



Conference of the Parties

Report of the Conference of the Parties on its twenty-second session, held in Marrakech from 7 to 18 November 2016

Addendum

Part two: Action taken by the Conference of the Parties at its twenty-second session

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Decision 1/CP.22

Preparations for the entry into force of the Paris Agreement and the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

The Conference of the Parties,

Recalling the Paris Agreement, adopted under the Convention,

Also recalling decision 1/CP.21,

Underscoring the importance of inclusiveness, transparency and openness in the completion of the work programme resulting from the relevant requests contained in decision 1/CP.21,

Stressing the urgency for the completion of the work programme under the Paris Agreement resulting from the relevant requests contained in section III of decision 1/CP.21 in order to accelerate its implementation,

Recognizing the need for a meaningful and successful outcome of the work related to the implementation of the Paris Agreement,

I. Entry into force and signature of the Paris Agreement

1. *Welcomes* the entry into force of the Paris Agreement on 4 November 2016;
2. *Also welcomes* the signature of the Paris Agreement by almost all Parties to the Convention;
3. *Congratulates* Parties that have ratified, accepted or approved the Paris Agreement and *invites* those that have not done so to deposit their instruments of ratification, acceptance, approval or accession, where appropriate, with the Depositary as soon as possible;
4. *Expresses* its appreciation to the Secretary-General of the United Nations for convening the historic high-level signing ceremony for the Paris Agreement on 22 April 2016, on which occasion 175 Parties signed the Paris Agreement and 15 Parties deposited their instruments of ratification, acceptance or approval with the Depositary;
5. *Also expresses* its appreciation to the Secretary-General of the United Nations for convening the special high-level event on the ratification of the Paris Agreement on 21 September 2016, on which occasion 31 Parties deposited their instruments of ratification, acceptance or approval with the Depositary;

II. Completion of the work programme under the Paris Agreement

6. *Takes note* of the reports of the subsidiary bodies, the operating entities of the Financial Mechanism and the constituted bodies on progress in the implementation of the work programme resulting from the relevant requests contained in decision 1/CP.21 in accordance with their respective mandates;

7. *Also takes note* of the invitation from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session to continue to oversee the implementation of the work programme under the Paris Agreement described in decision 1/CMA.1, paragraphs 5–7,¹ in accordance with the arrangements contained in decision 1/CP.21;
8. *Further takes note* of the consideration by the Ad Hoc Working Group on the Paris Agreement of further guidance in relation to the adaptation communication, including, inter alia, as a component of nationally determined contributions, referred to in Article 7, paragraphs 10 and 11, of the Paris Agreement;
9. *Takes note* of the consideration by the Subsidiary Body for Implementation of the development of modalities and procedures for the operation and use of a public registry referred to in Article 7, paragraph 12, of the Paris Agreement;
10. *Requests* the Subsidiary Body for Scientific and Technological Advice, the Subsidiary Body for Implementation, the Ad Hoc Working Group on the Paris Agreement and the constituted bodies under the Convention to accelerate their work on the work programme described in decision 1/CMA.1, paragraphs 5–7,² and to forward the outcomes to the Conference of the Parties at its twenty-fourth session (December 2018) at the latest;
11. *Decides* to convene, at its twenty-third session (November 2017), a joint meeting with the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, at the second part of its first session, to review progress on the implementation of the work programme under the Paris Agreement;
12. *Also decides* to conclude the work programme under the Paris Agreement as soon as possible and to forward the outcomes, at the latest, to the third part of the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement to be convened in conjunction with the twenty-fourth session of the Conference of the Parties, for its consideration and adoption;

III. Additional matters relating to the implementation of the Paris Agreement

13. *Takes note* of the invitation by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement to request the Ad Hoc Working Group on the Paris Agreement to continue its consideration of possible additional matters relating to the implementation of the Paris Agreement and the convening of the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

¹ Decision 1/CMA.1, paragraphs 5–7, reads:

“5. *Invites* the Conference of the Parties to continue to oversee the implementation of the work programme under the Paris Agreement in accordance with the arrangements contained in decision 1/CP.21, and to accelerate work and forward the outcomes at the latest to the third part of the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement to be convened in conjunction with the twenty-fourth session of the Conference of the Parties (December 2018) for its consideration and adoption;

“6. *Also invites* the Conference of the Parties to continue to oversee the work on further guidance in relation to the adaptation communication, including, inter alia, as a component of nationally determined contributions, referred to in Article 7, paragraphs 10 and 11, of the Paris Agreement;

“7. *Further invites* the Conference of the Parties to continue to oversee the work on the development of modalities and procedures for the operation and use of a public registry referred to in Article 7, paragraph 12, of the Paris Agreement.”

² As footnote 1 above.

IV. Adaptation Fund

14. *Requests* the Ad Hoc Working Group on the Paris Agreement in its consideration of the necessary preparatory work on the Adaptation Fund to address the governance and institutional arrangements, safeguards and operating modalities for the Adaptation Fund to serve the Paris Agreement;

15. *Invites* Parties to submit, by 31 March 2017, their views on the governance and institutional arrangements, safeguards and operating modalities for the Adaptation Fund to serve the Paris Agreement;

V. 2018 facilitative dialogue

16. *Requests* the President of the Conference of the Parties at its twenty-second session, in collaboration with the incoming President of the Conference of the Parties at its twenty-third session, to undertake inclusive and transparent consultations with Parties on the organization of the facilitative dialogue referred to in decision 1/CP.21, paragraph 20, including during the sessions of the subsidiary bodies to be convened in May 2017 and the twenty-third session of the Conference of the Parties, and to jointly report back to the Conference of the Parties at its twenty-third session on the preparations for this dialogue;

VI. Enhanced action prior to 2020

17. *Congratulates* Parties that have accepted the Doha Amendment to the Kyoto Protocol;

18. *Underscores* the urgent need for the entry into force of the Doha Amendment and *calls on* those Parties to the Kyoto Protocol that have not done so to deposit their instruments of acceptance with the Depositary as soon as possible;

19. *Commends* the high-level champions and *welcomes* the Marrakech Partnership for Global Climate Action;³

20. *Takes note* of resolutions⁴ adopted at the thirty-ninth session of the Assembly of the International Civil Aviation Organization on 6 October 2016;

21. *Welcomes* the adoption of the Kigali Amendment by the Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer, at its twenty-eighth meeting;

22. *Takes note* of the estimated budgetary implications of the partnership referred to in paragraph 19 above and *requests* that the actions called for therein to be undertaken by the secretariat be subject to the availability of financial resources.

*10th plenary meeting
18 November 2016*

³ Available at <http://unfccc.int/paris_agreement/items/9951.php>.

⁴ Resolution A39-2 on climate change entitled “Consolidated statement of continuing ICAO policies and practices related to environmental protection – Climate change” and resolution A39-3 on the global market-based measure scheme entitled “Consolidated statement of continuing ICAO policies and practices related to environmental protection – Global Market-based Measure (MBM) scheme”.

Decision 2/CP.22

Paris Committee on Capacity-building

The Conference of the Parties,

Recalling decision 1/CP.21, paragraph 76, requesting the Subsidiary Body for Implementation to develop the terms of reference for the Paris Committee on Capacity-building in the context of the third comprehensive review of the implementation of the framework for capacity-building in developing countries, with a view to recommending a draft decision on this matter for consideration and adoption by the Conference of the Parties at its twenty-second session,

1. *Adopts* the terms of reference for the Paris Committee on Capacity-building established under decision 1/CP.21, paragraph 71, as contained in the annex;
2. *Reaffirms* that the objective of the Paris Committee on Capacity-building is to address gaps and needs, both current and emerging, in implementing capacity-building in developing country Parties and further enhance capacity-building efforts, including with regard to coherence and coordination in capacity-building activities under the Convention;
3. *Recalls* that the Conference of the Parties, at its twenty-fifth session (November 2019), will review the progress, need for extension, the effectiveness and enhancement of the Paris Committee on Capacity-building;
4. *Also recalls* that the Paris Committee on Capacity-building will manage and oversee the workplan for the period 2016–2020 outlined in decision 1/CP.21, paragraph 73;
5. *Requests* the Paris Committee on Capacity-building to further develop and adopt its working modalities and procedures at its first meeting;
6. *Also requests* the Subsidiary Body for Implementation to organize the first meeting of the Paris Committee on Capacity-building in conjunction with the forty-sixth sessions of the subsidiary bodies (May 2017);
7. *Takes note* of the budgetary implications of the activities to be undertaken by the secretariat pursuant to the provisions contained in the annex;
8. *Requests* that the actions of the secretariat called for in the annex be undertaken subject to the availability of financial resources.

Annex

Terms of reference for the Paris Committee on Capacity-building

1. In accordance with decision 1/CP.21, paragraph 71, the objective of the Paris Committee on Capacity-building (hereinafter referred to as the Committee) is to address gaps and needs, both current and emerging, in implementing capacity-building in developing country Parties and further enhancing capacity-building efforts, including with regard to coherence and coordination in capacity-building activities under the Convention.
2. The Committee shall be composed of the following twelve members nominated by Parties, who shall serve in their personal capacity:
 - (a) Two members from each of the five United Nations regional groups;
 - (b) One member from the least developed countries;
 - (c) One member from the small island developing States.
3. Six representatives from bodies established under the Convention and from the operating entities of the Financial Mechanism will be invited to participate in all the meetings of the Committee in line with the annual theme of the Committee.
4. Members identified in paragraph 2 above shall be nominated by their respective groups or constituencies and elected by the Conference of the Parties. Groups or constituencies are encouraged to nominate members identified in paragraph 2 above to the Committee with a view to achieving an appropriate balance of experts relevant to the aims of the Committee, taking into account the goal to achieve gender balance in accordance with decisions 36/CP.7 and 23/CP.18.
5. Members identified in paragraph 2 above shall serve a term of two years and shall be eligible to serve a maximum of two consecutive terms in office. The following rules shall apply:
 - (a) Half of the members shall be elected initially for a term of three years, and half shall be elected for a term of two years;
 - (b) Thereafter, the Conference of the Parties shall elect half of the members every year for a term of two years.
6. Representatives identified in paragraph 3 above shall be invited for a term of one year.
7. If a member of the Committee identified in paragraph 2 resigns or is otherwise unable to complete the assigned term of office or to perform the functions of that office, the Committee may decide, bearing in mind the proximity of the next session of the Conference of the Parties, to appoint another member from the same group or constituency to replace said member for the remainder of that member's mandate, in which case the appointment shall count as one term.
8. The Committee shall elect annually two co-chairs from among its members identified in paragraph 2 above to serve for a term of one year each.
9. If a co-chair is temporarily unable to fulfil the obligations of the office, any other member identified in paragraph 2 above designated by the Committee shall serve as co-chair.

10. If a co-chair is unable to complete the term of office, the Committee shall elect a replacement from among the members identified in paragraph 2 above to complete that term of office.
11. The Committee will meet during annual in-session meetings to be organized by the Subsidiary Body for Implementation.
12. The Committee shall decide on its annual focus area or theme, recalling decision 1/CP.21, paragraph 74, related to enhanced technical exchange on capacity-building, with the purpose of maintaining up-to-date knowledge on the successes and challenges in building capacity effectively in a particular area, and will report on this work in its annual technical progress report.
13. The Committee shall further develop and adopt its working modalities and procedures at its first meeting, and revise them as necessary.
14. The Committee may invite other bodies established under the Convention and the operating entities of the Financial Mechanism of the Convention to identify representatives to collaborate, as appropriate, on specific activities related to its work.
15. The Committee may engage with and draw upon the expertise from relevant institutions, organizations, frameworks, networks and centres outside the Convention, including at the intergovernmental, regional, national and subnational levels, where appropriate.
16. The meetings will be open to attendance by Parties and admitted observer organizations, except where otherwise decided by the Committee, with a view to encouraging a balanced regional representation of observers.
17. The Committee will prepare annual technical progress reports on its work for submission to the Conference of the Parties through the Subsidiary Body of Implementation, and will make these reports available at the sessions of the Subsidiary Body for Implementation coinciding with the sessions of the Conference of the Parties.
18. The proceedings and outputs of the Committee shall be made publicly available on the UNFCCC website.
19. The secretariat will support and facilitate the work of the Committee subject to the availability of resources.
20. The working language of the Committee will be English.
21. Members of the Committee shall reach their decisions by consensus.

*9th plenary meeting
17 November 2016*

Decision 3/CP.22

Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts

The Conference of the Parties,

Recalling decisions 3/CP.18, 2/CP.19, 2/CP.20, 1/CP.21 and 2/CP.21 and the Paris Agreement,

Noting with appreciation the significant progress in advancing the implementation of the initial two-year workplan of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts, and the mandates ensuing from decision 1/CP.21, paragraphs 48 and 49,

Noting that while significant progress has been made in laying the foundation for work on loss and damage, owing to the late nomination of members, work remains to be carried out,

Appreciating the work of the Executive Committee of the Warsaw International Mechanism in developing the indicative framework for its five-year rolling workplan,

Recalling the areas of cooperation and facilitation to enhance understanding, action and support as referred to in Article 8, paragraph 4, of the Paris Agreement,

Recognizing the catalytic and pioneering nature of the Warsaw International Mechanism in promoting the implementation of approaches to address loss and damage associated with the adverse effects of climate change in a comprehensive, integrated and coherent manner,

1. *Welcomes* the report of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts,¹ and progress made in implementing its initial two-year workplan, including in enhancing understanding, action and support, in particular the establishment of the expert group on non-economic losses, the technical expert group on comprehensive risk management and transformational approaches and the task force on displacement, and in outreach and information sharing;
2. *Requests* the Executive Committee to continue to implement activities from its initial two-year workplan;²
3. *Approves* the indicative framework for the five-year rolling workplan of the Executive Committee³ as the basis for developing corresponding activities, starting at the first meeting of the Executive Committee in 2017, taking into account relevant inputs provided by Parties and relevant organizations;
4. *Requests* the Executive Committee to include in its five-year rolling workplan a strategic workstream to guide the implementation of the Warsaw International Mechanism's function of enhancing action and support, including finance, technology and capacity-building, to address loss and damage associated with the adverse effects of climate change, as provided for in decision 2/CP.19;

¹ FCCC/SB/2016/3.

² FCCC/SB/2014/4, annex II.

³ Contained in document FCCC/SB/2016/3, annex I.

5. *Invites* Parties and relevant organizations to submit views and relevant inputs on possible activities under each strategic workstream as contained in the indicative framework for the five-year rolling workplan of the Executive Committee, with a focus on workstreams (e), (f) and (g), by 28 February 2017;⁴
6. *Requests* the Executive Committee to include in its five-year rolling workplan relevant work for advancing the operationalization of the mandates ensuing from decision 1/CP.21, paragraphs 48 and 49;
7. *Notes* that the Executive Committee will evaluate progress towards implementing its five-year rolling workplan on an interim basis, as appropriate;
8. *Invites* constituted bodies under the Convention, as appropriate, as those bodies undertake their work, to continue or to initiate, as appropriate, the integration of efforts to avert, minimize and address loss and damage associated with the adverse effects of climate change in particularly vulnerable developing countries, vulnerable populations and the ecosystems that they depend on;
9. *Encourages* Parties to incorporate or continue to incorporate the consideration of extreme events and slow onset events, non-economic losses, displacement, migration and human mobility, and comprehensive risk management into relevant planning and action, as appropriate, and to encourage bilateral and multilateral entities to support such efforts;
10. *Invites* United Nations and other relevant institutions, specialized agencies and entities, the research community and the private sector, as appropriate, to strengthen cooperation and collaboration, including through partnerships, with the Executive Committee on topics relevant to addressing loss and damage associated with the adverse effects of climate change, including extreme events and slow onset events;
11. *Reiterates* its encouragement to Parties to make available sufficient resources for the successful and timely implementation of the work of the Executive Committee.

*9th plenary meeting
17 November 2016*

⁴ Parties should submit their views via the submission portal at <<http://www.unfccc.int/5900>>. Observers and other stakeholders should e-mail their submissions to <secretariat@unfccc.int>.

Decision 4/CP.22

Review of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts

The Conference of the Parties,

Recalling that decision 2/CP.19 established the Warsaw International Mechanism to address loss and damage associated with impacts of climate change, including extreme events and slow onset events, in developing countries that are particularly vulnerable to the adverse effects of climate change, as well as its role of promoting the implementation of approaches to address this issue in a comprehensive, integrated and coherent manner,

Recognizing the role of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts in guiding the implementation of the functions of the Warsaw International Mechanism,

Recalling that, by decision 2/CP.19, it decided to review the Warsaw International Mechanism, including its structure, mandate and effectiveness, at its twenty-second session, with a view to adopting an appropriate decision on the outcome of this review,

Also recalling decisions 3/CP.18, 2/CP.19, 2/CP.20, 1/CP.21 and 2/CP.21 and the Paris Agreement, in particular its Article 8,

1. *Recommends* further guidance relevant to enhancing and strengthening the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts, having considered the mandate, structure and effectiveness of the Warsaw International Mechanism at the twenty-second session of the Conference of the Parties, as referred to in paragraphs 2–5 below;

2. *Also recommends* that:

(a) There be a process to periodically review the Warsaw International Mechanism and that reviews take place no more than five years apart;

(b) The next review be held in 2019, and that the periodicity of future reviews be decided at that time;

(c) Future reviews of the Warsaw International Mechanism should consider, inter alia, progress on the implementation of the workplan of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts as well as its long-term vision that guides ways in which the Warsaw International Mechanism may be enhanced and strengthened, as appropriate;

(d) The subsidiary bodies finalize terms of reference for each review of the Warsaw International Mechanism at least six months prior to the review being undertaken;

(e) The subsidiary bodies take into consideration inputs and submissions from Parties and relevant organizations, as appropriate, when developing the terms of reference referred to in paragraph 2(d) above;

(f) As an input to the review in 2019, a technical paper be prepared by the secretariat elaborating the sources of financial support, as provided through the Financial Mechanism, for addressing loss and damage as described in relevant decisions, as well as modalities for accessing such support;

(g) The technical paper referred to in paragraph 2(f) above include an elaboration of finance available for addressing loss and damage as described in relevant decisions, outside the Financial Mechanism, as well as the modalities for accessing it;

(h) The secretariat be assisted by the Executive Committee of the Warsaw International Mechanism in determining the scope of the technical paper referred to in paragraph 2(f) above, with a view to making the paper available to Parties by the fiftieth sessions of the subsidiary bodies (June 2019) for consideration in the review of the Warsaw International Mechanism;

3. *Recognizes* that the Executive Committee may enhance its effectiveness by prioritizing activities in thematic areas for further work;

4. *Recommends* that the following may advance the work of the Executive Committee:

(a) Enhancing collaboration, cooperation and partnerships with bodies, entities and work programmes, including the Paris Committee on Capacity-building, within and outside the Convention;

(b) Considering the establishment of, as appropriate, additional expert groups, subcommittees, panels, thematic advisory groups or focused working groups to assist it in conducting its work and supporting its efforts to enhance action and support for loss and damage as provided for in decision 2/CP.19, paragraph 5(c)(i–iii);

(c) Improving access to, and interaction with, relevant scientific and technical panels, bodies and expertise available to the Warsaw International Mechanism, its Executive Committee and substructures over time, including by, inter alia, inviting relevant organizations at all levels and scientific research organizations with expertise in science relevant to loss and damage to ensure that the best available science is highlighted in the work of the Warsaw International Mechanism;

(d) Inviting interested Parties to establish a loss and damage contact point through their respective UNFCCC national focal point, with a view to enhancing the implementation of approaches to address loss and damage associated with the adverse impacts of climate change at the national level;

5. *Invites* the Paris Committee on Capacity-building, within the scope of its workplan, to consider a future theme on addressing loss and damage;

6. *Requests* that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources.

*9th plenary meeting
17 November 2016*

Decision 5/CP.22

Review and report of the Adaptation Committee

The Conference of the Parties,

Recalling its decision to review the progress and performance of the Adaptation Committee at its twenty-second session with a view to adopting an appropriate decision on the outcome of this review,¹

Also recalling its requests for the Adaptation Committee to undertake activities in support of the Paris Agreement and the timing of their delivery,²

Acknowledging that the Adaptation Committee is in the process of implementing its 2016–2018 workplan and its significant workload,

Having reviewed the progress and performance of the Adaptation Committee,

1. *Welcomes* the report of the Adaptation Committee³ and the revised workplan of the Adaptation Committee for the period 2016–2018 contained in that report;
2. *Also welcomes* the progress made by the Adaptation Committee in the implementation of its workplan, including progress reported on enhancing overall coherence in relation to adaptation and the relevant mandates contained in decision 1/CP.21, and on its efforts to enhance its performance with the overall aim of enhancing adaptation action;
3. *Notes with appreciation* the ongoing and planned collaboration between the Adaptation Committee and other constituted bodies and institutional arrangements under the Convention, including the Least Developed Countries Expert Group, the Nairobi work programme on impacts, vulnerability and adaptation to climate change, the Technology Executive Committee, the Standing Committee on Finance, the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts, the Adaptation Fund, the Global Environment Facility, the Green Climate Fund, the Climate Technology Centre and Network and the Paris Committee on Capacity-building, in order to enhance the process to formulate and implement national adaptation plans and actions, the implementation of the relevant mandates contained in decision 1/CP.21 and access by developing country Parties to adaptation finance, in particular from the Green Climate Fund, as appropriate;
4. *Requests* the Adaptation Committee to make use of additional modalities for responding to the relevant mandates contained in decision 1/CP.21, including engaging with the Nairobi work programme and its partner organizations, research institutions and other institutional arrangements outside the Convention;
5. *Welcomes* the two technical expert meetings on adaptation, which were organized as part of the technical examination process on adaptation,⁴ as well as the technical paper on opportunities and options for enhancing adaptation actions and supporting their implementation, reducing vulnerability and mainstreaming adaptation;⁵

¹ Decision 2/CP.17, paragraph 119.

² Decision 1/CP.21, paragraphs 41, 42, 45, 124 and 126.

³ FCCC/SB/2016/2.

⁴ See <unfccc.int/9542>.

⁵ FCCC/TP/2016/6.

6. *Also welcomes* the establishment of the Adaptation Committee's working group on the technical examination process on adaptation, consisting of members of the Standing Committee on Finance, the Technology Executive Committee, the Least Developed Countries Expert Group and observer constituencies;
7. *Requests* the Adaptation Committee, in conducting the technical examination process on adaptation, to accelerate the preparations for the 2017 technical expert meetings on adaptation, including the selection of topics;
8. *Also requests* the Adaptation Committee to ensure that the technical examination process on adaptation meets its objective of identifying concrete opportunities for strengthening resilience, reducing vulnerabilities and increasing the understanding and implementation of adaptation action, including through technical papers;
9. *Concludes* the review of the progress and performance of the Adaptation Committee on the basis of the information contained in its annual reports prepared for consideration by the Conference of the Parties, through the subsidiary bodies, in the period 2012–2016;
10. *Requests* the Adaptation Committee, as an outcome of this review, to continue with the implementation of its revised workplan, in particular by giving priority to the activities in support of the Paris Agreement, and to seek further ways to enhance its progress, effectiveness and performance;
11. *Decides* to review the progress, effectiveness and performance of the Adaptation Committee again at the twenty-seventh session of the Conference of the Parties, with a view to adopting an appropriate decision on the outcome of that review;
12. *Invites* Parties to submit via the submission portal,⁶ no later than three months prior to the twenty-seventh session of the Conference of the Parties, their views on the progress, effectiveness and performance of the Adaptation Committee and on the review process referred to in paragraph 11 above with a view to informing that process;
13. *Also invites* relevant institutional arrangements under the Convention and non-Party stakeholders to further strengthen financial and technical support and capacity-building, and the consideration of projects, tools and methodologies related to enhancing economic or livelihood diversification, especially for developing countries that are particularly vulnerable to the adverse effects of climate change;
14. *Notes with concern* the shortfall in resources available to the Adaptation Committee, the need for supplementary financial resources and the estimated budgetary implications of the activities to be undertaken by the secretariat pursuant to decision 1/CP.21;⁷
15. *Encourages* Parties to make available sufficient resources for the successful and timely implementation of the three-year workplan of the Adaptation Committee;
16. *Requests* that the actions of the secretariat called for in this decision, in particular in support of the revised workplan of the Adaptation Committee, be undertaken subject to the availability of financial resources.

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⁶ <unfccc.int/5900>.

⁷ Information on the status of contributions is available in document FCCC/SBI/2016/INF.19 and information on budget performance in document FCCC/SBI/2016/13.

Decision 6/CP.22

National adaptation plans

The Conference of the Parties,

Recalling decisions 1/CP.16, 3/CP.17, 5/CP.17, 12/CP.18, 18/CP.19, 3/CP.20, 1/CP.21 and 4/CP.21,

Welcoming the progress made by the Adaptation Committee and the Least Developed Countries Expert Group in the fulfilment of their respective mandates relating to providing information on accessing funding from the Green Climate Fund for the process to formulate and implement national adaptation plans,

Noting the progress made by many developing country Parties in the process to formulate and implement national adaptation plans,¹

Also noting that developing country Parties continue to face challenges in accessing funding from the Green Climate Fund for the formulation and implementation of national adaptation plans,

Further noting the emerging needs for technical guidance and support for the implementation of national adaptation plans,

1. *Welcomes* the submission by Brazil, Burkina Faso, Cameroon, Sri Lanka and the Sudan of their national adaptation plans via NAP Central;²
2. *Encourages* other Parties to forward relevant outputs and outcomes related to the process to formulate and implement national adaptation plans to NAP Central;³
3. *Welcomes* the successful conduct of the NAP Expo that took place from 11 to 15 July 2016 in Bonn, Germany, and the active participation therein of developing countries and other relevant stakeholders;
4. *Notes with appreciation* the decision of the Board of the Green Climate Fund at its 13th meeting that approved up to USD 3 million per country through the Green Climate Fund Readiness and Preparatory Support Programme to support the formulation of national adaptation plans and/or other national adaptation planning processes;⁴
5. *Appreciates* the progress made by the Green Climate Fund in expediting support for the formulation of national adaptation plans and *looks forward* to how the Green Climate Fund will support the subsequent implementation of policies, projects and programmes of developing country Parties as requested in decision 1/CP.21, paragraph 46;
6. *Invites* developing country Parties to access the funding referred to in paragraph 4 above in order to advance the formulation of their national adaptation plans;
7. *Requests* the Adaptation Committee and the Least Developed Countries Expert Group to continue their respective engagement with the Green Climate Fund and to continue to include information on that engagement, including on ways to enhance the process to access support for the formulation and implementation of national adaptation

¹ See documents FCCC/SBI/2016/18 and FCCC/SBI/2016/INF.11.

² <<http://www4.unfccc.int/nap/Pages/national-adaptation-plans.aspx>>.

³ As invited in decision 3/CP.20, paragraph 9.

⁴ Green Climate Fund Board decision B.13/09, paragraph (e). Available at <<http://www.greenclimate.fund/boardroom/on-record/documents>>.

plans, in their reports for consideration by the Subsidiary Body for Implementation at its forty-seventh session (November 2017) with a view to making recommendations to the Conference of the Parties at its twenty-third session (November 2017), as appropriate;

8. *Welcomes* the support provided by the Global Environment Facility for the process to formulate and implement national adaptation plans;

9. *Notes with concern* that 12 funding proposals seeking to support elements of countries' work in the process to formulate and implement national adaptation plans were technically cleared by the Global Environment Facility but, as at 10 November 2016, were awaiting funding under the Least Developed Countries Fund;

10. *Encourages* developed country Parties to contribute to the Least Developed Countries Fund and the Special Climate Change Fund and *invites* additional voluntary financial contributions to the Least Developed Countries Fund, the Special Climate Change Fund and other funds under the Financial Mechanism, as appropriate, recognizing the importance of the process to formulate and implement national adaptation plans;

11. *Notes with appreciation* that most countries that have embarked on the process to formulate and implement national adaptation plans are supported either by bilateral and multilateral agencies or by domestic resources;

12. *Invites* Parties to continue to provide information on progress made towards the achievement of the objectives of the process to formulate and implement national adaptation plans and on experience, best practices, lessons learned, gaps and needs, and support provided and received in the process to formulate and implement national adaptation plans via the online questionnaire⁵ on NAP Central;

13. *Decides* to change the submission deadline referred to in decision 4/CP.21, paragraph 12(a), to 4 October 2017.

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17 November 2016*

⁵ Available at <<http://www4.unfccc.int/nap/Pages/assessingprogress.aspx>>.

Decision 7/CP.22

Long-term climate finance

The Conference of the Parties,

Recalling Articles 4 and 11 of the Convention,

Also recalling decision 1/CP.16, paragraphs 2, 4 and 97–101, as well as decisions 1/CP.17, 2/CP.17, paragraphs 126–132, 4/CP.18, 3/CP.19, 5/CP.20, 1/CP.21 and 5/CP.21,

1. *Notes with appreciation* the 2016 biennial assessment and overview of climate finance flows of the Standing Committee on Finance, in particular its key findings and recommendations, highlighting the increase of climate finance flows from developed country Parties to developing country Parties;¹
2. *Welcomes with appreciation* the submission made by developed country Parties in response to decision 1/CP.21, paragraph 114, and *takes note* of the information contained therein;²
3. *Welcomes* the progress by developed country Parties towards reaching the goal of jointly mobilizing USD 100 billion annually by 2020, in accordance with decision 1/CP.16, and *urges* developed country Parties to continue to scale up mobilized climate finance towards this goal;
4. *Also welcomes* the progress made and *requests* Parties to continue to enhance their enabling environments and policy frameworks to facilitate the mobilization and effective deployment of climate finance in accordance with decision 3/CP.19;
5. *Urges* developed country Parties to continue their efforts to channel a substantial share of public climate funds to adaptation activities and to strive to achieve a greater balance between finance for mitigation and for adaptation, recognizing the importance of adaptation finance;
6. *Notes with appreciation* the summary report on the 2016 in-session workshop on long-term climate finance, which focused on the issues of adaptation finance, needs for support to developing country Parties, and cooperation on enhanced enabling environments and support for readiness activities;³
7. *Notes* the increase in adaptation finance to date as identified in the 2016 biennial assessment and overview of climate finance flows, and the need to continue efforts to significantly scale up adaptation finance, while stressing the need to strive for a greater balance between adaptation and mitigation finance, and *invites* Parties and relevant institutions to consider the key messages from the in-session workshop referred to in paragraph 6 above, including that:
 - (a) Country-driven processes for the assessment of adaptation needs in developing countries are fundamental for scaling up adaptation finance;
 - (b) The nationally determined contributions and adaptation communications could constitute a good opportunity for supporting the scaling up of adaptation finance;

¹ See document FCCC/CP/2016/8, annex II.

² Available at

[http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/261_295_131233554162587561-Roadmap%20to%20the%20US\\$100bn%20%28UNFCCC%29.pdf](http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/261_295_131233554162587561-Roadmap%20to%20the%20US$100bn%20%28UNFCCC%29.pdf).

³ FCCC/CP/2016/5.

(c) The role of the private sector in adaptation finance needs to be further enhanced;

(d) Access to adaptation finance remains a challenge, particularly for small island developing States and the least developed countries;

(e) Better information needs to be generated for more efficient planning, including through enhanced tracking of adaptation flows;

(f) Strengthening national public financing management systems is vital to support countries to effectively manage, track and monitor climate finance;

(g) Maximizing the effectiveness of adaptation finance is important in ensuring that limited financial resources achieve the greatest possible impact;

8. *Also notes* the progress made to date in enhancing access to finance by developing countries, while further emphasizing the continued challenges that developing countries face in this regard, in particular those with capacity constraints, and further *encourages* Parties and relevant institutions to continue working in this regard in order to enhance access to finance from a wide variety of sources, public and private, bilateral and multilateral;

9. *Welcomes* the biennial submissions received to date from developed country Parties on updated strategies and approaches for scaling up climate finance from 2014 to 2020 in accordance with decision 3/CP.19, paragraph 10;

10. *Requests* the secretariat, in line with decision 5/CP.20, paragraph 11, to prepare a compilation and synthesis of the biennial submissions referred to in paragraph 9 above in order to inform the in-session workshops referred to in paragraph 12 below;

11. *Welcomes* the submission of the first biennial update reports submitted by 34 developing country Parties to date and *invites* developing country Parties that have not already done so to submit their biennial update reports as soon as possible, recalling decision 2/CP.17, paragraph 41(a), which states that, consistent with their capabilities and the level of support provided for reporting, they should submit their first biennial update reports by December 2014;

12. *Decides* that the in-session workshops on long-term climate finance in 2017 and 2018 will, with a view to scaling up climate finance for mitigation and adaptation, focus on experiences and lessons learned from:

(a) Articulating and translating needs identified in country-driven processes into projects and programmes;

(b) Roles of policies and enabling environments for mitigation and adaptation finance;

(c) Facilitating enhanced access;

13. *Requests* the secretariat to organize the in-session workshops referred to in paragraph 12 above and to prepare summary reports on these workshops for consideration by the Conference of the Parties;

14. *Also requests* the secretariat to continue to ensure that the workshops are well-balanced by, inter alia, inviting both public and private sector actors to attend them and summarizing all views expressed at the workshops in a fair and balanced manner;

15. *Decides* that the third biennial high-level ministerial dialogue on climate finance, to be convened in accordance with decision 3/CP.19, will be informed by the reports on the in-session workshops on long-term climate finance and the 2018 biennial assessment and overview of climate finance flows;

16. *Requests* the Presidency of the Conference of the Parties, with the support of the secretariat, to prepare a summary of the third biennial high-level ministerial dialogue on climate finance for consideration by the Conference of the Parties at its twenty-fifth session (November 2019);

17. *Welcomes* the second biennial high-level ministerial dialogue on climate finance, convened in accordance with decision 3/CP.19, and *looks forward* to the summary of the Presidency of the Conference of the Parties on the deliberations of this dialogue.

*10th plenary meeting
18 November 2016*

Decision 8/CP.22

Report of the Standing Committee on Finance

The Conference of the Parties,

Recalling Articles 4 and 11 of the Convention,

Also recalling decisions 1/CP.16, paragraph 112, and 2/CP.17, paragraphs 120 and 121, as well as decisions 5/CP.18, 7/CP.19, 6/CP.20 and 6/CP.21,

1. *Welcomes with appreciation* the report of the Standing Committee on Finance to the Conference of the Parties at its twenty-second session, taking note of the recommendations contained therein;¹
2. *Endorses* the workplan of the Standing Committee on Finance for 2017;²
3. *Notes* the 2016 biennial assessment and overview of climate finance flows while particularly welcoming the summary and recommendations by the Standing Committee on Finance as contained in the annex;³
4. *Expresses its appreciation* for the financial contributions provided by the Governments of Belgium, Norway, Sweden and Switzerland as well as the European Commission to support the work of the Standing Committee on Finance;
5. *Requests* the Standing Committee on Finance, in fulfilling its function on the measurement, reporting and verification of support, and in the context of its existing workplan, to cooperate with relevant stakeholders and experts and to consider ongoing work under the Convention and further action envisaged under the Paris Agreement;
6. *Welcomes* the 2016 forum of the Standing Committee on Finance on the topic of financial instruments that address the risks of loss and damage associated with the adverse effects of climate change;
7. *Takes note* of the summary report on the 2016 forum, including the recommendations and follow-up activities of the Standing Committee on Finance and *invites* the Standing Committee on Finance to follow up on the recommendations in its 2017 workplan;⁴
8. *Expresses its gratitude* to the Government of the Philippines and the Asian Development Bank for their support in ensuring the success of the 2016 forum of the Standing Committee on Finance;
9. *Invites* the Standing Committee on Finance to continue its deliberations on the topic of its 2017 forum at its first meeting in 2017;
10. *Reiterates* that the Standing Committee on Finance will integrate financing for forests-related considerations into its 2017 workplan, where appropriate, and continue work on this matter in the context of the overall issue of improving coherence and coordination in the delivery of climate change financing, taking into account all relevant decisions on forests;

¹ FCCC/CP/2016/8.

² As contained in document FCCC/CP/2016/8, annex VIII.

³ See <<http://unfccc.int/8034.php>>.

⁴ See document FCCC/CP/2016/8, annex III, paragraphs 68 and 69.

11. *Requests* the Standing Committee on Finance to report to the Conference of the Parties at its twenty-third session (November 2017) on the progress made in the implementation of its workplan;

12. *Also requests* the Standing Committee on Finance to consider the guidance provided to it in other relevant decisions of the Conference of the Parties.

Annex

Summary and recommendations by the Standing Committee on Finance on the 2016 biennial assessment and overview of climate finance flows

[English only]

A. Context and mandates

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, including, inter alia, in terms of measurement, reporting and verification of support provided to developing country Parties, through activities such as the biennial assessment and overview of climate finance flows.¹

2. Subsequent to the 2014 biennial assessment and overview of climate finance flows, the COP requested the SCF to consider: the relevant work of other bodies and entities on measurement, reporting and verification of support and the tracking of climate finance;² ways of strengthening methodologies for reporting climate finance;³ and 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.⁴ It also requested the Ad Hoc Working Group on the Paris Agreement, when developing the modalities, procedures and guidelines for the transparency framework for action and support, to consider, inter alia, information in the biennial assessment and overview of climate finance flows and other reports of the SCF and other relevant bodies under the Convention.

3. The 2016 biennial assessment and overview of climate finance flows outlines improvements made and identifies areas for further improvements in the UNFCCC reporting guidelines and formats for developed and developing countries and for improvements in climate finance tracking and reporting of data producers and aggregators. The biennial assessment and overview of climate finance flows presents estimates of flows from developed to developing countries, available information on domestic climate finance and South–South cooperation, as well as the other climate-related flows that constitute global total climate finance flows. It then considers the implications of these flows, including composition, purpose and emergent trends relevant to the UNFCCC objectives, including the new goals set out in the Paris Agreement.

4. The 2016 biennial assessment and overview of climate finance flows comprises this summary and recommendations, and a technical report. The summary and recommendations was prepared by the SCF. The technical report was prepared by experts under the guidance of the SCF, and draws on information and data from a range of sources. It was subject to extensive stakeholder input and expert review, but remains a product of the external experts.

¹ Decision 2/CP.17, paragraph 121(f).

² Decision 1/CP.18, paragraph 71.

³ Decision 5/CP.18, paragraph 11.

⁴ Decision 3/CP.19, paragraph 11.

B. Challenges and limitations

5. The 2016 biennial assessment and overview of climate finance flows 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. Challenges were nevertheless encountered in collecting, aggregating and analysing information from diverse sources. The limited clarity with regard to the use of different definitions of climate finance limits comparability of data.

6. There are uncertainties associated with each source of data, and these have different underlying causes. Uncertainties are related to the data on domestic public investments, resulting from the lack of geographic coverage and differences in the way methods are applied, significant changes in the methods for estimating energy efficiency every few years and the lack of available data on sustainable private transport and other key sectors. Uncertainties also arise from the lack of procedures and data to determine private climate finance, methods for estimating adaptation finance, differences in the assumptions of underlying formulas to attribute finance from multilateral development banks (MDBs) to developed countries, the classification of data as ‘green finance’ and incomplete data on non-concessional flows.

7. The limitations outlined above need to be taken into consideration when deriving conclusions and policy implications from this biennial assessment and overview of climate finance flows. The SCF will contribute, through its activities, to the progressive improvement of the measurement, reporting and verification of climate finance information in future biennial assessments and overviews of climate finance flows, to help address these challenges.

C. Key findings

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

Improvements made in tracking and reporting of climate finance since the 2014 biennial assessment and overview of climate finance flows

8. Following the recommendations made by the SCF in the 2014 biennial assessment and overview of climate finance flows, the 2016 biennial assessment and overview of climate finance flows identifies the improvements listed below in the tracking and reporting of information on climate finance:

Developed countries

(a) Enabling Parties to provide additional information on their underlying definitions, methodologies and assumptions used, including on how they have identified finance as being “climate-specific”, as well as making these data more accessible to the public and recipient Parties, thereby enhancing consistency and transparency;

(b) Improving guidance on application of the Rio Markers for adaptation and mitigation and adjustments to the Rio Marker definitions for adaptation;

International organizations

(c) Making available MDB and multilateral climate fund activity-level data through the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD);

(d) Applying common principles for tracking mitigation and adaptation finance by MDBs and International Development Finance Club (IDFC) members;

(e) Making available data on climate co-financing flows through utilization of a joint methodology for tracking public and private climate co-finance by a consortium of seven MDBs.

Insights into reporting by developed countries and developing countries

9. The current biennial report (BR) guidelines⁵ were designed to accommodate reporting on a wide range of climate finance instruments and activities. This required a reporting architecture that was flexible enough to accommodate a diversity of reporting approaches. In some cases, limited clarity with regard to the diversity in reporting approaches limits comparability in climate finance reporting. Further improvements in reporting guidelines and formats are needed to enhance transparency on the approaches used by individual Parties and to enable greater comparability across reporting by Parties.

10. Current biennial update report (BUR) guidelines⁶ for reporting by developing countries on financial, technical and capacity-building needs and support received do not require information on the underlying assumptions, definitions and methodologies used in generating the information. Limited institutional capacity to track climate finance received, as well as the lack of data, can pose challenges in developing country reporting.

Insights into broader reporting aspects

11. Information on domestic climate-related finance is available including through a few BURs, Climate Public Expenditure and Institutional Reviews (CPEIRs) and other independent studies. However, such information is difficult to compare.

12. There is a lack of systematic collection of data on climate-related private finance flows globally, due to difficulties in identifying climate-related finance, restrictions based on confidentiality, and conceptual and accounting issues. The primary sources cover mainly renewable energy and draw upon industry and sector databases, relying on voluntary disclosures. Efforts to develop methodologies for estimating mobilized private finance by public interventions are under way by the OECD DAC and the Research Collaborative on Tracking Private Climate Finance.

13. Ongoing efforts at the international and national levels aimed at improving climate-related financial risk disclosures are important for improving the transparency and promoting the alignment of finance and investment flows in accordance with Article 2.1(c) of the Paris Agreement.

Insights related to review of climate finance information

14. Practices exist within the UNFCCC to review the information on support provided by Parties, including the international assessment and review of BRs and the international consultation and analysis of BURs. However, there are no internationally agreed methods for reconciling financial support provided against support received. Also, MDBs and IDFC do not have a standard procedure to review their climate finance data. In addition, BRs are not reviewed in time for aggregating data for the biennial assessment and overview of climate finance flows.

⁵ Decision 2/CP.17.

⁶ Decision 2/CP.17.

2. Overview of current climate finance flows in 2013–2014

Flows from developed to developing countries as reported in biennial reports

15. USD 25.4 billion in 2013 and USD 26.6 billion in 2014 of climate-specific finance was reported in BRs, of which USD 23.1 billion in 2013 and USD 23.9 billion in 2014 was channelled through bilateral, regional and other channels (see figure 1). This represents an increase of about 50 per cent from public finance reported through the same channels in 2011–2012.

Multilateral climate funds

16. USD 1.9 billion in 2013 and USD 2.5 billion in 2014 was channelled through the UNFCCC funds and multilateral climate funds on the basis of their financial reports. Although this is a small share of the total climate finance, information on their activities is mostly complete.

Climate finance from multilateral development banks

17. Climate finance provided by MDBs to developing countries from their own resources was reported as USD 20.8 billion in 2013 and USD 25.7 billion in 2014. The methodology used in the 2014 biennial assessment and overview of climate finance flows to attribute MDB finance from developed countries to developing countries suggests that USD 11.4 billion in 2013 and USD 12.7 billion in 2014 was delivered by developed countries. A more advanced methodology, which captures better the mobilization effect through the MDBs, suggests that USD 14.9 billion in 2013 and USD 16.6 billion in 2014 can be attributed to developed countries.

Private climate finance

18. The major source of uncertainty regarding flows to developing countries relates to the amount of private climate finance provided. Initial partial estimates of direct and mobilized private finance are available. Based on project-level data, renewable energy finance by developed country companies in developing countries is estimated at USD 1.8 billion in 2013 and USD 2.1 billion in 2014. Foreign direct investment in greenfield alternative and renewable energy in developing countries was estimated at USD 26.4 billion in 2013 and USD 21.6 billion in 2014. Both estimates are likely to be conservative. OECD and the Climate Policy Initiative (CPI) compiled an initial partial estimate of private finance mobilized by developed countries and identified USD 12.8 billion in 2013 and USD 16.7 billion in 2014 of private co-finance. These figures include private finance mobilized from international sources in addition to private finance mobilized domestically in developing countries. These partial estimates of direct private finance and mobilized finance are distinct, and cannot simply be aggregated.

Instruments

19. The mix of instruments used to channel support differs by funding source (see figure 2). About 35 per cent of the bilateral, regional and other finance reported to the UNFCCC in BRs is spent as grants, 20 per cent as concessional loans, 10 per cent as non-concessional loans, and the remainder through equity and other instruments. About 38 per cent of the reported finance is channelled through multilateral institutions, many of whom are MDBs that utilize capital contributions and commitments from member countries to raise low-cost capital from other sources of funding, including for donor contributions. This enables MDBs to offer a range of instruments and financial products, including grants (9 per cent), loans, including concessional loans, (83 per cent), equity (2 per cent) and other instruments (6 per cent). About 53 per cent of funding from multilateral climate funds is provided as

grants, and the remainder is largely concessional loans, which have increased as a share of approved funding over time. Forty-nine per cent of bilateral climate finance reported to the OECD is provided as grants, and 47 per cent as concessional loans.

Recipients

20. Climate finance goes to a wide range of governmental, private and non-governmental entities in recipient countries. However, reporting on recipient institutions is incomplete. For example, recipient data are available for about 50 per cent of the bilateral finance reported to the OECD DAC. For 2013–2014, developing country governments are specified as the recipients of about 40 per cent of the total flow. Climate finance channelled through other intermediaries may also reach national governments, but this is not captured in the data. Improving data on the recipients of climate finance could be an area for further work.

Global finance flows

21. On a comparable basis, global total climate finance has increased by almost 15 per cent since 2011–2012. In dollar terms estimated global total climate finance increased from a high bound estimate of USD 650 billion for 2011–2012 to USD 687 billion for 2013 and to 741 billion for 2014. Private investment in renewable energy and energy efficiency represents the largest share of the global total; however, the energy efficiency data are much less certain than the renewable energy data. Levels of finance have increased as the costs of clean technology have continued to fall. The coverage of data in the 2016 biennial assessment and overview of climate finance flows has increased and improved since the 2014 biennial assessment and overview of climate finance flows, but nevertheless the quality and completeness of data on global total flows are lower than those for flows to developing countries.

22. The estimate of global total climate finance in the 2016 biennial assessment and overview of climate finance flows includes adjustments to the CPI estimate that were not part of the 2011–2012 estimate reported in the 2014 biennial assessment and overview of climate finance flows. Partial data on domestic public finance expenditures of USD 192 billion per year were compiled. If these additional adjustments are included, they raise the upper end of the range to USD 880 billion in 2013 and USD 930 billion in 2014. However, the volume of the climate-related finance and investment flows globally may be higher, given that there are still significant data gaps in critical sectors such as sustainable transportation, agriculture, energy efficiency and resilient infrastructure.

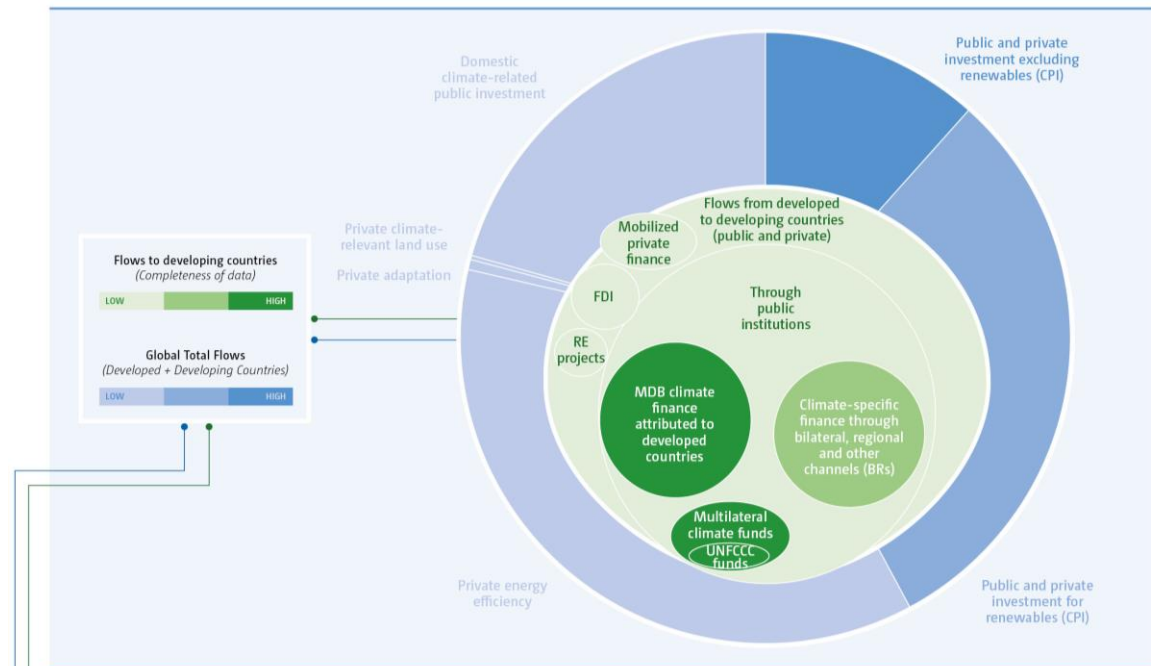
23. Domestic climate finance: Comprehensive data on domestic climate expenditures are not available. Limited information is included in the BURs; estimates of climate-related finance included in national budgets, domestic climate finance provided by national development banks and commitments by developing country national climate funds. These indicative estimates suggest flows of USD 192 billion per year in developed and developing countries.

24. Some studies suggest that most climate finance in aggregate is mobilized and deployed domestically, both in developed and developing countries. In the limited number of developing countries for which information on domestic public climate finance is available, the data suggest that, in these countries, domestic public finance significantly exceeds the inflows of international public climate finance from bilateral and multilateral sources.

25. South–South cooperation: Data are limited, and mainly sourced from the OECD DAC, complemented with reports from a small number of other countries. On this basis, South–South cooperation was estimated to be in the range USD 5.9–9.1 billion for 2013

and USD 7.2–11.7 billion for 2014, of which about half was channelled through multilateral institutions.

Figure 1
Climate finance flows in 2013–2014 (USD billion and annualized)



		2013 (USD billion face value)	2014 (USD billion face value)	Sources of data and relevant chapter in the technical report
Flows to developing countries 2013–2014 average total Public: USD 41 billion Private: USD 2 billion renewables USD 24 billion FDI USD 14.8 billion mobilized	UNFCCC funds ^a	0.6	0.8	Chapter 2.2.1 Fund financial reports, climate funds update
	Multilateral climate funds (including UNFCCC funds)	1.9	2.5	Chapter 2.2.2 Fund financial reports, climate funds update
	Climate-specific finance through bilateral, regional and other channels	23.1	23.9	Chapter 2.2.3 CTF table 7(b)
	<i>Of which grants and concessional loans</i>	11.7	12.4	Chapter 2.2.3 CTF table 7(b)
	MDB climate finance attributed to developed countries (own resources only) ^b	14.9	16.6	Chapter 2.2.5 MDB climate finance reporting
	Renewable energy projects ^c	1.8	2.1	Chapter 2.2.9 CPI landscape of climate finance, BNEF
	FDI in greenfield alternative and renewable energy	26.4	21.6	Chapter 2.2.9 CPI landscape of climate finance, FDI Intelligence
Mobilized private finance ^d	12.8	16.7	Chapter 2.2.9 OECD CPI report 2015	
Global total flows (inclusive of flows to developing countries above) 2013–2014 average total USD 714 billion	Public and private investment excluding renewables (CPI)	95–102	102–112	Chapter 2.4.1 CPI landscape of climate finance
	Public and private investment for renewables (CPI)	244	285	Chapter 2.4.2 BNEF, CPI landscape of climate finance
	Private energy efficiency	334	337	Chapter 2.4.3 IEA energy efficiency market report
	Private sustainable transport	Not available	Not available	Chapter 2.4.4
	Private climate-relevant land use	5	5	Chapter 2.4.5 CPI land-use studies
	Private adaptation	1.5	1.5	Chapter 2.4.6
	Domestic climate-related public investment	192	192	Chapter 2.4.7 CPEIRs (UNDP; World Bank ODI), GFLAC climate finance studies, BURS

Note: Figure is not to scale, but seeks to show the relative size of flows. Flows to developing countries are a subset of global total flows.

Abbreviations: BNEF = Bloomberg New Energy Finance, BR = biennial report, BUR = biennial update report, CPEIR = Climate Public Expenditure and Institutional Reviews, CPI = Climate Policy Initiative, CTF = common tabular format, FDI = foreign direct investment, GFLAC = Climate Finance Group for Latin America and the Caribbean, IEA = International Energy Agency, MDB = multilateral development bank, ODI = Overseas Development Institute, OECD = Organisation for Economic Co-operation and Development, RE = renewable energy, UNDP = United Nations Development Programme.

^a Includes commitments approved during 2013 and 2014. Almost all contributions are contributed by Parties included in Annex II to the Convention (Annex II Parties). The values do not reflect pledges to the Green Climate Fund amounting to USD 10.2 billion by the end of 2014.

^b From Annex II Parties to Parties not included in Annex I to the Convention (non-Annex I Parties). Values are derived by excluding climate finance to Parties included in Annex I to the Convention from the total climate finance provided by MDBs from their own resources to arrive at climate finance provided to non-Annex I Parties, and by attributing 85 per cent of this to Annex II Parties.

^c From Annex II Parties to non-Annex I Parties.

^d From Annex II Parties as well as Czechia, Poland, Slovakia and Slovenia.

Figure 2

Characteristics of public finance in developing countries for 2013–2014

	Average (2013 and 2014 in billion USD)	Purpose (%)			Implementing entities	Instrument (%)				
		Adaptation	Mitigation	Cross-cutting		Grants	Loans	Concessional Loans	Equity	Other
UNFCCC funds ^a	0.7	50	50		United Nations agencies, MDBs, bilateral development agencies, accredited national institutions, NGOs and private banks / funds	100				
Multilateral climate funds (including UNFCCC funds listed above)	2.2	27	70	3	MDBs, United Nations agencies and bilateral development finance institutions	53		47		
Climate- related bilateral ^b	14.9–25.3	27	53	20	Bilateral development finance agencies (e.g. GIZ, DFID, USAID, NORAD)	49	2 ^c	47	2 ^c	
MDB climate finance	15.8	18	82		MDBs	9		83	2	6

Note: All values are based on approvals.

Abbreviations: DFID = Department for International Development, GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit, MDB = multilateral development bank, NGO = non-governmental organization, NORAD = Norwegian Agency for Development Cooperation, USAID = United States Agency for International Development

^a Adaptation Fund, Global Environment Facility, Special Climate Change Fund and Least Developed Countries Fund. No Green Climate Fund projects were approved during 2013–2014.

^b The values for bilateral finance are based on biennial report data for figure 1 in this document. The percentages for bilateral climate finance in this table are based on Organisation for Economic Co-operation and Development data due to data availability.

^c Not primarily development or concessional. One per cent of the equity reported is concessional equity.

3. Assessment of climate finance flows

26. An assessment of the data underlying the overview of climate finance flows offers insights into key questions of interest in the context of the UNFCCC negotiations, including support for adaptation and mitigation, levels of finance for different regions and how

finance is delivered. Key features of different channels of climate finance for developing countries are summarized in figure 2.

27. Mitigation-focused finance represented more than 70 per cent of the public finance in developing countries reported in 2013 and 2014. Adaptation finance provided to developing countries accounted for about 25 per cent of the total finance. This is similar to 2011–2012, although there has been a slight increase in the proportion of adaptation finance from climate funds and bilateral concessional channels. More than 80 per cent of MDB investments focused on mitigation, and less than 20 per cent on adaptation.

28. There has been a significant role for grants in adaptation finance. Grants represent 88 per cent of adaptation finance approved climate funds and 56 per cent of the bilateral finance reported to the OECD DAC with adaptation as a principal objective. Some least developed countries and small island developing States in Africa and Asia have been among the largest recipients of adaptation finance.

29. About 33 per cent of funding from dedicated climate funds, 42 per cent of climate-related finance in the OECD DAC and 31 per cent of climate finance reported by MDBs is for Asia, often in countries with attractive investment climates. This funding has largely supported mitigation, including REDD-plus,⁷ reflecting the significant greenhouse gas (GHG) emissions from the region. About 21 per cent of finance from dedicated multilateral climate funds, 28 per cent of climate-related finance in the OECD DAC and 15 per cent of MDB climate finance is directed to African countries. There has been a growing emphasis on adaptation in this finance. About 23 per cent of funding from dedicated multilateral climate funds, 15 per cent of climate-related finance reported to the OECD DAC and 16 per cent of the climate finance reported by MDBs is directed to Latin America and the Caribbean.

30. There are costs associated with fund management, project development and implementation. These costs are recovered through mechanisms including administrative budgets and implementing agency fees, which vary across funds and institutions. Administrative costs range from less than 1 per cent to nearly 12 per cent of the approved funding. The actual costs are not necessarily proportional to the volumes of finance approved for projects.

31. A broad range of issues can present challenges in accessing climate finance, including: low levels of technical capacity to design and develop projects/programmes and to monitor and evaluate progress; difficulties in following the procedures of the funds to access finance; and low levels of awareness of the need for action and available sources of funding. Several efforts to strengthen “readiness” to access and make use of climate finance are now under way, and the Green Climate Fund (GCF) has recently stepped up its efforts in this regard. Investment in domestic capacity to structure and attract a range of sources of finance is also needed.

32. Ownership of climate finance and alignment of this finance with national climate change priorities and emerging policies and strategies is well recognized as an important element for ensuring effectiveness. Another important dimension is engagement of key stakeholders across government, particularly ministries of finance and planning, and across society, including civil society and the private sector. Most intended nationally determined contributions (INDCs) submitted by developing country Parties outlined, in varying levels of detail, the estimated financial costs of the future emission reduction and climate

⁷ In decision 1/CP.16, paragraph 70, the COP encouraged developing country Parties to contribute to mitigation actions in the forest sector by undertaking the following activities: reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks.

adaptation scenarios they describe. In general, methodologies used to estimate financial needs or definitions of scope were not specified, and differed substantially. Beyond INDCs, few efforts to assess national or global climate finance needs have been completed since the 2014 biennial assessment and overview of climate finance flows. INDCs may provide a framework for strengthening ownership in the future.

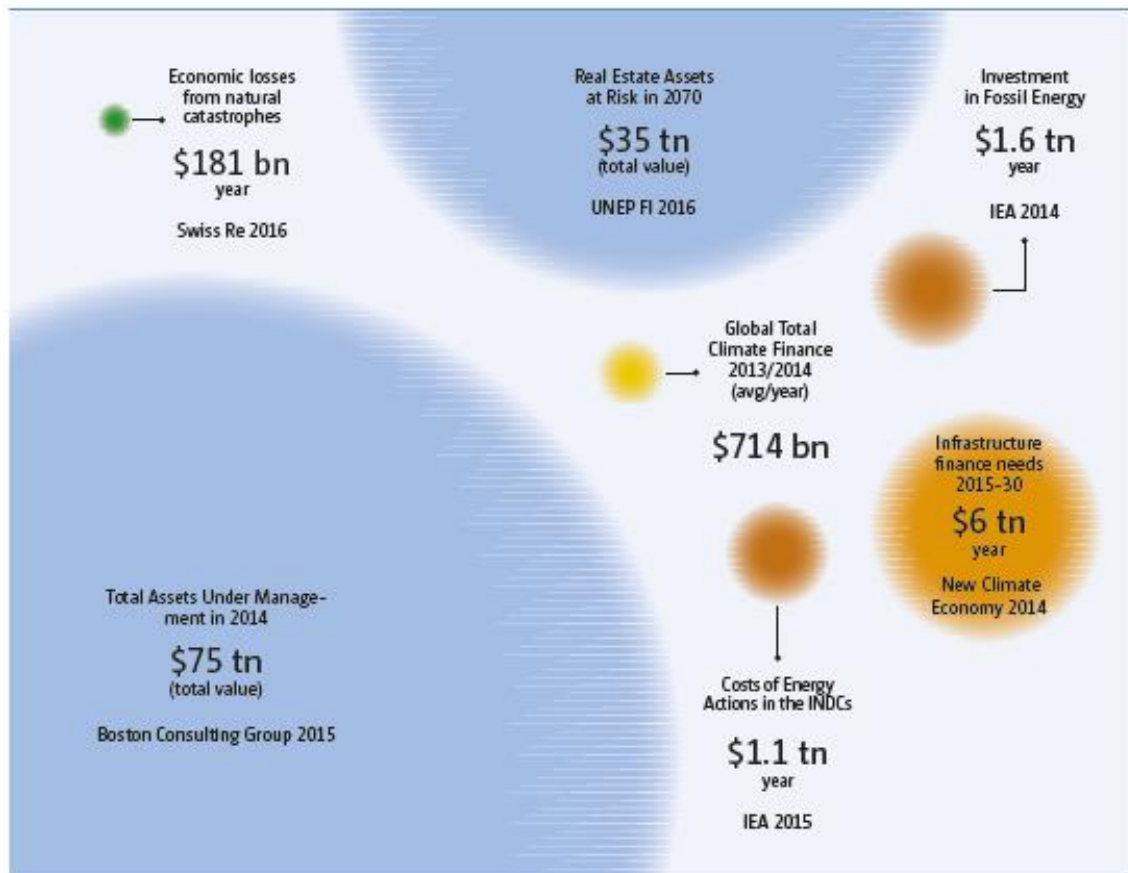
33. Impact monitoring systems are beginning to mature, although reporting of results remains nascent and relatively slow. GHG emission accounts are a primary metric of impact and effectiveness used for climate finance mitigation, often complemented with relevant output data such as the volume of installed clean energy or reductions in energy consumption. Consistency of methodologies for GHG accounting continues to be a challenge, though progress has been made by development finance institutions, which have adopted common principles.

34. Most adaptation interventions seek to identify the specific number of people that are likely to benefit from the proposed interventions, either directly or indirectly in terms of increased resilience. Ensuring the accuracy of estimates can be challenging, due to difficulties in identifying beneficiaries, establishing baselines and data collection, and defining and tracking resilience over time to what may be slow onset, or 1-in-100 or 1-in-500 year events.

35. Many funders use co-financing as best available evidence of private finance mobilization, and many climate funds use leverage ratios as one of their key results indicators. However, co-finance does not necessarily equate to mobilization, which is often used to imply a more causal relationship between public intervention and associated private finance, which is more complex to prove. High leverage ratios may not always indicate an effective use of public finance, as ratios can also be high in interventions that are the most commercially viable.

36. The 2016 biennial assessment and overview of climate finance flows identified climate-related global climate finance flows of USD 714 billion on average in 2013–2014 (see figure 1); this is a significant amount, but is relatively small in the context of wider trends in global investment (see figure 3). For example, while investment in clean energy is rising, volumes of finance for high carbon energy in all countries remain considerably higher. Infrastructure and assets are at risk from the impacts of climate change, with serious potential consequences for the global economy.

Figure 3
Global climate finance in context



Note: This figure seeks to put the total volume of global finance flows in the context of wider trends in global investment. The flows featured on this diagram are not strictly comparable, and are presented for illustrative purposes only. Full details of the underlying studies are included in chapter 3 of the 2016 biennial assessment and overview of climate finance flows.

Abbreviations: avg = average, bn = billion, IEA = International Energy Agency, INDC = intended nationally determined contribution, tn = trillion, UNEP FI = United Nations Environment Programme Finance Initiative, \$ = United States dollars.

D. Recommendations

37. The SCF invites the COP to consider the following recommendations:

(a) Invite Parties, the Ad Hoc Working Group on the Paris Agreement, the Subsidiary Body for Scientific and Technological Advice, the Subsidiary Body for Implementation and other relevant bodies under the Convention to consider the 2016 biennial assessment and overview of climate finance flows, particularly its key findings, in order to improve guidelines for the preparation and reporting of financial information,⁸ as well as to develop the modalities, procedures and guidelines, as appropriate, for the transparency of support in accordance with Articles 9 and 13 of the Paris Agreement;

⁸ This includes enhanced information on: sectors, financial instruments, the methodology used for reporting financial support through bilateral channels, the methodology used to identify climate-specific portions of public financial support through multilateral channels, and disaggregated data at the activity level.

(b) Request the SCF, in fulfilling its function on measurement, reporting and verification of support, and in the context of its workplan, to cooperate with relevant institutions and experts and to consider ongoing work under the Convention;

Engaging with international organizations and the private sector

(c) Encourage climate finance providers to enhance the availability of granular, country-level data and for the UNFCCC secretariat to make such information more accessible, including via enhanced web-based data platforms;

(d) Encourage 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 ongoing work by the OECD Research Collaborative on Tracking Private Climate Finance and by MDBs;

Ownership, needs and impact

(e) Encourage developing countries to take advantage of the resources available through the operating entities of the Financial Mechanism to strengthen their institutional capacity to programme their priority climate actions as well as to track and report climate finance;

(f) Request the SCF in preparing future biennial assessments and overviews of climate finance flows to assess available information on investment needs and plans related to Parties' nationally determined contributions and national adaptation plans;

(g) Encourage Parties and relevant international institutions to enhance the availability of information that will be necessary for tracking global progress on the goals outlined in Article 2 of the Paris Agreement;

(h) Invite the Board of the GCF to consider information in the biennial assessment and overview of climate finance flows in its annual dialogues with climate finance delivery channels in order to enhance complementarity and coherence between the GCF and other funds at the activity level;

(i) Invite multilateral climate funds, MDBs, other financial institutions and relevant international organizations to continue working to further harmonize methods for measuring climate finance and to advance comparable approaches for tracking and reporting on impacts.

*10th plenary meeting
18 November 2016*

Decision 9/CP.22

Terms of reference for the review of the functions of the Standing Committee on Finance

The Conference of the Parties,

Recalling decisions 6/CP.20, 6/CP.21 and 1/CP.21, in particular paragraph 63,

1. *Adopts* the terms of reference for the review of the functions of the Standing Committee on Finance contained in the annex;
2. *Takes note* of the report of the Standing Committee on Finance to the twenty-second session of the Conference of the Parties and in particular annex VII thereto;¹
3. *Invites* members of the Standing Committee on Finance, Parties, the constituted bodies under the Convention and external stakeholders to submit, by 9 March 2017, their views on the review of the Standing Committee on Finance based on the terms of reference contained in the annex, for consideration by the Subsidiary Body for Implementation at its forty-sixth session (May 2017);²
4. *Requests* the Subsidiary Body for Implementation, at its forty-sixth session, to initiate work on the review of the functions of the Standing Committee on Finance in accordance with the terms of reference contained in the annex, taking into account the submissions referred to in paragraph 3 above;
5. *Also requests* the secretariat to prepare a technical paper on the review of the Standing Committee on Finance, in accordance with the terms of reference contained in the annex, taking into account the deliberations and conclusions of the Subsidiary Body for Implementation at its forty-sixth session and the submissions referred to in paragraph 3 above, for consideration by the Subsidiary Body for Implementation at its forty-seventh session (November 2017);
6. *Further requests* the Subsidiary Body for Implementation to complete its work on the review of the Standing Committee on Finance at its forty-seventh session with a view to recommending a draft decision on the matter for consideration and adoption by the Conference of the Parties at its twenty-third session (November 2017).

¹ FCCC/CP/2016/8.

² Parties should submit their views via the submission portal at <<http://www.unfccc.int/5900>>. Observers and other stakeholders should e-mail their submissions to <secretariat@unfccc.int>.

Annex

Terms of reference for the review of the functions of the Standing Committee on Finance

A. Objective

1. The objective of the review of the Standing Committee on Finance (SCF) is to review the functions of the committee, with a view to:

- (a) Strengthening the work of the SCF, as appropriate;
- (b) Identifying opportunities for increased efficiency and effectiveness;
- (c) Informing Parties on the extent to which the existing activities and working modalities of the SCF will fulfil its mandate to serve the Paris Agreement in line with decision 1/CP.21, paragraph 63;
- (d) Taking into account interrelated review processes, such as the sixth review of the Financial Mechanism.

B. Scope

2. The scope of the review will cover the progress made to date and lessons learned in the fulfilment of the mandate of the SCF to assist the Conference of the Parties (COP) in the exercise of its functions with respect to the Financial Mechanism. In this context, the review should:

- (a) Be based on the current mandate and functions of the SCF;
- (b) Be informed by the work on climate finance conducted by other entities;
- (c) Examine whether any gaps exist in the delivery of the work of the SCF and how they can be addressed.

3. The review should address the following elements:

- (a) Assessment of the extent to which the SCF has effectively delivered on its core functions and mandated activities as outlined in decision 2/CP.17 and other relevant decisions and, in this regard, taking stock of past achievements of the SCF in terms of its concrete outputs and how they have been utilized;
- (b) Identification of the potential need for reorientation or reprioritization of the existing functions of the SCF;
- (c) Assessment of whether the working modalities of the SCF, including the participation of its members, are fit-for-purpose for carrying out its functions;
- (d) Quality of outputs;
- (e) Linkages with the constituted bodies under the Convention;
- (f) Relations with relevant external stakeholders.

C. Sources of information

4. The review shall draw upon, inter alia, the following sources of information:

- (a) Submissions from members of the SCF, Parties and the constituted bodies under the Convention, as well as external stakeholders involved in the activities of the SCF;
- (b) The annual reports of the SCF, including, in particular, annex VII to its report to COP 22;¹
- (c) The relevant decisions of the COP related to the SCF;
- (d) Outputs delivered by the SCF, such as the biennial assessment and overview of climate finance flows;
- (e) A self-assessment report of the SCF and recommendations on improving its efficiency and effectiveness;
- (f) The technical paper to be prepared by the secretariat in line with paragraph 5 of this decision.

D. Criteria

- 5. The review shall take into account, inter alia, the following:
 - (a) The effectiveness and efficiency of the SCF in the delivery of its functions;
 - (b) The transparency of its decision-making processes;
 - (c) The level and nature of stakeholder engagement;
 - (d) The quality and added value of the outputs of the SCF, including how they were received by the COP and external stakeholders, and in particular how its recommendations have informed and advanced the work of the COP;
 - (e) The timeliness of the outputs of the SCF.

*10th plenary meeting
18 November 2016*

¹ FCCC/CP/2016/8.

Decision 10/CP.22

Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund

The Conference of the Parties,

Recalling decision 7/CP.21,

Noting the draft decision on the guidance to the Green Climate Fund prepared by the Standing Committee on Finance,¹

1. *Welcomes* the report of the Green Climate Fund to the Conference of the Parties and its addendum,² and the information contained therein on the progress made by the Green Climate Fund, including the detailed and comprehensive list of actions taken by the Board of the Green Climate Fund (hereinafter referred to as the Board) in response to the guidance received from the Conference of the Parties;

2. *Also welcomes* the following actions taken by the Board in response to previous guidance from the Conference of the Parties as contained in decisions 3/CP.17, 6/CP.18, 4/CP.19, 7/CP.20 and 7/CP.21:

(a) The approval of USD 1.17 billion for 27 projects and programmes in 39 countries and the issuance of requests for proposals for modalities that enhanced direct access, worth up to USD 200 million, and the issuance of requests for proposals for micro, small and medium-sized enterprises worth up to USD 100 million;

(b) The accreditation of 41 entities to date, including 18 direct access entities, and the decision to prioritize in 2016 and 2017 the accreditation of national direct access entities, entities in the Asia-Pacific and Eastern European regions, private sector entities, in particular those in developing countries, and entities responding to requests for proposals issued by the Green Climate Fund;

(c) The adoption of the initial strategic plan for the Green Climate Fund;

(d) Decisions to initiate and conclude the review of the initial proposal approvals process and the simplified approvals procedure for certain small-scale activities in 2016;

(e) Progress made to date in the implementation of the readiness and preparatory support programme with the approval of readiness proposals in 57 countries totalling USD 16 million, including the decision of the Board to simplify the template and to mandate the Green Climate Fund secretariat to expedite the approval and disbursement of readiness and preparatory support resources;

(f) The approval of up to USD 3 million per country in funding for the preparation of national adaptation plans and/or other national adaptation planning processes through the readiness and preparatory support programme;

(g) The operationalization of the project preparation facility of the Green Climate Fund, including the development of operational modalities and approval of an initial allocation of USD 40 million;

(h) The approval of the information disclosure policy, including the webcasting of Board proceedings, thus increasing the transparency of the Board's decision-making;

¹ FCCC/CP/2016/8, annex V.

² FCCC/CP/2016/7 and Add.1.

(i) The acknowledgment that the Green Climate Fund's modalities enable support for the preparation and implementation of the nationally determined contributions and adaptation-related elements of the Paris Agreement;

(j) Responses to the operationalization of results-based payments for the activities referred to in decision 1/CP.16, paragraph 70, consistent with decision 9/CP.19 and in accordance with Board decision B.08/08, as well as the recognition that the Green Climate Fund can support the development and implementation of national REDD-plus³ strategies or action plans and investment plans, including through the readiness and preparatory support programme;

(k) The acknowledgment that the Green Climate Fund's operational modalities enabled support for technology development and transfer, including for facilitating access to environmentally sound technologies and for collaborative research and development;

(l) The appointment of the second Executive Director of the Green Climate Fund secretariat and the Heads of the Independent Redress Mechanism, the Independent Integrity Unit and the Independent Evaluation Unit;

(m) Decisions to increase the staffing of the Green Climate Fund secretariat, in particular by addressing the capacity limitations in the Mitigation and Adaptation Division and the Private Sector Facility Division, and the secretariat's risk management capacity;

(n) Decisions to develop an operational framework on complementarity and coherence with other financing institutions, and progress on the relationship with the thematic bodies of the Convention, including the hosting of the first annual event with these bodies, and engagement with the Technology Executive Committee and the Climate Technology Centre and Network;

3. *Looks forward* to the ongoing and timely implementation by the Board of the above-mentioned decisions and guidance received from the Conference of the Parties, including the initial strategic plan, and the scaling up of investments in ambitious country-driven climate action;

4. *Urges* the Board to finalize in a timely manner its work related to the guidance of the Conference of the Parties on financing for forests as mandated by decision 7/CP.21, paragraphs 23–25;

5. *Also urges* Parties that made pledges under the initial resource mobilization process of the Green Climate Fund but have not yet confirmed them through fully executed contribution arrangements or agreements to do so as a matter of high priority;

6. *Requests* the Board to facilitate an increase in the amount of direct access proposals in the pipeline and to report to the Conference of the Parties on progress made in this regard;

7. *Also requests* the Board to take into account decision 1/CP.21, paragraph 64, to enhance the coordination and delivery of resources to support country-driven strategies through simplified and efficient application and approval procedures, and through continued readiness support to developing country Parties, including the least developed countries and small island developing States, as appropriate, and in accordance with Board decisions;

³ In decision 1/CP.16, paragraph 70, the Conference of the Parties encouraged developing country Parties to contribute to mitigation actions in the forest sector by undertaking the following activities, as deemed appropriate by each Party and in accordance with their respective capabilities and national circumstances: reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks.

8. *Notes with concern* the lack of signed bilateral agreements related to privileges and immunities in order for the Green Climate Fund to undertake its activities;
9. *Looks forward* to the biennial report on the matter referred to in paragraph 8 above, in accordance with decision 7/CP.20, paragraph 20, and Board decision B.08/24;
10. *Requests* the Board to enhance the delivery of resources by addressing those measures that are delaying the implementation of projects that have been approved by the Board, including the conclusion of pending accreditation master agreements and funded activity agreements;
11. *Encourages* the Board to implement its decision B.04/08 to develop modalities to support activities enabling private sector involvement in the least developed countries and small island developing States, and to seek opportunities to engage with the private sector, including local actors, on adaptation action at the national, regional and international levels;
12. *Invites* national designated authorities and focal points to utilize the readiness and preparatory support programme, and to collaborate with accredited entities to use the project preparation facility, where appropriate, to prepare adaptation and mitigation proposals of increasing quality and impact potential;
13. *Reiterates its request*⁴ to the Board to agree on the arrangements for the first formal replenishment process of the Green Climate Fund;
14. *Invites* Parties to submit via the submission portal⁵ annually, no later than 10 weeks prior to each session of the Conference of the Parties, their views and recommendations on the elements to be taken into account in developing guidance to the Green Climate Fund;
15. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 14 above when preparing draft guidance to the Green Climate Fund for consideration by the Conference of the Parties;
16. *Also requests* the Green Climate Fund, as an operating entity of the Financial Mechanism, to include in its annual report to the Conference of the Parties information on the steps it has taken and the timeline for the implementation of the guidance provided in this decision.

*10th plenary meeting
18 November 2016*

⁴ Decision 7/CP.21, paragraph 10.

⁵ <<http://www.unfccc.int/5900>>.

Decision 11/CP.22

Report of the Global Environment Facility to the Conference of the Parties and guidance to the Global Environment Facility

The Conference of the Parties,

Recalling decision 8/CP.21,

Welcoming the report of the Global Environment Facility to the Conference of the Parties and its addenda reports, including on the technical review of the programme priorities of the Least Developed Countries Fund,¹

Noting the draft decision on the guidance to the Global Environment Facility prepared by the Standing Committee on Finance, as contained in its report to the Conference of the Parties² and the Standing Committee on Finance 2016 biennial assessment and overview of climate finance flows as context for the provision of guidance,

1. *Emphasizes* the need for the Global Environment Facility to consider lessons learned from past replenishment periods and to take into account the entry into force of the Paris Agreement in its deliberations on the strategy for the seventh replenishment of the Global Environment Facility Trust Fund in order to continue to increase the effectiveness of its operations;
2. *Calls upon* developed country Parties, and *invites* other Parties that make voluntary financial contributions to the Global Environment Facility, to ensure a robust seventh replenishment, in order to assist in providing adequate and predictable funding taking into consideration the Paris Agreement;
3. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention, in its seventh replenishment programming, to continue to assist developing countries, in particular the least developed countries and small island developing States, in accessing resources in an efficient manner;
4. *Also requests* the Global Environment Facility, as appropriate, to ensure that its policies and procedures related to the consideration and review of funding proposals be duly followed in an efficient manner;
5. *Takes note* of the projected shortfall of resources from the sixth replenishment of the Global Environment Facility due to exchange rate movements, and the decision of the Council of the Global Environment Facility on item 6 on the agenda of the 51st meeting of the council;³
6. *Requests* the Global Environment Facility to continue its efforts, as appropriate and as needed, to minimize the potential consequences of the projected shortfall referred to in paragraph 5 above for its support to developing countries, aiming to fulfil the relevant programming directions of the sixth replenishment of the Global Environment Facility;

¹ FCCC/CP/2016/6, Add.1 and 2.

² FCCC/CP/2016/8, annex VI.

³ Global Environment Facility document GEF/C.51/04.

7. *Welcomes* the decisions of the Council of the Global Environment Facility to establish the Trust Fund for the Capacity-building Initiative for Transparency⁴ and to approve the Capacity-building Initiative for Transparency programming directions,⁵ and to ensure that the support for the Capacity-building Initiative for Transparency will be included in the seventh replenishment, to complement existing support under the Global Environment Facility, in accordance with decision 1/CP.21, paragraph 86;
8. *Also welcomes* the pledges made by several countries to make voluntary contributions to the Capacity-building Initiative for Transparency and the signing of the first contribution agreement by a country and *encourages* others that have pledged to make voluntary contributions to finalize their contribution agreements;
9. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention, to continue providing in its annual reports, inter alia, information on the establishment and operation of the Capacity-building Initiative for Transparency, including its programming and implementation modalities, on the voluntary contributions pledged and provided,⁶ and on the implementation of decision 9/CP.18;
10. *Welcomes* the Global Environment Facility's continued engagement and coordination with the Climate Technology Centre and Network through the Poznan strategic programme on technology transfer and the regional technology transfer and financing centres, as well as actions taken by the Global Environment Facility in response to the recommendations by the Technology Executive Committee following the evaluation of the Poznan strategic programme on technology transfer;
11. *Urges* the Global Environment Facility and recipient countries to continue exploring with the Climate Technology Centre and Network ways to support climate technology related projects through country allocations of the sixth replenishment of the Global Environment Facility;
12. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention, to take into consideration climate risks in all its programmes and operations, as appropriate, keeping in mind lessons learned and best practices;
13. *Encourages* the Global Environment Facility to continue its efforts to encourage countries to align, as appropriate, their Global Environment Facility programming with priorities as identified in their nationally determined contributions, where they exist, during the seventh replenishment, and to continue to promote synergies across its focal areas;
14. *Welcomes* the conclusions of the "Program evaluation of the Least Developed Countries Fund" by the Global Environment Facility's Independent Evaluation Office;⁷
15. *Requests* the Global Environment Facility, as the operating entity of the Financial Mechanism of the Convention entrusted with the operation of the Least Developed Countries Fund, to continue to enhance capacity development in the least developed countries for the development of project proposals with a focus on identifying potential funding sources, both national and international, and enhancing long-term domestic institutional capacities;
16. *Encourages* the Global Environment Facility to continue to track, review and report on the sustainability of project outcomes from the Least Developed Countries Fund and the Special Climate Change Fund;

⁴ Global Environment Facility document GEF/C.50/05.

⁵ Global Environment Facility document GEF/C.50/06.

⁶ See decision 1/CP.21, paragraph 86.

⁷ Available at <<http://www.gefio.org/sites/default/files/ieo/council-documents/lDCF-sccf-20-me-02.pdf>>.

17. *Welcomes* the initial assessment of the accreditation pilot and *notes* its conclusions;⁸
18. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention, in light of the entry into force of the Paris Agreement, to continue streamlining project approval processes and providing enhanced support, including enabling activities, to developing country Parties, including the least developed countries and small island developing States, as appropriate, in the context of national climate strategies and plans;
19. *Welcomes* the successful roll-out of the non-grant instrument pilot and *encourages* further expansion of the pilot with a view to increasing the leverage and impact of Global Environment Facility financing;
20. *Invites* Parties to submit via the submission portal⁹ annually, no later than 10 weeks prior to each 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 to it in this decision.

*10th plenary meeting
18 November 2016*

⁸ Contained in Global Environment Facility documents GEF/C.50/07 and GEF/ME/C.50/06.

⁹ <<http://www.unfccc.int/5900>>.

Decision 12/CP.22

Sixth review of the Financial Mechanism

The Conference of the Parties,

Recalling decisions 3/CP.4, 2/CP.12, 6/CP.13, 2/CP.16, 8/CP.19, 9/CP.20 and 1/CP.21,

Recognizing that the review of the Financial Mechanism should inform the replenishment processes of the operating entities of the Financial Mechanism,

1. *Decides* to adopt the updated guidelines for the sixth review of the Financial Mechanism contained in the annex;
2. *Requests* the Standing Committee on Finance to provide, in its report to the twenty-third session of the Conference of the Parties (November 2017), expert input to the sixth review of the Financial Mechanism, with a view to the review being finalized by the Conference of the Parties at its twenty-third session;
3. *Invites* Parties, observers and other interested international organizations, stakeholders and non-governmental organizations involved in the activities of the operating entities of the Financial Mechanism to submit, by 30 April 2017, their views on the sixth review of the Financial Mechanism based on the guidelines contained in the annex, for consideration by the Standing Committee on Finance in preparing its expert input to the review.¹

¹ Parties should submit their views via the submission portal at <<http://www.unfccc.int/5900>>. Observers and other stakeholders should e-mail their submissions to <secretariat@unfccc.int>.

Annex

Updated guidelines for the sixth review of the Financial Mechanism

A. Objectives

1. In accordance with Article 11, paragraph 4, of the Convention, the objectives of the sixth review of the Financial Mechanism will be as follows:

(a) To review the Financial Mechanism and take appropriate measures regarding:

(i) Its conformity with the provisions of Article 11 of the Convention and the guidance provided by the Conference of the Parties (COP);

(ii) The effectiveness of the activities it funds in implementing the Convention;

(iii) Its effectiveness in providing financial resources on a grant or concessional basis, including for the transfer of technology, for the implementation of the Convention's objective on the basis of the guidance provided by the COP;

(iv) Its effectiveness in providing resources to developing country Parties under Article 4, paragraph 3, of the Convention;

(v) The effectiveness of access modalities for developing countries;

(b) To examine consistency and complementarity between the operating entities of the Financial Mechanism, and between the operating entities of the Financial Mechanism and other sources of investment and financial flows, including:

(i) Examining relevant sources, channels and means of financing, as indicated in Article 11, paragraph 5, of the Convention, that would assist developing country Parties to contribute to the achievement of the objective of the Convention, in particular innovative means of financing, such as for the development of endogenous technologies in developing countries;

(ii) Examining the role of the Financial Mechanism in scaling up the level of resources;

(iii) Assessing enabling environments for catalysing investment in, and the transfer of, environmentally sound technologies that mitigate greenhouse gas emissions, and for enhancing resilience to climate change.

B. Sources of information

2. The review shall draw upon, inter alia, the following sources of information:

(a) Information provided by Parties on their experiences regarding financial support provided and received in accordance with COP decisions;

(b) Annual guidance provided by the COP to the operating entities of the Financial Mechanism with regard to the conformity of their activities with the guidance provided by the COP;

(c) The annual reports of the Standing Committee on Finance (SCF) to the COP on its activities and relevant technical information produced by the committee such as the

biennial assessments and overview of climate finance flows and outcomes of the SCF forums;

(d) The annual reports of the Global Environment Facility (GEF) to the COP on its activities as an operating entity of the Financial Mechanism, including the information on the Least Developed Countries Fund and the Special Climate Change Fund, and other relevant GEF policy and information documents;

(e) The reports from the GEF Independent Evaluation Office;

(f) The annual reports of the Board of the Green Climate Fund (GCF) to the COP on its activities as an operating entity of the Financial Mechanism and other relevant GCF policy and information documents;

(g) The reports of the Adaptation Fund Board to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the outcomes of the reviews of the Adaptation Fund;

(h) The outcomes and reports of the United Nations processes, relevant bilateral and multilateral funding institutions and other intergovernmental and non-governmental organizations dealing with climate financing;

(i) Relevant reports on private-sector financing and investment for climate change activities;

(j) Technical papers and reports prepared by the secretariat at the request of the COP which are relevant to the financial needs of developing country Parties under the Convention;

(k) Information contained in the national communications of Parties to the Convention, technology needs assessments and national adaptation programmes of action;

(l) The reports of the in-session workshops on long-term finance;

(m) The biennial submissions from developed country Parties on their updated strategies and approaches for scaling up climate finance from 2014 to 2020, including any available information on quantitative and qualitative elements of a pathway;

(n) The reports of the Least Developed Countries Expert Group and the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention.

C. Criteria

3. The effectiveness of the Financial Mechanism will be assessed taking into account the following:

(a) The transparency of the decision-making processes of the operating entities of the Financial Mechanism;

(b) The level of stakeholder involvement;

(c) The extent to which the Financial Mechanism is contributing to gender-sensitive approaches;

(d) The adequacy and predictability, accessibility and timeliness and rate of disbursement of funds for activities in developing country Parties, including projects in the pipeline;

(e) The responsiveness, efficiency and performance of the cycle for project/programme approval procedures of the operating entities of the Financial Mechanism;

(f) The amount of resources provided to developing country Parties, including financing for technical assistance and investment projects, and the mechanisms for country allocation, as well as the results and impacts achieved by the resources provided;

(g) The amount of finance leveraged, and modalities and ratios of co-financing and the use of financial instruments where applicable;

(h) The extent to which the resources provided are contributing to achieving the objective of the Convention;

(i) The sustainability of funded programmes, projects and operations in developing country Parties;

(j) The extent to which the Financial Mechanism is contributing to the country ownership of programmes and projects.

*10th plenary meeting
18 November 2016*

Decision 13/CP.22

Initiation of a process to identify the information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement

The Conference of the Parties,

Recalling Article 9, paragraphs 1, 3 and 5, of the Paris Agreement,

Also recalling decision 1/CP.21, paragraph 55,

Further recalling decision 3/CP.19, paragraph 10,

Having initiated the process to identify the information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement,

1. *Recalls* that developed country Parties shall biennially communicate indicative quantitative and qualitative information related to Article 9, paragraphs 1 and 3, of the Paris Agreement, as applicable, including, as available, projected levels of public financial resources to be provided to developing country Parties, and that other Parties providing resources are encouraged to communicate biennially such information on a voluntary basis;¹
2. *Requests* the secretariat to organize a round-table discussion among Parties on this matter in conjunction with the forty-sixth sessions of the subsidiary bodies (May 2017);
3. *Also requests* the secretariat to prepare a summary report of the round-table discussion referred to in paragraph 2 above for consideration by the Conference of the Parties at its twenty-third session (November 2017);
4. *Agrees* to advance work on this matter at its twenty-third session, with a view to providing a recommendation on information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session;
5. *Takes note* of the estimated budgetary implications of the activities to be undertaken by the secretariat pursuant to the provisions contained in paragraphs 2 and 3 above;
6. *Requests* that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources.

*10th plenary meeting
18 November 2016*

¹ Article 9, paragraph 5, of the Paris Agreement.