the 2014 BA. These sessions were open to observers who participated actively in the discussions. Members, also, briefly discussed the overall report of the 2014 BA.

Outcome of the discussion

8. Members agreed on the summary and recommendations by the SCF on the 2014 BA as contained in annex I to the present document.

9. The SCF agreed to finalise the 2014 BA by 1 November, as outlined in annex VIII to the present document. It was agreed that outreach activities would be discussed inter-sessionally.

4. Fifth review of the Financial Mechanism

Discussion

10. Co-Chair Black-Layne, who facilitated the work of the working group on the fifth review of the Financial Mechanism, introduced the agenda item and its relevant background note (SCF/2014/8/4). The executive summary of the Draft Technical Paper, containing the initial recommendations prepared by the secretariat was also distributed to serve as a basis for the discussions of the working group. The Committee agreed that the latter would serve as the expert inputs by the SCF to the COP.

Outcome of the discussion

11. The working group discussed and revised all sections of the executive summary of the Draft Technical Paper. The working group agreed for the facilitator to work with the secretariat in revising the remaining section dealing with "Consistency and complementarity of the Financial Mechanism with the other sources of investment and financial flows", with inputs to be provided by members of the SCF. The working group agreed to finalize its work on this task in accordance with the timelines contained in annex VIII to the present document.

5. Forum of the Standing Committee on Finance

(a) Outcomes of the Second Forum of the Standing Committee on Finance on Mobilizing Adaptation Finance

Discussion

12. Co-Chair Black-Layne introduced the agenda item and invited Mr. Clifford Mahlung, member of the Adaptation Committee (AC) who actively participated in the 2014 Forum of the SCF, to share the insights he had gained there. Members expressed their appreciation to Mr. Mahlung for his engagement during the 2014 Forum, and asked him to extend the gratitude of the SCF to the AC for the collaboration between the two bodies therein. It was also noted that the Technical Executive Committee (TEC) and the Least Development Countries Expert Group (LEG) contributed to the forum through presentations by their representatives.

² The presentation is available at:
<http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/presentation_of_ba_outputs_objectives_and_follow_ups_scf8_v1.pdf>.

13. Ms. Suzanty Sitorus also briefly informed the SCF that she had presented the outcomes of the 2014 Forum of the SCF at the the Global Forum of the Climate Change Expert Group of the Organization for Economic Co-operation and Development (OECD) on behalf of the Committee.³ In this context, Mr. Paul Oquist informed the SCF about the draft work plan of the Executive Committee of the Warsaw Mechanism on Loss and Damage, to be finalized in Lima, which proposed that the Fourth Forum of the SCF in 2016 focus on this subject.

14. The SCF thanked Mr. Raymond Landveld as facilitator of the working group on the Second Forum of the SCF held in 2014. The Committee also expressed gratitude to the Government of Jamaica, United Nations Development Programme Jamaica, the Administrative Unit of the Climate Investment Fund, and the Inter-American Development Bank for their collaboration.

15. A breakout group discussed the executive summary of the Forum report, as contained in document SCF/2014/8/5.

16. The group noted that the 2014 Forum helped in promoting the mobilization of adaptation finance through the sharing of experiences, best practices and innovative ideas, and members highlighted the new insights generated during the forum.

17. The members generated a number of conclusions from the open and interactive discussions that took place during the forum. They discussed the highlights of the forum, the main topics, and the aspects to consider in the future forums. The breakout group also referred to the discussions during the forum on adaptation planning, as well as the integration of adaptation into development plans at the regional, national, subnational and municipal levels.

18. The breakout group also noted that the 2014 Forum addressed private and public finance in a balanced way, and that the guiding questions developed by the SCF prior to the forum were very helpful. The full programme of the Second Forum of the SCF in 2014 is included in annex III to the present document.

Outcome of the discussion

19. The Report of the Breakout Group on the 2014 Forum on mobilizing adaptation finance is contained in annex II to the present document.

20. The SCF agreed to revise the executive summary and to include it in an annex to the Report of the SCF to the COP. It also agreed to revise the full Report of the Second Forum of the SCF in 2014 accordingly, and upload it to the SCF website and virtual forum. The timeline for inputs to be provided by members is contained in annex VIII to the present document.

(b) Forum of the Standing Committee on Finance in 2015 on financing for forests

Discussion

21. Co-Chair Black-Layne introduced the agenda item. A representative from the Center of International Forestry Research (CIFOR) expressed the interest of CIFOR to collaborate with the SCF on the Third Forum of the SCF in 2015. During breakout group discussions, which were based on the background document (SC/2014/8/6), members engaged on issues such as modalities, scope, target audience, possible partners and events. Given that information related to the latter had not been available, the group discussed this item more substantively and looked at its linkages with the discussions on coherence and coordination in terms of financing for forests.

Outcome of the discussion

22. The Report of the Breakout Group on the issue of the 2015 Forum is available in annex IV to the present document.

23. The SCF agreed to establish a working group to take the organization of the forum forward intersessionally, and agreed that this would be facilitated by Mr. Stefan Agne and Mr. Raymond Landveld.

³ The presentation is available at:
<http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/ccxg_presentation_sitorus_version_11sep.pdf>.

24. The Committee also agreed to invite submissions from interested organizations, to be received by 31 October 2014, with information on potential partnerships, and events that the forum could be held in conjunction with. Further information on the timeline is contained in annex VIII to the present document.

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

Discussion

25. Co-Chair Black-Layne introduced the agenda item on draft guidance to the operating entities of the Financial Mechanism. It was clarified that no submissions from Parties had been received at the time of the meeting.⁴ A representative of the Global Environment Facility (GEF) provided a short intervention welcoming the opportunity to interact with the SCF on the basis of the matrix included in the background document (SCF/2014/8/7). One member suggested that the Green Climate Fund (GCF) could be invited to share its draft report to the COP with the SCF in advance of its issuance, allowing the SCF to provide guidance to the GCF, which would also increase the interaction between the SCF and the GCF. Members engaged on the issue of draft guidance to the operating entities in two breakout group sessions as well as in plenary, during which time it was agreed to revise the template for the provision of draft guidance to the operating entities. Representatives of the operating entities which participated, engaged actively with the SCF during those discussions.

Outcome of the discussion

26. The Report of the Breakout Group on the abovementioned agenda item is contained in annex V to the present document. Based on the outcome of discussions during the breakout group, members were invited to provide inputs to the template, as well as to provide comments on the compilation of inputs provided thereafter. It was agreed that the templates would be annexed to the report of the SCF to COP 20. The timelines for the provision of inputs by members of the SCF are included in annex VIII to the present document. It was also agreed that the template would be shared with the thematic bodies of the Convention, for their inputs, and that such inputs would be presented as separate annex in the report of the SCF to COP 20.

7. Coherence and coordination: the issue of financing for forests, taking into account different policy approaches

Discussion

27. Co-Chair Schwager introduced the background paper (SCF/2014/7/5) and invited the SCF to consider the revised document, in order to agree on its overall approach on this subject. Mr. Raymond Landveld and Mr. Stefan Agne co-facilitated the discussions, and members engaged in in-depth discussions on this issue in breakout group sessions, as well as in plenary.

28. The breakout group discussed this topic in conjunction with the topic on the Third Forum of the SCF in 2015, noting that the forum could be a stepping stone to coherence and coordination for financing for forests.

29. It found the background paper which had been circulated in advance of the session useful as a basis for discussion, and considered how the paper could be expanded. Members recognized that the mandate for the SCF was to consider coherence and coordination for financing for forests, taking into account various policy approaches, and the mandate for the SCF Forum is more specifically related to implementation of REDD-plus, including ways and means to transfer payments for results based actions and the provision of financial resources for alternative approaches.

30. The group discussed what the main elements of the working paper should be, based on the mandate.

Outcome of the discussion

31. The Report of the Breakout Group is contained in annex VI to this document.

32. The SCF agreed that the working group would take this work forward intersessionally, to revise the working document further, so that it could serve as a document for future work of the SCF on coherence

⁴ All Party submissions are available at:
<<http://www4.unfccc.int/submissions/SitePages/sessions.aspx?showOnlyCurrentCalls=1&populateData=1&expectedsubmissionfrom=Parties&focalBodies=COP>>.

and coordination, as well as for the Third Forum of the SCF 2015. Submissions of relevant information and research to inform the paper were invited, and should be received by 31 January 2015.⁵

33. The SCF also decided to work intersessionally on its outreach modality.

34. Further information related to the timeline for inputs is contained in annex VIII to this document.

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

Discussion

35. Co-Chair Schwager introduced the agenda item. Ms. Honkatukia and Mr. Nafu outlined that the identification of elements for a work plan would be the necessary outcome of the meeting. A representative from United Nations Development Programme (UNDP) gave a short intervention, briefly introducing a forthcoming public expenditure database and indicating possible future cooperation between the various workstreams of UNDP with regard to the issue of measurement, reporting and verification (MRV) and the SCF. Various organizations provided an update on their work concerning the issue of MRV of support for the information of the SCF.⁶ The SCF discussed this subject matter in breakout group sessions based on a background document (SCF/2014/8/8).

Outcome of the discussion

36. The report of the breakout group on MRV of support is available in annex VII to this document.

9. Other matters

(a) Date and venue of next meeting

37. One member raised concerns about the proposed meeting dates for the year 2015 because of overlaps with other important events. Co-Chair Schwager informed members that such concerns would be taken into consideration by the secretariat in planning for meetings of the SCF the following year.

(b) Report of the eighth meeting of the Standing Committee on Finance

38. The Committee agreed to adopt the report of the eighth meeting of the SCF intersessionally. One member suggested reducing the length and increasing the readability of the reports of the meetings of the SCF, particularly in light of the availability of the webcast of the meetings.

(c) Other matters

39. A draft outline of the Report of the SCF to the COP was distributed to members and discussed briefly. There was a proposal to consolidate the recommendations in a special annex for ease of reference, but also to keep them in their respective annexes. Clarification was also provided on the procedure of the actual drafting and reviewing of the report by the members, including timelines for the review, and agreement on the report itself. It was noted that input by the SCF on draft guidance to the GCF would most likely to be provided in an addendum to the report, in light of the late issuance of the reports of the GCF.

40. A document was distributed to members providing an overview of the meetings of other bodies, as well as presentations delivered by members of the SCF at those meetings and events.⁷ One member also gave an overview of the Informal Dialogue on Climate Finance, hosted by the incoming Presidency of the COP 20.⁸

41. Co-Chair Schwager also informed members of a conference call that the Co-Chairs of the SCF had with the Co-Chairs of the AC, and drew the attention of members to two documents that had been subsequently transmitted by the latter to the members of the SCF for their consideration. It was proposed to provide comments to the Co-Chairs and the secretariat on those documents, which would be combined and transmitted to the Co-Chairs of the AC.

⁵ Intersessionally, the SCF decided to extend the deadline from 10 November 2014 to 31 January 2015. The revised invitation for information and case studies can be found here <<http://unfccc.int/7561>>.

⁶ All presentations are available at: <<http://unfccc.int/6881.php>>.

⁷ All presentations delivered by SCF members are available at: <<http://unfccc.int/7561.php>>.

⁸ <<http://www.cop20.pe/en/acerca-de-la-cop-20/mensaje-de-la-presidencia/>>.

42. In this context, Co-Chair Schwager emphasised that it would be necessary to have more interaction with other bodies of the Convention in the future, and indicated that it would be important for the SCF to make sure that this interaction is structured in a productive way. He also stated that the SCF should ensure that inputs by the SCF are well received, and that the SCF should take on board the concerns, ideas and requests of other Committees.

43. Furthermore, Co-Chair Schwager noted that the term of the current members of the SCF would end this year and requested members to remind their constituencies of the need for timely nominations.

44. One member requested that a timeline of inputs to be provided by members of the SCF should be distributed to members. The timeline is contained in annex VIII to this document.

45. The Co-Chairs convened an executive session of the Committee to take stock of the status of work of the SCF.

10. Closure of the meeting

46. Co-Chair Schwager thanked the Committee members, the secretariat and observers, and closed the eighth meeting of the SCF at 8 pm on Friday 3 October 2014.

Annex I – Summary and recommendations by the SCF on the 2014 BA [Advance unedited version]

I. The Mandate

1. The Standing Committee on Finance (SCF) assists the Conference of the Parties (COP) in exercising its functions with respect to the Financial Mechanism of the Convention. The COP tasked the SCF to prepare a biennial assessment and overview of climate finance flows, drawing on available sources of information, and including information on the geographical and thematic balance of flows. Subsequently the COP requested the SCF to consider:

- Relevant work by other bodies and entities on measurement, reporting and verification of support and the tracking of climate finance;
- Ways of strengthening methodologies for reporting climate finance;
- Ongoing technical work on operational definitions of climate finance, including private finance mobilized by public interventions, to assess how adaptation and mitigation needs can most effectively be met by climate finance.¹

2. This report is the first of the biennial assessments and overview of climate finance flows (BA). It reviews the operational definitions and reporting systems used by institutions that collect climate finance data. It also discusses the available estimates of global climate finance and of flows of climate finance from developed to developing countries. It then attempts to assess these two sets of information, and identifies areas where further work is needed. This summary and recommendations on the 2014 BA has been prepared by the SCF. The report was prepared by experts under the guidance of the Committee, and draws on data and statistics from various sources.

II. Challenges and Limitations

3. The 2014 BA presents a picture of climate finance to the extent possible. Due diligence has been undertaken to utilize the best information available from the most credible sources. The report encountered challenges in collecting, aggregating and analysing information from diverse sources. For example, each of these sources uses its own definition of climate finance and its own systems and methodologies for reporting. The wide range of delivery channels and instruments used for climate finance also poses a challenge in quantifying and assessing finance. These limitations need to be taken into consideration when deriving conclusions and policy implications from this report. The SCF will contribute through its activities to the progressive improvement of the compilation of climate finance information in future BAs.

III. Key findings

Methodological issues relating measurement, reporting, and verification of public and private climate finance

4. **Definitional issues:** The United Nations Framework Convention on Climate Change does not have a definition of climate finance. Data collectors and aggregators use different operational definitions but with common elements. The review of the climate finance definitions adopted by data collectors and aggregators identified in this report points to a convergence that can be framed as: *“Climate finance aims at reducing emissions, and enhancing sinks, of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts.”*

¹ Decisions 2/CP.17 paragraph 121(f), 1/CP.18 paragraph 71, 5/CP.18 paragraph 11 and 3/CP, paragraph 11.

5. **Reporting approaches:** Institutions report on climate finance for different purposes, and use different methods. Quality assurance of reporting and public disclosure of the underlying data also varies. Efforts to improve the comparability of reported data are beginning. Further efforts to develop common approaches for measuring and reporting, to the extent feasible, could improve the quality of data of climate finance in future reports.

6. **Measurement and reporting relating to the Convention:** Reporting on climate finance provided by developed countries to developing countries (National Communications and Biennial Reports) is intended to promote transparency regarding where, how and for what purpose climate finance flows. Initial analysis of the Biennial Reports on climate finance for this BA report suggests inconsistencies in how UNFCCC guidelines have been used so far. This suggests a need to better understand the reasons behind this. To form a comprehensive picture of climate finance, information on both finance provided by developed countries and finance received by developing countries is needed.

Overview of current climate finance flows 2010–2012

7. Climate finance data are aggregated in two ways in the BA: (i) **global total climate finance** which includes public and private financial resources devoted to addressing climate change globally, and (ii) **flows from developed to developing countries** aimed at addressing climate change, which includes climate finance reported to the UNFCCC.

8. **Global total climate finance** in all countries ranges from USD 340 to USD 650 billion per year (see figure 1). Several sources of climate finance are not fully captured by these estimates, so the total may be higher. Some of the sources included report the full investment rather than the climate component. If estimates were limited to incremental costs, the totals might be lower.

9. **Flows from developed to developing countries** range from USD 40 to USD 175 billion per year. This includes annual flows of USD 35 to 50 billion through public institutions and USD 5 to USD 125 billion of private finance. Public institutions that help channel climate finance from developed to developing countries include developed country governments, bilateral finance institutions, multilateral development banks, and multilateral climate funds.

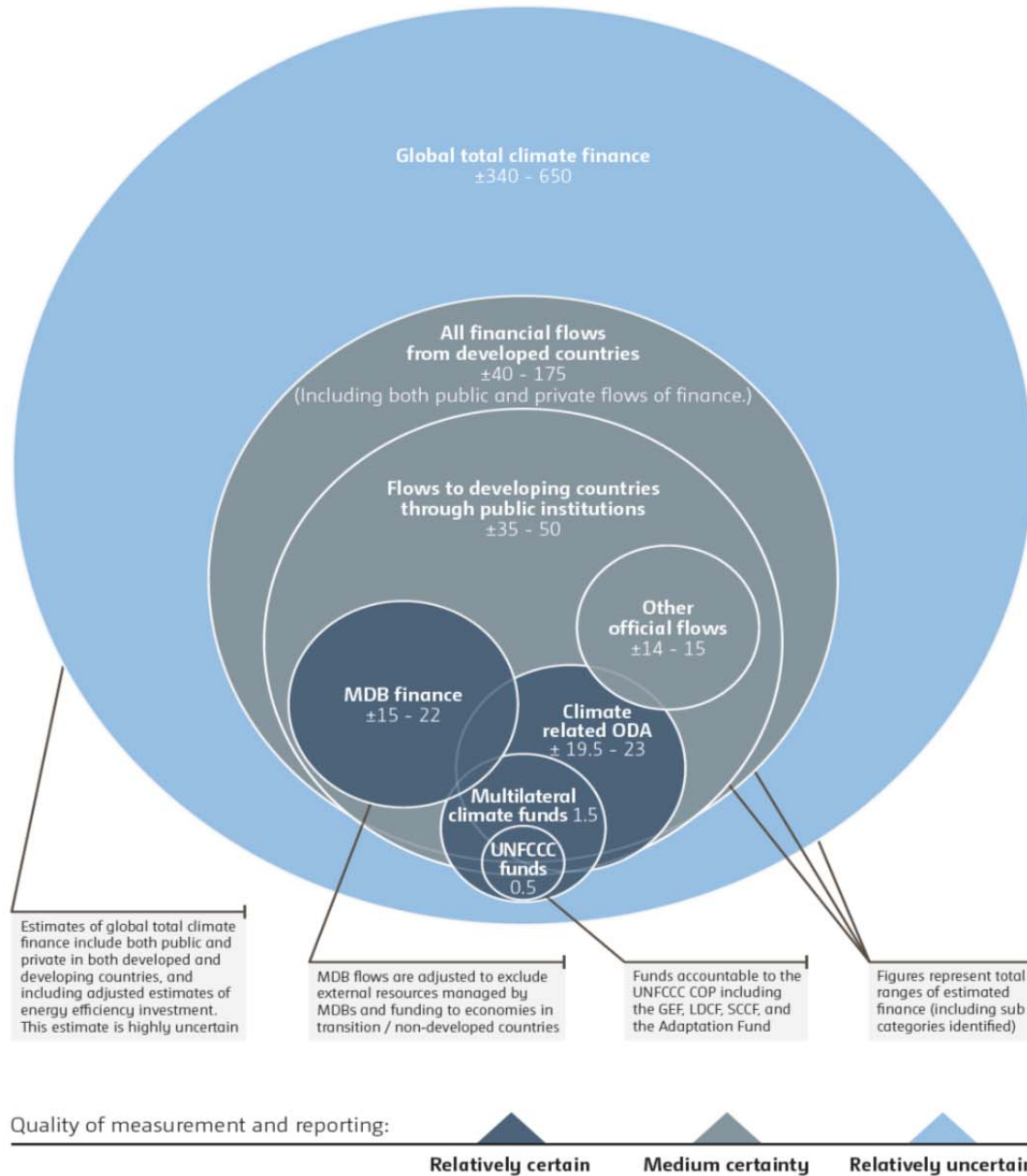
10. **Climate finance reported through the Biennial Reports is included in the flows from developed to developing countries.**

- Total climate finance provided by developed countries reported through Biennial Reports was over USD 28 billion in 2011 and over USD 26 billion in 2012.²
- The amount of Fast-Start Finance (FSF) committed and reported by developed countries for the period 2010-2012 exceeded USD 33 billion.

² Figures include mitigation, adaptation, cross-cutting, and core contributions. Figures compiled from the Biennial Reports (BRs) / Common Tabular Forms (CTFs) by secretariat as of 3 October 2014. The figures may not include the final numbers for the calendar year.

Figure I: Current climate finance

Figure III-1:
Climate finance flows (USD Billion)



Notes to diagram

1. Estimates of global total climate finance, which are probably conservative figures include both public and private finance, and incorporate adjusted estimates of energy efficiency investment.
2. Bilateral ODA flows are adjusted to exclude funding through multilateral climate funds to reduce double counting.
3. MDB flows are adjusted to exclude external resources managed by MDBs and funding to economies in transition / developed countries
4. *** Figures represent total ranges of estimated finance (including sub categories identified)
5. The rectangles represent the subsets of finance that were included in FSF reports and in the submissions of BRs of developed countries respectively
6. The representation is not to scale

Assessment of climate finance

11. **Current climate finance:** Estimates of global climate finance span a wide range. This is in part due to lack of adequate information on domestic public spending on adaptation in developing and developed countries; on private finance; on energy efficiency investment; and on finance for reducing non-CO2 emissions.

12. **Instruments of finance:** Forty-four to fifty-one per cent of funding through multilateral climate funds, as well as FSF and climate-related Official Development Assistance (ODA) is provided as grants. Concessional loans, other official flows and export credit finance for climate change activities were also reported as part of FSF. There appears to have been a greater use of both loan and non-concessional finance in the larger economies of Asia and the Middle East.³

13. **Thematic distribution of finance:** Forty-eight to seventy-eight per cent of finance reported as FSF, in Biennial Reports, through multilateral climate funds, and through MDBs supports mitigation. Classifying REDD+ finance as contributing to multiple objectives, as many countries have done in their Biennial Reports, results in a reduction in the share of mitigation finance relative to that reported in FSF. Adaptation finance in the same sources ranges from 11% to 24%. There is some evidence that adaptation finance has been increasing, though it remains a small share of the current estimates.⁴ The Least Developed Countries Fund, Special Climate Change Fund and Adaptation Fund approved an average USD 190 million per year between 2010 and 2012.

14. **Geographic distribution of finance:** In general, the largest share of funding from multilateral climate funds, FSF, and climate-related development assistance has been directed to the countries of the Asia and Pacific region (38 to 53%). Thirteen to twenty per cent of funding has been directed to global programs that target multiple countries. The countries of Latin America and the Caribbean and Sub-Saharan Africa appears to receive broadly comparable shares of the finance committed (12 to 15%) of multilateral climate funds and FSF. More than 25% of climate-related development assistance appears to be directed to Africa.⁵

15. **Understanding mitigation and adaptation impact:** Climate finance providers are starting to assess the impact of mitigation finance on emissions; many investors are also beginning to account for their emissions impact. Adoption of such approaches is nascent. Furthermore methodologies are not always consistent. Methodologies for assessing impact on resilience and effective adaptation are much less developed.

16. **Alignment with needs:** Many developing countries are assessing their needs for climate finance and the level of climate change investments. Case studies from Indonesia, Peru, the Maldives and Niger show that efforts are getting underway in developing countries to strengthen national systems to manage climate finance. Needs assessment processes have not always been well linked to finance and investment decision-making. Better systems to track finance received may help strengthen alignment with national priorities.

Assessing quality and coverage of data

17. **Efforts to improve quality and coverage of climate finance data are underway.** The international assessment and review (IAR), including the ongoing technical review of the first Biennial Reports, is likely to identify specific proposals that could improve the accuracy, completeness, and comparability of data on climate finance flows to developing countries. The submissions on the experiences with the first BRs and on the methodologies used to measure and track climate finance also include valuable information to enhance these efforts. The OECD Development Assistance Committee

³ Chapter III, Figure III-4.

⁴ Chapter III, Figure III-5.

⁵ Chapter III, Figures III-7, 8 and 9.

(DAC) is working to improve the application of the Rio Markers, and support more consistent quantified reporting towards the Rio Conventions. Multilateral Development Banks are working to harmonize the reporting of climate finance data in their joint MDB report on mitigation and adaptation finance. They are collaborating with the International Development Finance Club on these matters. Methodologies for reporting on mobilized private finance are at early stages, with OECD Research Collaborative on Tracking Private Climate Finance and MDBs exploring options for estimating mobilized private finance. Efforts were also underway to improve understanding of private flows.

IV. Recommendations

18. **Methodologies:** Further efforts would enable better measuring, reporting and verifying of climate finance flows. This will require many steps over a number of years and require the cooperation of all data producers and aggregators identified in this report. The SCF highlights the following for consideration by the COP:

- Invite a relevant body under the Convention to consider the key findings of the BA to improve the guidelines for reporting climate finance under the Convention;
- Invite a relevant body of the Convention to develop common reporting methods for needs and climate finance received in time for the next BURs cycle, with consideration of developing countries experiences;
- Invite relevant data producers, collectors, aggregators, and experts from both developed and developing countries to offer suggestions for the enhancement of approaches for measuring and reporting climate finance through, inter alia, introduction of formal data assessment processes; improvements in the use of common definitions, and; further efforts to develop common methodologies, particularly for the provision of information on adaptation finance and private climate finance, to the extent possible, disaggregated data to improve comparability of data;
- Invite multilateral climate funds, bilateral agencies, financial institutions as well as relevant international organisations to continue working to advance common approaches to assess the impact of their finance on GHG emissions, low carbon development, and climate resilience;
- Request the SCF to cooperate with relevant institutions and experts, including from the private sector, to devise practical options for estimating and collecting data on private climate finance, taking into consideration the findings of the OECD Research Collaborative on Tracking Private Climate Finance; and,
- Invite relevant international institutions, organisations, and experts from both developed and developing countries to explore options to strengthen tracking and reporting of domestic climate finance from public and private sources in developed and developing countries building on international experience and emerging practices.

19. **Operational definition of climate finance:** The transparency and accuracy of estimates of climate finance could be strengthened with a common definition of climate finance. The SCF highlights the following for consideration by the COP:

- Invite Parties to consider the definitional elements in paragraph 4 above for future reporting under Convention; and,
- Request the SCF, in collaboration with relevant international financial institutions and organisations, to continue technical work on operational definitions.

20. **Ownership, impact and effectiveness:** Steps can be taken to advance the effectiveness and developing country ownership of climate finance. The SCF highlights the following for consideration by the COP:

- Invite climate finance providers to continue to deepen their engagement with recipient countries to strengthen alignment with national needs and priorities;

- Encourage climate finance providers to inform UNFCCC focal points of climate finance committed and reported to the Convention as directed to their country to the extent possible; and,
- Further work with regards to needs assessment processes is needed to inform future BAs of the SCF.

Annex II –Report of the breakout group on the second forum of the Standing Committee on Finance in 2014 on mobilizing adaptation finance

Background

1. The Standing Committee on Finance (SCF) considered how to report on the outcomes of the 2014 Forum of the SCF in the Report of the SCF to the COP. Possible options included:

- (a) Annexing the entire Report on the Second Forum of the SCF to the Report of the SCF to COP 20;
- (b) Annexing an executive summary of Report on the Second Forum of the SCF to the Report of the SCF to the COP, with a link to the full Report, to be posted on the web;
- (c) The SCF also considered whether it wanted to provide recommendations based on the discussions and the outcomes of the 2014 Forum.

Outcomes of discussions

2. There was an agreement that only the executive summary would be annexed to the Report of the SCF to the COP which contains a section on conclusions and the way forward. There was an agreement not to include recommendations to the COP on this agenda item. .

3. The executive summary was restructured to address the questions that were posed by the SCF to guide the forum to include four headings including: (a) Highlights of the forum; (b) Discussions on the five main topics; (c) Conclusions; and (d) The way forward. The last two sections of the executive summary elaborate on what the 2014 forum meant to the SCF, and the substantive added value that it generated.

4. Participants also agreed to highlight the discussions that took place on integrating adaptation more into development plans. Such plans included the regional, national, subnational and municipal levels.

5. The breakout group discussed the fact that the forum addressed private and public finance in a balanced way, and that the executive summary demonstrated this.

6. The group also discussed the objective of the forum of promoting the mobilization of adaptation finance through the sharing of experiences, best practices and innovative ideas. Members mentioned that new insights were generated during the forum.

7. The breakout group noted the link between the SCF forum and its complementary “virtual forum”. They added that the uploading of presentations in real time during the forum was helpful, as was the interactive mind map of case studies by region. .

Proposed way forward

8. It was proposed by the breakout group to the SCF, that, as the SCF would receive the revised draft from the co-facilitators of the working group by 9 October 2014, the SCF could:

- (a) Agree on the revised executive summary by 16 October, and annex it to the Report of the Standing Committee on Finance to the COP;
- (b) Revise the full Report of the 2014 Forum, as appropriate, after the eighth meeting of the SCF and upload it to the website and virtual forum.

Annex III – Programme of the second Forum of the Standing Committee on Finance: “Mobilizing Adaptation Finance”, 21-22 June 2014, Montego Bay Convention Centre

Day 1 (21 June 2014): National-level adaptation finance options			
Time	Theme	Focus	Speakers
08:00–09:00	REGISTRATION	Registration for participants that were not able to pre-register on 20 June	
09:00–09:40 Opening	Opening plenary	Welcoming the participants and opening the forum	Facilitators: <i>Ms. Diann Black-Layne</i> and <i>Mr. Stefan Schwager</i> , SCF Co-chairs <i>Mr. Jeffery Spooner</i> , Head of Agency, Meteorological Service, Ministry of Water, Land, Environment & Climate Change, Jamaica <i>Ms. Christiana Figueres</i> , UNFCCC Executive Secretary, video message <i>Ms. Asha Bobb-Semple</i> , on behalf of the UNDP Resident Representative <i>Mr. Steven Shalita</i> , Senior Communications Officer, Administrative Unit, Climate Investment Funds (CIF)
09:40 –10:20 Session 1	Setting the scene: overview of adaptation finance (SCF in collaboration with the AC)	The state of adaptation finance: practices, issues, and opportunities	Facilitators: <i>Ms. Diann Black-Layne</i> and <i>Mr. Stefan Schwager</i> , SCF co-chairs <i>Mr. Clifford Mahlung</i> , Adaptation Committee representative <i>Ms. Barbara Buchner</i> , Senior Director of Climate Policy Initiative and head of Climate Policy Initiative (CPI) Europe <i>Mr. Mikko Ollikainen</i> , Senior Climate Change Specialist, Adaptation Fund
10:20 – 11:30 Session 2: Adaptation planning and policies	Integrating adaptation into national planning processes, building resilience and generating investor confidence		Facilitator: <i>Mr. Clifford Mahlung</i> , Adaptation Committee representative
		Integrating adaptation into planning processes and boosting investor confidence in Zambia	<i>Mr. David Kaluba</i> , Principal Economist (EMD)/National Coordinator (PPCR), Ministry of Finance, Government of Zambia
		Adaptation Finance: Petrocaribe case study	<i>Ms. Diann Black-Layne</i> , Ambassador, Government of Antigua and Barbuda
		Adaptation policy in Nicaragua	<i>Mr. Luis Fiallos</i> , National Focal Point of Nicaragua to the UNFCCC Discussion
11:30 – 11:45 Coffee break			

Time	Theme	Focus	Speakers
11:45 – 13:00 Session 3: Mobilizing public finance for adaptation	Overview of public financial instruments at global, regional and national levels and their use to support adaptation activities		Facilitator: <i>Mr. Hussein Alfa (Seyni) Nafu</i> , SCF Member
		The status of public finance related to national funding for developing countries	<i>Mr. Daniel Buckley</i> , Climate Change Policy Analyst, UNDP
		The status of public finance related to bilateral finance	<i>Ms. Stephanie Ockenden</i> , Economist/Policy analyst, the Organization for Economic Co-operation and Development (OECD)
		Policy based loan in Trinidad and Tobago	<i>Mr. Gerard Alleng</i> , Climate Change Senior Specialist, Inter-American Development Bank (IDB)
		Mobilizing public finance for adaptation: cooperation with the Caribbean Development Bank on lending for adaptation	<i>Ms. Nancy Saich</i> , Managerial Adviser, European Investment Bank (EIB)
			Discussion
13:00-14:15 Lunch break			
14:15 – 15:30 Session 4: Mobilizing private finance for adaptation	Identifying private finance options for adaptation activities: Financial market instruments; innovative financing, micro-finance, micro-insurance etc.		Facilitator: <i>Mr. Stefan Agne</i> , SCF Member
		Adaptation finance by private funds for private investment	<i>Mr. Takashi Hongo</i> , Senior Fellow, Mitsui Global Strategic Studies Institute
		Developing a model of how to bridge adaptation projects with private equity (African case study)	<i>Ms. Isabelle Proulx</i> , Programme Manager, International Development Research Centre (IDRC)
		The role of insurance in adaptation finance in the Caribbean	<i>Mr. Isaac Anthony</i> , Chief Executive Officer (CEO), Caribbean Catastrophe Risk Insurance Facility (CCRIF)
		The role of insurance in adaptation finance in Africa	<i>Ms. Joanna Syroka</i> , Programme Director, African Risk Capacity
			Discussion
15:30-15:45 Coffee break			

Time	Theme	Focus	Speakers
15:45 – 17:30 Session 5: Discussion	Two break out groups	Generating a deeper understanding of how to replicate and disseminate good practices related to the delivery of adaptation finance in the public and private sectors in the future	Group 1 facilitator: <i>Ms. Suzanty Sitorus</i> , SCF Member Group 2 facilitator: <i>Ms. Saliha Dobardzic</i> , Senior Climate Change Specialist, GEF
17:30 – 18:00 Session 6	Reporting back from breakout groups		Facilitators: <i>Ms. Diann Black-Layne</i> and <i>Mr. Stefan Schwager</i> , SCF co-chairs
Day 2 (22 June 2014): Mobilizing finance in specific sectors			
Time	Theme	Focus	Speakers
09:00 – 09:30 Session 7	Setting the stage		Facilitator: <i>Ms. Diann Black-Layne</i> and <i>Mr. Stefan Schwager</i> , SCF Co-chairs Government of Jamaica representative (TBC)
		Climate risks and adaptation solutions in urban areas and settlements	<i>Ms. Saliha Dobardzic</i> , Senior Climate Change Specialist, Global Environment Facility (GEF)
		The work of cities in adaptation, finance, and remaining challenges	<i>Mr. James Alexander</i> , Head of the Finance and Economic Development Initiative, C40 Cities Climate Leadership Group
		tbcc	<i>Ms. Chantal Naidoo</i> , Senior Associate of E3G's International Climate Finance Programme
		Case studies of climate resilience in urban areas and their funding	<i>Mr. Daniel Rossetto</i> , Managing Director, Climate Mundial
			Discussion
	Parallel group 2: Water management, human health		Facilitator: <i>Mr. Zaheer Fakir</i> , Chief Policy Adviser, International Relations and Governance, Department of Environmental Affairs, South Africa
		Mobilizing finance for adaptation in the water sector, and linkages with human health	<i>Mr. Alex Simalabwi</i> , Senior Network Officer and Climate Change Focal Point, Global Water Partnership
		Water management and adaptation in Pakistan: mobilizing finance	<i>Mr. Syed Mujtaba Hussein</i> , Director General and Special Assistant to the Minister, Ministry of Planning, Development and Reforms, Government of Pakistan
		Adaptation to climate impacts in water regulation and supply for the Area of Chingaza-Sumapaz-Guerrero, Colombia	<i>Mr. Alfred Grunwald</i> , Climate Change Senior Specialist, Coordinator for PPCR Bolivia, Inter-American Development Bank (IDB)
		National adaptation in the LDCs: case study on the water sector	<i>Mr. Batu Uprety</i> , Chair of the LDC Expert Group
			Discussion
12:00 – 12:45 Session 9	Reporting back from parallel groups		Facilitators: <i>Ms. Diann Black-Layne</i> and <i>Mr. Stefan Schwager</i> , SCF co-chairs
12:45-13:45 Lunch break			

Time	Theme	Focus	Speakers
		Mobilizing private sector finance, and mapping and scaling up climate resilience in agriculture and forestry	<i>Mr. Jan Willem den Besten</i> , Senior Programme Officer, IUCN Netherlands
		Climate change adaptation and addressing deforestation in Ethiopia	<i>Mr. Abiy Ashenafi</i> , Program Coordinator Ethiopia, ICCO
		The Adaptation Fund: a case study from Jamaica on enhancing the resilience of the agricultural sector and coastal areas to protect livelihoods and improve food security	<i>Ms. Claire Bernard</i> , Deputy Director General, Sustainable Development and Regional Planning with the Planning Institute of Jamaica
		Outcomes of the TEC Adaptation workshop: adaptation technology in the agricultural sector	<i>Mr. Albert Binger</i> , Member of the Technology Executive Committee
			Discussion
	Parallel group 4: Energy, transport, industrial development		Facilitator: <i>Mr. Syed Mujtaba Hussein</i> , Director General and Special Assistant to the Minister, Ministry of Planning, Development and Reforms, Pakistan
		How SIDS generate financial resources for adaptation through the energy sector: a SIDS DOCK case study	<i>Mr. Amjad Abdulla</i> , Director-General, Department of Climate Change and Energy, Maldives
		Mainstreaming climate adaptation into sectoral decision making: case studies from energy and transport	<i>Mr. Kepa Solaun</i> , Partner and General Director, Factor CO2
		Climate resilient hydropower: experiences from the EBRD region	<i>Ms. Sandy Ferguson</i> , Knowledge and Policy Manager, Energy Efficiency and Climate Change, European Bank for Reconstruction and Development
		Experience and potential of the CDM for mitigation with adaptation co-benefits, and for mobilizing adaptation finance	<i>Mr. Miguel Naranjo Gonzales</i> , Programme Officer, Sustainable Development Mechanisms, UNFCCC
			Discussion
16:15 – 17:00 Session 11	Reporting back from parallel groups		Facilitators: <i>Ms. Diann Black-Layne</i> and <i>Mr. Stefan Schwager</i> , SCF co-chairs
17:00 – 18:00 Session 12	Summary and conclusions		Facilitators: <i>Ms. Diann Black-Layne</i> and <i>Mr. Stefan Schwager</i> , SCF co-chairs <i>Mr. Gabriel Quijandria Acosta</i> , Vice minister of Strategic Development and Natural Resources, Ministry of Environment, Peru <i>Hon. Ian Hayles</i> , Minister of State, Government of Jamaica

Annex IV – Report of the breakout group on the third Forum of the Standing Committee on Finance in 2015

Background

1. The breakout group initiated a discussion on this topic, in conjunction with the topic on coherence and coordination for financing for forests.
2. The co-facilitators described the deliverables to COP 20, in terms of the **modalities, scope, target audience, possible partners and events**, outreach, **budget** and **timeframe**.
3. The co-facilitators also invited observers to engage actively in the discussion.

Outcome of discussions

4. With regard to the **modalities**, there was general support for a two-day format at the 2015 Forum of the SCF, which had proved very useful at the 2014 Forum. Also mentioned was the usefulness of having case studies during the forum, to share the recent developments and lessons learned.
5. With regard to the **scope**, the breakout group highlighted the usefulness of including a discussion on the broader landscape of financing for forests, including engagement with a mapping of key players in forest finance, in line with the mandate of the SCF on improving coherence and coordination in the delivery of climate change financing, taking into account different policy approaches. The 2015 Forum would also address the two areas specified in the mandate by COP 19, on ways and means to transfer payments for results-based actions, as referred to in decision 1/CP.18, paragraph 29, and the provision of financial resources for alternative approaches.
6. In terms of **target audience**, the breakout group agreed that it would be important to bring participants involved in financing for forests, including REDD-plus experts¹ and experts from the Collaborative Partnership on Forests, practitioners involved in the forest value-chain, as well as finance entities dealing with climate and financing for forests, both under and outside of the Convention. They added that the private sector should be engaged. Members of the breakout groups also noted that representatives of the GEF and the GCF should be engaged in the 2015 Forum.
7. With regard to the **possible partners and events**, the breakout group considered the potential partners, and also invited observers in the breakout group to suggest possible partners and events that the SCF Forum in 2015 could be held in conjunction with. The representative from CIFOR reiterated the interest of the organization in collaborating on the forum, and holding an event in conjunction with the SCF. The topic of the planned CIFOR event would be related to financing sustainable landscapes, and would also incorporate other partners. Participants agreed that the Food and Agricultural Organization and financial institutions might also be consulted as possible partners.
8. It was agreed that the date and venue were still flexible, and that the SCF working group would consult further with CIFOR and other potential partners intersessionally. In this context, the breakout group suggested inviting submissions from interested organizations, to be received by 31 October 2014, on proposals to partner with the SCF on the 2015 Forum. There was agreement that the SCF would decide intersessionally on how to take the organization of the 2015 Forum forward.
9. Many participants highlighted the importance of selecting the right partner(s) and event, in order to maximize the participation of the target audience. The members mentioned the benefits of having the 2015 Forum in a region where more practitioners from developing countries could attend. It was noted that more than one partner could collaborate on the forum to enhance coordination and cost-sharing and to improve the convening power of the events. The 2015 Forum was seen as a stepping stone towards coherence and coordination.
10. The group also discussed the need to look for financial contributions to cover the costs of the 2015 Forum.
11. During the discussion on possible partners and events, members of the breakout group noted the importance of choosing the right **timeframe**, as organizing the 2015 Forum in the first half of the year

¹ As specified in 9/CP.19, paragraph 21: "Requests the SCF to invite experts on the implementation of the activities referred to in decision 1/CP.16, paragraph 70, to the forum".

would allow the SCF to review the results earlier in the year. In order to do so, it was noted that the selection of possible partner(s) and event(s) would need to be finalized as early as possible, and logistical preparation would need to start soon..

Proposed ways forward

12. It was proposed by the breakout group to the SCF to:

- (a) Agree on a **working group** to take the organization of the 2015 Forum forward inter-sessionally;
- (b) Include information in the Report of the **SCF to the COP** on the scope of the 2015 Forum, the target audience, the timeframe and the way forward in terms of intersessional work;
- (c) **Invite submissions from interested organizations to be received** by 31 October 2014, with information on potential partnerships and events with which the forum could be held.

Annex V – Report of the breakout group on draft guidance to the operating entities of the Financial Mechanism

Background

1. The issue of draft guidance to the operating entities of the Financial Mechanism was discussed during two working group sessions. Representatives of the operating entities actively engaged with members during those sessions. Members were informed that no submissions had been received from Parties by the deadline of 19 September 2014.

Agreements reached within the breakout group

2. There was general agreement to modify the template for the provision of draft guidance to the Global Environment Facility (GEF) and the Green Climate Fund (GCF), to which members started to provide inputs. It was also noted that this template would in no way prejudice guidance to be provided in the future, but should be viewed as a living document. It was stressed that the three main elements (policies, programme priorities, eligibility criteria) identified in the template would remain over time. However, the sub-elements would be adjusted, based on the need to provide specific guidance.

Issues for clarification or decision in plenary

3. At the previous meeting of the SCF, the Committee agreed on the following to be included in the next report of the SCF to the COP :

- (a) Propose to the COP to conduct an analysis of past guidance provided in order to identify a set of core guidance;
- (b) Highlight future collaboration with the thematic bodies, such as inviting the bodies to provide inputs for the draft guidance based on the annual reports of the operating entities;
- (c) Propose that the SCF consider the issue of complementarity between the operating entities and the funds they administer, when the GCF is operationalized.

4. Unless members have reservations or objections, this information would be included in the Report of the SCF to the COP.

5. With regard to the provision of draft guidance to the GEF, the proposed way forward was for the members of the SCF to be invited to provide inputs to the draft template as annexed to this report, with submissions to be provided by 15 October 2014. Members would be given the opportunity to review and comment on the compiled version of the submissions by 22 October 2014. Then, the compiled template with comments by SCF members would be annexed to the COP report, and narrative background information on the template would be included in the body of the COP report itself, to provide the context. However, it should be noted that some members raised concerns with regard to the usefulness of providing the template to COP 20, which would only include a compilation of individual members' submissions, in light of the COP negotiations.

6. It was agreed that the SCF may also wish to agree on its approach to the provision of draft guidance to the GCF once the report becomes available. The suggested procedure would be to mirror the approach for the draft guidance to the GEF, with submissions by members to be provided within one week after the issuance of the report, after which five days would be given to members for review and comments on the compilation of the submissions.

7. The SCF may also wish to consider if and how it would incorporate submissions by Parties, if forthcoming, in its draft guidance to the operating entities.

8. It was proposed that the SCF may wish to agree whether it would call for inputs from the thematic bodies, regarding draft guidance to the GEF and draft guidance to the GCF by sharing the template as drafted by the SCF for further inputs, with inputs to be provided by 15 October. The current template included placeholders for inputs by the bodies. The proposed method of incorporating inputs received (each body would determine the modality of provision of inputs at the discretion of the chairs of the bodies) would be to either include it a) as a separate annex to the Report to COP 20; or b) to incorporate the inputs into the SCF input to COP 20 with regards to draft guidance to the operating entities.

Appendix I - Annotated suggestions for elements of draft guidance to the GEF submitted by members of the SCF

<i>Elements</i>	<i>Sub-elements</i>	<i>Sources of information for accountability</i>	<i>Proposed inputs and rationale</i>	<i>Comments by SCF members</i>
Policies		GEF report	Welcome replenishment outcomes;	
		Findings of OPS5 and the annual monitoring review	Reinforce COP's acceptance and support of replenishment outcomes.	
		GEF report	Welcome the efforts by the GEF to improve its project cycle, inviting the GEF to continue to report on its efforts particularly with respect to the issues identified in the OPS 5;	
		Findings of OPS5 and the annual monitoring review		
	Communication and interaction	GEF report	Engage with GCF Secretariat to define complementarity between the two operating entities;	
		Findings of OPS5 and the annual monitoring review	Want to avoid duplicative activities and ensure complementarity. This will require ongoing engagement	
			Work with the GCF secretariat to collaborate on the Impact indicators for projects and programs;	
		GEF report	Engage with the thematic bodies under the Convention to explain thematic program and plans of the GEF. Thematic Bodies may also provide guidance in the use of impact indicators;	
		Findings of OPS5 and the annual monitoring review		
		GEF report	Provide a snapshot of new data available in each of its annual reports to the COP;	
		Findings of OPS5 and the annual monitoring review		
		GEF report	Provide information on the work of the ombudsman in its annual reports to the COP;	
		Findings of OPS5 and the annual monitoring review		
	Co-financing	GEF report	Welcome the GEF policy on co-financing, request further information on steps taken by the GEF to address the special circumstances of LDCs and SIDS, and other countries particularly vulnerable to the losses and damages resulting from climate change;	
		Findings of OPS5 and the annual monitoring review		

<i>Elements</i>	<i>Sub-elements</i>	<i>Sources of information for accountability</i>	<i>Proposed inputs and rationale</i>	<i>Comments by SCF members</i>
	Reconsideration of funding decisions	GEF report Findings of OPS5 and the annual monitoring review	[Placeholder]	
	Accessibility	GEF report Findings of OPS5 and the annual monitoring review GEF report Findings of OPS5 and the annual monitoring review GEF report Findings of OPS5 and the annual monitoring review GEF report Findings of OPS5 and the annual monitoring review GEF report Findings of OPS5 and the annual monitoring review	Engage in sharing lessons about direct access; GEF pilot on direct access can provide lessons for other institutions, e.g., GC; Provide information on the progress and status of the accreditation of national implementing entities, continue to provide support and increase its efforts in this regard; [Possible guidance on simplification of the results management framework]; Welcome the gender mainstreaming policy of the GEF, GEF to ensure that the implementation of this policy does not entail negative impacts on the project cycle; Continue to increase its efforts on the issue of disbursements, to provide information on this matter at future sessions of the COP;	
	Programme priorities	GEF report Findings of OPS5 and the annual monitoring review	Welcome the GEF-6 replenishment set-aside for support for reporting of actions on climate change <i>Reporting of mitigation actions is critical for providing transparency on implementation under the UNFCCC</i>	
	Strategies	GEF report GEF 6 Programming documents GEF report	[Placeholder] GEF to continue improvements of its monitoring and tracking tools in an	

<i>Elements</i>	<i>Sub-elements</i>	<i>Sources of information for accountability</i>	<i>Proposed inputs and rationale</i>	<i>Comments by SCF members</i>
		Findings of OPS5 and the annual monitoring review	effort to improve assessment of project impacts without cumbersome mentoring programs. These are particularly onerous for SIDS and LDCs where there is limited research capacity and where allocations are small.	
		GEF report	[NAPs]	
		Findings of OPS5 and the annual monitoring review		
Eligibility criteria		GEF report	[Placeholder]	
		Findings of OPS5 and the annual monitoring review		

Appendix II – Annotated suggestions for elements of draft guidance to the GCF submitted by members of the SCF

<i>Elements</i>	<i>Sub-elements</i>	<i>Sources of information for accountability</i>	<i>Proposed inputs and rationale</i>	<i>Comments by SCF members</i>
Policies	Communication and interaction			
	Co-financing			
	Reconsideration of funding decisions Accessibility	Annual report of the GCF	Recommendations from the Independent Redress Mechanism and actions taken by the Board;	
Programme priorities	Strategies			
Eligibility criteria				
Other	Decision making	Decision 3/CP.17 Arrangements between the COP and the GCF	GCF Board cannot change the constitutive arrangements that created the GCF nor basic principles of the United Nations <i>Decision making must be on a one country one vote basis as per United Nations costum;</i>	

Annex VI – Report of the breakout group on coherence and coordination: the issue of financing for forests, taking into account different policy approaches

Background

1. The breakout group at the eighth meeting of the Standing Committee on Finance (SCF) initiated their discussion on coherence and coordination: the issue of financing for forests, taking into account different policy approaches, in conjunction with the topic on the Third Forum of the SCF in 2015. The breakout group found the background paper which had been circulated in advance of the session useful as a basis for discussion. The co-facilitators initiated the discussion by inviting the breakout group members to provide their views on how the background paper could be further improved into a working paper, and how the SCF could take forward its work on coherence and coordination for financing for forests.

Outcome of discussion

2. The breakout group recognized that the **mandate** for the SCF is to consider coherence and coordination for financing for forests, taking into account various policy approaches, and the mandate for the third Forum of the SCF is more specifically related to the implementation of REDD-plus, including ways and means to transfer payments for results based actions and the provision of financial resources for alternative approaches. Members of the breakout group noted that the forum could be a stepping stone to coherence and coordination for financing for forests, through engagement with key stakeholders, taking into account, inter alia, the multifunctional roles of forests.

3. Regarding the **working paper**, it was noted that it compiled useful information related to the landscape of forest finance, but that it was not comprehensive. Participants acknowledged the lack of available data on private financing for forests, and activities that would potentially put pressure on the forests. It was considered that the information that existed on this topic was patchy and that it might be difficult to access data on private investment in such activities.

4. The group discussed what the **main elements of the working paper** are, as well as what elements should be added to the working paper. It was agreed that the snapshot of the landscape of financing for forests as contained in annex II to this document, which was mainly taken from ODI and CPF literature, should be strengthened and moved into the main text. It was suggested that the section could start with a narrative on a wider scope, that is, on financing for sustainable land-use management, and the multifunctional roles of forests, and then elaborated further on financing for REDD-plus related activities.

5. It was proposed to seek to expand the working paper in the following areas:

(a) Compile, to the extent possible, further data on public forest finance

(b) Compile, to the extent possible, data on investment that may drive deforestation and forest degradation; data on investments that promotes sustainable land use activities such as. certified timber and data on unsustainable land-use activities would be of interest;

(c) Map key institutions that provide finance for forests and land-use activities, including the banking system (International Financial Institutions, National Development Banks, Agricultural Banks and relevant commercial banks), institutional investors and companies involved in the forests and land-use value chains.

6. Representatives of research organizations who participated in the breakout group such as CIFOR and Climate Policy Initiative (CPI) indicated their willingness to contribute to efforts to update the working paper.

7. Furthermore, members of the SCF and observers are invited to **submit information / case studies, by 10 November 2014** on:¹

(a) Experience with use of resources / the transfer of payments in results-based approaches;

(b) Experience with the provision of resources for alternative approaches, such as payments for ecosystems services.

¹ Intersessionally, the SCF decided to extend the deadline to 31 January 2015. The revised invitation for information and case studies can be found here <<http://unfccc.int/7561>>.

8. It was considered that such information would be useful in elaborating the working paper further and in preparing for the 2015 Forum.

9. There were suggestions from the breakout group on an **outreach plan by the SCF and possible implications for cost and logistical arrangements**. It was suggested that the SCF could reach out to Parties and stakeholders at COP 20 in order to present the status of the work of the SCF on the coherence and coordination of financing for forests and of the preparation of the 2015 Forum of the SCF. Several options of reaching out were proposed including, for example, a possible session at the Global Landscapes Forum.

Proposed way forward

10. Agree that the working group on coherence and coordination for financing for forests would take this work forward inter-sessionally;²

11. Revise the working document further, intersessionally, in terms of its scope and detail, so that it could serve as a document for further work of the SCF on coherence and coordination, and for the 2015 Forum of the SCF;

12. Decide intersessionally on its outreach modality, including outreach at COP 20, related to updating the working paper;

13. Request the secretariat to continue to liaise with potential partners for the Third Forum of the SCF 2015.

² Members who have signed up for the working group for coherence and coordination for financing for forests at the seventh meeting include: Mr. Raymond Randveld, Mr. Stefan Agne; Mr. Yorio Ito, Mr. Georg Børsting, Mr. Roger Dungan, Mr. Paul Oquist; Ms. Rajasree Ray; Ms. Outi Honkatukia; Mr. Housssen Alfa Nafo; Ms. Suzanty Sitorus; Mr. Yaw Oppong Boadi; Mr. Ayman Shasly; Ms. Inka Gnittke; Mr. Stefan Schwager.

Annex VII – Report of the breakout group on measurement, reporting and verification of support beyond the first biennial assessment and overview of climate finance flows

Background

1. The Standing Committee on Finance (SCF) considered measurement, reporting and verification (MRV) of support beyond the first biennial assessment and overview of climate finance flows (BA) at its 6th, 7th and 8th meetings held in 2014.
2. In considering this issue, the SCF has considered various inputs, including: a) written input from the SCF on elements for a work plan on MRV of support beyond the BA; b) submissions from developed countries on appropriate methodologies and systems used to measure and track climate finance; c) submissions on the issue of MRV of support from members of the SCF, observers and interested organizations; ongoing work on MRV of support under and outside the Convention; and d) insights from the SCF work on the 2014 BA.
3. The working group engaged with various organizations such as Climate Policy Initiative (CPI), Organization for Economic Cooperation and Development (OECD) and United Nations Development Programme (UNDP), who provided updates on their current work, and shared their views on MRV of support.
4. The working group acknowledged substantial progress on MRV related issues since COP 16, and noted that there were many ongoing processes under the Convention, related to MRV of support. A detailed list and timeline of ongoing activities related to MRV of support under the Convention is contained in the annex VII to this report, which was taken note of by the working group.
5. The working group also noted the work of SBSTA on the issue of methodologies for reporting information related to climate finance by Annex I Parties, which will be considered by SBSTA 41 in Lima, and recognized the need to avoid any duplication of work.

Summary of the discussions

6. Pending the outcomes of SBSTA and COP deliberations on methodologies for reporting financial information by Parties included in Annex I to the Convention, the SCF stands ready to take forward technical work, should the COP decide to provide the SCF with a specific mandate on this issue.
7. The breakout group discussed possible activities that could be taken forward under the framework of its 2015 work plan, with a more detailed work plan on MRV to be developed in 2015, based on COP 20 outcomes, including:
 - (a) A synthesis of methodologies and systems used to measure and track climate finance, taking into account various information sources, including relevant submissions by Parties and stakeholders, reports by Parties and the outcomes of Convention related review processes related thereto, as well as other relevant information as appropriate;
 - (b) A comprehensive overview of the current MRV system under the Convention, with a view to identifying gaps and areas of improvement, and strengthen linkages and synergies with relevant processes and bodies under the Convention;
 - (c) Consideration of the recommendations emanating from the BA, and taking forward further work;
 - (d) Active engagement with external stakeholders working on initiatives related to MRV of finance, particularly with institutions and developing country Parties working on climate public expenditure and institutional reviews.
8. The breakout group also suggested including the attached list of on-going MRV activities and their timeline for reference information to the COP, as an overview of activities related to MRV under the Convention, and as an annex to the Report of the SCF to COP 20.

Appendix – List and timelines of on-going activities related to MRV of support under the Convention

	2014				2015				2016	2017	2018	2019	2020	2021
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4						
Reports from A1 Parties	NC6										NC7			
C&S report on the information submitted in BR	BR1			C&S COP20				BR2 C&S COP 22		BR3			BR4 C&S COP 26	
IAR	TR													
Review of GL on NC from A1 Parties				MA SBI 41		MA SBI 42		MA SBI 43	TR MA		TR MA			TR MA
Technical Paper based on A1 Parties' submitted views on their experiences with reporting first BR	SBI 40			SBI 41 COP 20 TP										
Review of GL on BR from A1 Parties														
Methodologies for reporting financial information by A1 Parties		SBSTA 40		SBSTA 41 COP 20										
COP request for Parties to consider the best approach for future reporting on climate related private finance at the next revision of BR GL														
Information submitted by developed country Parties on appropriate methodologies and systems used to measure and track climate finance		May 2014												
SCF - BA				BA COP 20 (work plan)				BA		BA			BA	
SCF - MRV beyond the BA														
Reports from nA1 Parties				BUR1				BUR2		BUR3			BUR3	
ICA								TA		TA		TA	TA	TA
								WFEV		WFEV		WFEV	WFEV	WFEV

Legend	
BR:	Biennial Reports
BUR:	Biennial Update Reports
C&S:	Compilation and synthesis report on the information reported by developed country Parties in the biennial reports
GL:	Guidelines
IAR:	International Assessment and Review
ICA:	International Consultation and Analysis
MA:	Multilateral Assessment
NC:	National Communications
TA:	Technical Analysis
TR:	Technical Review
TP:	Technical Paper
WFEV:	Workshop for facilitative exchange of views

Annex VIII – Timeline for inputs to be provided by SCF members

<i>Area of inputs to be provided by SCF members</i>	<i>Timeline</i>
Draft guidance to the operating entities of the Financial Mechanism	<p><i>Elements related to the GEF:</i></p> <p>Submission of proposed inputs: 15 October 2014</p> <p>Comments by members based on compilation: 22 October 2014</p> <p><i>Elements related to the GCF:</i></p> <p>Submission of proposed inputs: 1 week after the issuance of the report</p> <p>Comments by members based on compilation: 5 days after the circulation of the compilation</p>
Fifth Review of the Financial Mechanism	<p><i>Draft executive summary of the technical paper to be forward to the COP as the expert inputs</i></p> <p>Comments by members by 24 October 2014</p> <p><i>Draft technical paper to be made available on the SCF page by November 2014</i></p> <p>Comments by members by 24 October 2014</p>
Biennial assessment and overview of climate finance flows	<p>Follow-up on addressed comments and any additional comments/suggestions to be addressed in the final draft (V_4) by 10 October</p>
Second forum of the SCF on mobilizing adaptation finance	<p><i>Executive summary</i></p> <p>The SCF will receive the revised draft of the executive summary from the working group co-facilitators by 9 October.</p> <p>The SCF will need to agree on the revised executive summary by 16 October, on a no objections basis. It will then be annexed to the report to the COP.</p> <p><i>Full report of forum</i></p> <p>The full draft of the forum report will be revised and sent to the SCF by 24 October, with the SCF to agree on a no objections basis by 31 October, after which it will be uploaded online.</p>
Third SCF forum on financing for forests	<p>Submissions from interested organizations and SCF members are due by 31 October 2014, with information on potential partnerships and events that the forum could be held in conjunction with.</p> <p>The working group will work intersessionally to finalise the decision on partner, venue etc.</p>

Coherence and coordination: the issue of financing for forests, taking into account different policy approaches

Working paper

SCF members and observers are invited to submit information / case studies, by 31 January 2015 on:

- a. Experience with use of resources / the transfer of payments in results-based approaches;
- b. Experience with the provision of resources for alternative approaches.*

* Such as joint mitigation and adaptation approaches for the integral and sustainable management of forests (decision 9/CP.19, paragraph 8).

This information will be useful in further elaborating the working paper and in preparing for the 2015 forum.

The working group will work intersessionally on its outreach modality, including outreach at COP 20, related to updating the working paper and the third forum of the SCF.

Annex IX – List of observers attending the eighth meeting of the Standing Committee on Finance

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Annex X – Background documents for SCF-8

<i>Title</i>	<i>Symbol</i>
Background paper on the outcomes of the first Biennial Assessment and Overview of Climate Finance Flows	SCF/2014/8/3
Background paper on the Fifth Review of the Financial Mechanism	SCF/2014/8/4
Background paper on the outcomes of the second forum of the Standing Committee on Finance	SCF/2014/8/5
Background paper on the third forum of the Standing Committee on Finance	SCF/2014/8/6
Background paper on the draft guidance to the operating entities of the financial mechanism	SCF/2014/8/7
Revised background paper on coherence and coordination: the issue of financing for forests, taking into account different policy approaches	SCF/2014/7/5/Rev.1
Background paper on measurement, reporting and Verification of support beyond the biennial assessment and overview of financial flows	SCF/2014/8/8
