

## Twelfth meeting of the Standing Committee on Finance Bonn, Germany, 6–7 April 2016

### Background paper on coherence and coordination for financing for forests, taking into account different policy approaches

#### Expected actions by the Standing Committee on Finance

The Standing Committee on Finance (SCF) will be invited to:

- a) Agree on how the SCF will in 2016 continue to engage with relevant stakeholders to enhance coherence and coordination of forest finance;
- b) Agree on the concept note for the SCF side event at the UNFCCC Conference in May, which is aimed at facilitating the interactions among entities providing forest finance, and the procedural approach for organizing this event.

#### I. Possible actions for consideration by the SCF

1. The SCF is invited to consider how it will approach the issue of coherence and coordination for financing for forests in 2016, building on the work it has previously undertaken.
2. In particular, The SCF may wish to discuss how to organize its outreach to forest finance stakeholders in 2016 and the modalities of outreach it may use.
3. As part of its outreach activities, the SCF may also wish to agree on the concept note for the SCF side event, contained in the annex to this document, and on the procedural approach for organizing this event. The side event will be held in conjunction with the UNFCCC Conference session in May 2016 and is aimed at facilitating the interactions among entities providing forest finance.

#### II. Background

4. COP 17 decided that the SCF shall assist the COP in exercising its functions with respect to the Financial Mechanism of the Convention in terms of, inter alia, improving coherence and coordination in the delivery of climate finance.<sup>1</sup> COP 19 requested the SCF to consider, in its work on coherence and coordination, inter alia, the issue of financing for forests, taking into account different policy approaches.<sup>2</sup>
5. In 2015, the SCF dedicated its third forum, held in Durban, South Africa, to the issue of enhancing coherence and coordination of forest financing and reported a summary and conclusions of the forum and recommendations to the COP.<sup>3</sup> The SCF prepared a working paper on coherence and coordination for forest finance which served as the background document for the forum, informing the discussions amongst the various stakeholders attending the event. Both the preparation of the working paper and the organization of the forum benefited from various outreach activities undertaken by the SCF in 2014 and 2015. COP 21 welcomed the third forum and noted the recommendations provided by the SCF.<sup>4</sup>
6. To build upon the rich discussions that took place at the 2015 SCF forum and the momentum generated, the SCF at its eleventh meeting agreed to undertake the following activities in 2016 to improve coherence and coordination of forest finance:

<sup>1</sup> Decision 2/CP.17, paragraph 121.

<sup>2</sup> Decision 7/CP.19, paragraph 11.

<sup>3</sup> Summary and conclusions of the third SCF forum and recommendations to the COP can be found in the SCF report to COP 21, contained in FCCC/CP/2015/8, annex II.

<sup>4</sup> Decision 6/CP.21, paragraphs 5 and 6.



- a) An overview of forest finance flows in the 2016 biennial assessment and overview of climate finance flows (BA);
- b) Consideration of reaching out to entities financing the activities referred to in decision 1/CP.16, paragraph 70, and other relevant stakeholders working on forest finance to strengthen the coherence and coordination between the forest sector and sectors that drive deforestation and forest degradation, and in the access to and delivery of support;
- c) Organization of a SCF side event in conjunction with a UNFCCC conference session in 2016, to facilitate the interactions among entities providing forest finance;
- d) Consideration of the outcomes of the above-mentioned activities at SCF meetings, with a view to preparing SCF recommendations for COP 22 on, inter alia, draft guidance to the operating entities of the Financial Mechanism.

### III. Overview of forest finance flows in the 2016 BA

7. The SCF, in the context of the second BA, will draw upon available information and data on forest finance flows, including, inter alia, the 2015 Forum. Further information on the second BA can be found in the respective background paper (SCF/2016/12/6).

### IV. Outreach activities of the SCF to relevant stakeholders

8. As agreed, the SCF may wish to reach out to entities financing REDD+ activities and other forest finance stakeholders, to strengthen the coherence and coordination between the forest sector and sectors that drive deforestation and forest degradation, and in the access and delivery of support.
9. More specifically, the SCF could conduct targeted outreach to present the outcomes of 2015 SCF forum. On that basis, the SCF could further garner the views of forest finance experts on how to achieve enhanced coherence and coordination in forest finance and may consider using the outcomes of its outreach activities as input to its deliberations on guidance to the operating entities.
10. As regards the activity mentioned under 6(b) above, related to strengthening the coherence and coordination between the forest sector and sectors that drive deforestation and forest degradation, the SCF may wish to further clarify if and how it would like to address this issue this year.
11. In reaching out to relevant stakeholders, the SCF could consider various outreach modalities, including representation of the SCF members in relevant meetings and events and webinars. The SCF already agreed to organize a side event in 2016 and details can be found in Section V of this background note.<sup>5</sup>
12. Meetings and events related to financing for forests to be held in 2016 are as follows (identified as at 11 March 2016).

Organizer	Event	Date	Location	Notes
Voluntary meeting, chaired by COP 21 President	Third voluntary meeting on the coordination of support for the implementation of activities referred to in Decision 1/CP.16, paragraph 70 (REDD+)	During May UNFCCC session	Bonn	
UN REDD Programme	1st Executive Board meeting	June/July (tbc)	tbc	A multi-stakeholder small decision making body - about 20 representatives between members and observers
FCPF	21 <sup>st</sup> Participants Committee	May 3-5	Washington DC	

<sup>5</sup> Information on outreach and communication related to coherence and coordination on forest finance can also be found in the communication strategy of the SCF for 2016.

Organizer	Event	Date	Location	Notes
	22 <sup>nd</sup> Participants Committee and 9 <sup>th</sup> Participants' Assembly	Second half of 2016	tbc	
FIP	FIP Pilot Country Meeting FIP Sub-Committee Meeting	June 12–14 June 16	Oaxaca, Mexico	
UNEP FI	Global Landscapes Forum: The Investment Case 2016	June 6	London	In collaboration with CIFOR and others
FAO	Expert Workshop on Financial and Institutional Innovation for Reducing the Risks of Private Sector Investments in Sustainable Forestry	April 21–22	Solsona, Spain	In collaboration with the Forest Sciences Center of Catalonia (CTFC)
UNFF	Global Forest Financing Facilitation Network (GFFFN) event	26 April (tbc)	New York	Held during the first meeting of the Ad Hoc Expert Group on the International Arrangement on Forests (IAF) from 25 to 27 April 2016.

#### V. Side event at the UNFCCC Conference in May 2016

13. As agreed at the eleventh meeting of the SCF, the SCF will organize a side event at the UNFCCC Conference in May, to facilitate the interactions among entities providing forest finance. All side events during the UNFCCC Conference session last 75 minutes and are open to all participants attending the Conference.
14. Participation by Parties and forest finance stakeholders, including representatives of the operating entities of the Financial Mechanism, should be encouraged. During the UNFCCC session in May, many forest finance stakeholders are expected to attend the third voluntary meeting on the coordination of support for REDD+ activities. Therefore, scheduling the side event in close proximity to the voluntary meeting will be useful to attract attention and increase the level of participation.
15. The SCF may wish to agree on the scope and topics of this side event and the procedural approach for organizing this event with a focus on the following:
  - a) Decide on the chairing agreements for the side event;
  - b) Decide whether to provide guidance to the secretariat to identify and reach out to potential resource persons.
16. The draft concept note of the side event is annexed to this note for consideration by the SCF members. The draft programme of the side event will be prepared inter-sessionally by the SCF working group, based on the agreed concept note.
17. The discussions will be summarized by the secretariat for consideration by the SCF at its subsequent meeting. The SCF may consider the summary, together with the outcomes of any further outreach related activities in 2016, with a view to providing conclusions and recommendations on coherence and coordination for forest finance to COP 22.

## Annex

### Draft concept note

### SCF side event on enhancing coherence and coordination for forest finance

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**Date:** UNFCCC session in May (tbc)

**Venue:** World Conference Center Bonn, Bonn, Germany

**Target audience:** Parties, forest finance stakeholders, including the GEF and the GCF

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**Objective:** Facilitate the interactions among entities providing forest finance.

**Scope and topics:** The SCF will present an overview of its previous work on the issue of coherence and coordination for forest finance. The side event will serve as a platform for exchanging views on how to enhance coherence and coordination of REDD+ finance.<sup>6</sup> Besides presenting the key outcomes of previous work of the SCF on forest finance, other topics that could be addressed at the side event include:

- a) Transfer of payments for results-based actions, which are of high relevance this year, particularly as COP 21 urged the GCF to operationalize results-based payments for activities referred to in decision 1/CP.16, paragraph 70, consistent with decision 9/CP.19, and in accordance with GCF Board decision B.08/08;
- b) Financial support for alternative approaches, in line with the respective COP decisions;
- c) Lessons learnt and best practices with regard to mobilizing forest finance in a more coherent and coordinated manner;

With regard to the format of the event, possible modalities may include scene-setting and case study presentations, a panel discussion, and a Q&A discussion.

**Organization of the side event:** The side event will be organized in a 75 minute slot, divided into a panel discussion (40 mins) and a Q&A discussion with the participants (35 mins). The event will be co-facilitated by members of the SCF.

**Participation:** The SCF will aim to ensure that relevant forest finance stakeholders are present at the side event, including from the GEF, the GCF, and finance and investment institutions involved. By organizing the meeting in close proximity to the third voluntary meeting on the coordination of support for REDD+ activities, the SCF seeks to draw the attention and enable the participation of a high number of relevant stakeholders.

**Outcome and reporting:** The outcomes of the side event will be summarized by the secretariat for consideration by the SCF at its subsequent meeting. The SCF will consider the summary, together with the outcomes of any further outreach related activities in 2016, with a view to providing conclusions and recommendations on coherence and coordination for forest finance to COP 22.

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<sup>6</sup> 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 (also referred to as REDD-plus).