



Standing Committee on Finance

13 February 2025

Thirty-sixth meeting of the Standing Committee on Finance
18–19 February 2025
Bonn, Germany

Background paper on the seventh Biennial Assessment and Overview of Climate Finance Flows

Expected actions by the Standing Committee on Finance

The Standing Committee on Finance will be invited to:

- a) Appoint co-facilitators for the work;
- b) Discuss the scope and approach to the seventh Biennial Assessment and Overview of Climate Finance Flows (BA), including working modalities;
- c) Provide guidance in preparing a workplan for the technical report of the seventh BA, including elements of a draft annotated outline, timelines, and outreach;
- d) Request co-facilitators, with the support of the secretariat, to develop a draft annotated outline and draft workplan taking into consideration inputs by SCF members, for consideration at SCF 37.

I. Possible actions for consideration by the Standing Committee on Finance

1) Co-facilitators for the seventh BA: The SCF will be invited to appoint co-facilitators for the work on the seventh BA. The SCF co-facilitators for the previous sixth BA were Diann Black-Layne and Vicky Noens.

2) Scope of and approach for the seventh BA: In initiating work for the preparation of the seventh BA, the SCF may wish to discuss on the scope of and approach to the seventh BA with a view to initiate technical work early and finalize work in time for COP 31 (November 2026). The SCF may further wish to agree on the working modalities for the preparation of the report, among others, the approach to data collection and drafting the report and the summary and recommendations, and outreach and stakeholder engagement.

3) Workplan and annotated outline of the seventh BA: The SCF may wish to discuss its expectations for the desired outcome on its work for the seventh BA and deliberate on the workplan and elements of the annotated outline for the technical report of the seventh biennial assessment and overview of climate finance flows, for consideration at SCF 37. The general outline of the previous technical report of the sixth BA, which was endorsed at COP 28, is contained in the annex for reference.

4) In initiating technical work on the seventh BA, the SCF, among others, may wish to take into account the following:

- a) The limitation in the availability of data on climate finance from developed to developing countries due to the differences in the BA timeline (to be published before the

Conference of the Parties (COP), at its 31st session in November 2026) and the timelines for the submission of national reports to the UNFCCC, particularly the second biennial transparency reports (BTRs) under the enhanced transparency framework due by 31 December 2026. Although in the case of the sixth BA a notification was issued encouraging Parties to provide preliminary information and data on climate finance for 2021–2022 ahead of the first round of BTRs due by 31 December 2024, this approach proved cumbersome and does not guarantee quality control on time for the preparation of the BAs. It is therefore suggested to consider alignment of the BAs with BTR timelines to mitigate these risks in the future;

b) The request to the SCF in decision 1/CMA.6, paragraph 30, to prepare a report biennially, commencing in 2028, on collective progress towards all elements of the decision on the new collective quantified goal on climate finance. This report will also include reporting of progress on areas of enhancing access to climate finance and the impacts, results and outcomes of climate finance flows for addressing the needs and priorities of developing country Parties, as well as consider the regional balance in efforts to increase finance, including both qualitative and quantitative considerations, and disaggregated information related to the least developed countries and small island developing States.¹

5) In addition, the SCF may wish to provide guidance on outreach, both in the context of promoting the findings of the sixth BA and with respect to information and data gathering for the preparation of the seventh BA.

II. Background

6) 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 measurement, reporting and verification of support provided to developing countries, inter alia, through preparing BAs. The BAs are to include information on the geographical and thematic balance of flows drawing from available sources of information, including, inter alia, from biennial reports (BR) and biennial update reports (BURs). Further guidance is contained in decisions [1/CP.18](#), paragraph 71, [5/CP.18](#), paragraph 11, [3/CP.19](#), paragraph 11, [9/CP.21](#), paragraph 13, paragraph 37(f) in the annex to decision [8/CP.22](#), and [4/CP.24](#), paragraphs 4 and 5.

7) COP 24 requested the SCF to map, every four years, as part of its BAs, the available information relevant to Article 2, paragraph 1(c), of the Paris Agreement, including its reference to Article 9 thereof. COP 26 welcomed the fourth BA of the SCF, in particular its summary, and endorsed its key findings. It also welcomed the mapping of information relevant to Article 2, paragraph 1(c), of the Paris Agreement in the fourth BA and took note of its key findings.

8) COP 27 welcomed the fifth BA of the SCF, its summary, and took note of the recommendations. It also acknowledged the improvement in the quality, transparency and granularity of information in the fifth BA while recognizing data limitations persist, particularly in relation to private climate finance, including private finance mobilized by developed country Parties through bilateral and multilateral channels, and finance in sectors other than energy and transport, and requested further work in this regard in the sixth BA, including in relation to data by region, private finance mobilized from public interventions and financing arrangements relevant to averting, minimizing and addressing loss and damage.

9) COP 28 endorsed the general outlines of the technical report of the sixth BA and requested the SCF to consider updating, in the context of its sixth BA, its operational definition of climate finance, building on the non-exhaustive list of potential options

¹ Decision 1/CMA.6, paras. 30, 33 and 35 ([Advance unedited version](#)).

identified in paragraph 44(a–c) of the executive summary² of the report on clustering types of climate finance definitions in use.³

10) COP 28 also noted that the sixth BA will continue to consider the balance between mitigation and adaptation finance and public and private financial flows.⁴ CMA 5 requested the Standing Committee on Finance to include in its sixth BA information reported in biennial communications under Article 9, paragraph 5, of the Paris Agreement, as appropriate.⁵

11) COP 29 noted with appreciation the sixth BA, including the summary and recommendations thereof.⁶ It also noted the SCF's update to its operational definition of climate finance in the context of preparing the sixth BA and reaffirmed that the SCF will continue its ongoing technical work on operational definitions of climate finance in its future biennial assessments and overviews of climate finance flows.⁷

12) CMA 6 noted the mapping of available information relevant to Article 2, paragraph 1(c), of the Paris Agreement, including its reference to Article 9 thereof.⁸ CMA 6 recalled the request to the SCF to include in its sixth BA information reported in biennial communications under Article 9, paragraph 5, of the Paris Agreement, as appropriate, and also recalled the request for the SCF to consider Article 4, paragraph 5, of the Paris Agreement in implementing its relevant mandates and workplan.⁹

² Standing Committee on Finance. 2023. Report on clustering types of climate finance definitions in use. Bonn: UNFCCC. Available at <https://unfccc.int/documents/633431>.

³ [Decision 5/CP.28](#) para. 6 and 8.

⁴ Decision 5/CP.28, para. 9.

⁵ [Decision 9/CMA.5](#), para. 3.

⁶ Decision 2/CP.29, para. 4 ([Advance unedited version](#)).

⁷ Decision 2/CP.29, paras. 5 and 13 ([Advance unedited version](#)).

⁸ Decision 8/CMA.6 para. 2 ([Advance unedited version](#)).

⁹ Decision 8/CMA.6, paras. 4 and 5 ([Advance unedited version](#)).

Annex

General outline of the technical report of the sixth Biennial Assessment and Overview of Climate Finance Flows¹

Acknowledgements

Summary and recommendations by the SCF on the sixth BA, including the tracking, follow-up and review of recommendations from previous BAs

Introduction

- Background and objectives: setting the scene – provide the context relating to decisions of the COP, including decision 4/CP.24 – paragraphs 4 (taking into account the best available science) and 5 (using established terminology in provisions of the Convention and the Paris Agreement in relation to climate finance, where applicable).
- Scope: explicit explanation of what the sixth BA will do (i.e. metadata analysis and overview/summary of existing publicly available information; mapping of available information relevant to Article 2, paragraph 1(c), of the Paris Agreement, including its reference to Article 9 thereof).
- Challenges and limitations (e.g. practical difficulties in estimating domestic flows, private flows and other unreported or underreported flows with any certainty, follow-up on gaps and challenges identified in previous BAs).
- Approaches used in preparing the sixth BA:
 - Clearly explain what the BA is: describe data sources, time period, coverage and aggregation (e.g. how the different types of subflows are categorized in the onion diagram, how “pledged” versus “committed” versus “disbursed” flows are treated);
 - Clearly describe where the data on geographical and thematic distribution come from and how they are aggregated and categorized.

Chapter 1: Methodological issues related to the transparency of climate finance

Boxes/case studies

- Key messages, new developments and trends.
- Brief summary or update of ongoing technical work related to the transparency of climate finance, including operational definitions:
 - Compilation of definitions of climate finance and criteria used by various institutions, and compilation of information on how Parties define mitigation and adaptation in their NCs, BRs, BURs, NDCs, NAPs and nationally appropriate mitigation actions;

¹ As contained in Annex III of [FCCC/CP/2023/2–FCCC/PA/CMA/2023/8](#).

- Comparison of approaches used in reporting climate finance, including sector-based methodologies, methodologies for estimating mobilized private finance, and domestic climate finance tracking systems.
- Information on emerging methodologies for measuring mitigation and adaptation finance outcomes.
- Information on emerging methodologies relevant to tracking consistency with the long-term goal outlined in Article 2, paragraph 1(c), of the Paris Agreement.
- Review of recommendations from the previous BAs.

Chapter 2: Overview of climate finance flows in 2021–2022

Boxes/case studies

- Key messages, new developments and trends.
- Mapping of data availability and gaps by sector, geographical area, theme, and financial instrument or asset class.
- Updated onion diagram, including information on trends since the 2014 BA with respect to flows, thematic and geographical distribution, and financial instruments used, taking into account lessons learned from the fifth BA (e.g. sectors, country classification):
 - Estimates of global total climate finance flows, both international and domestic;
 - Climate finance flows from developed to developing countries;²
 - UNFCCC funds; ○ South–South cooperation on climate finance; ○ Information on financial instruments used.
- Evaluation of the quality of data (including by clearly identifying the uncertainties associated with each source of data and describing how the quality of measurement and reporting is assessed) and the completeness of data (e.g. clearly outlining the sources of data uncertainty, clearly describing the assessment of data quality as ‘relatively certain’, ‘medium certain’ or ‘relatively uncertain’, and clearly presenting the scale of completeness of data from ‘low’ to ‘high’).
- Update of available data sets that integrate climate change considerations into insurance, lending and investment decision-making processes and that include information relevant to tracking consistency with the long-term goal outlined in Article 2, paragraph 1(c), of the Paris Agreement.
- Reflection of perspectives of recipient countries.
- Identification of emerging sources of data (e.g. cities).

² For the purpose of the overview of climate finance in the BA, various data sources are used to illustrate flows from developed to developing countries, without prejudice to the meaning of those terms in the context of the Convention and the Paris Agreement, including but not limited to flows from Parties included in Annex I to the Convention and Parties included in Annex II to the Convention to Parties not included in Annex I to the Convention and multilateral development banks; flows from OECD members to countries that are not OECD members; flows from OECD Development Assistance Committee members to countries eligible for OECD Development Assistance Committee official development assistance; and other relevant classifications.

Chapter 3: Assessment of climate finance flows

Boxes/case studies

- Key messages, new developments and trends.
- Introduction.
- Thematic objectives and geographical distribution of climate finance flows to developing countries:
 - Thematic objectives of climate finance;
 - Geographical distribution of climate finance;
 - Additionality of climate finance provided.
- Effectiveness of climate finance: ownership, needs and impacts:
 - Access to climate finance (e.g. challenges, lessons learned and improvements since the fifth BA);
 - Pledges, approvals, commitments and disbursement of climate finance;
 - Ownership;
 - Alignment of climate finance with investment needs and plans, including in the context of NDCs and NAPs;
 - Reported results and impacts of climate finance: selected insights and experience;
 - Leverage and mobilization;
 - Technology cost.
- Global total climate finance, and developing country flows in context:
 - Total investments by sector and region, including in high-carbon energy;
 - Estimates of subsidies;
 - Subsidies and financing measures affecting forests and land-use change;
 - Global finance at risk from climate change.
- Drivers of climate finance flows.
- Special topics/issues, such as gender and climate finance, forest finance, financial instruments to address loss and damage, technology investment and climate-resilient infrastructure.

Chapter 4: Mapping of information relevant to Article 2, paragraph 1(c), of the Paris Agreement, including its reference to Article 9 thereof

Boxes/case studies

- Key messages.
- Introduction.
- Scope.
- Challenges and limitations.
- Ongoing activities and initiatives such as investment portfolios, regulatory initiatives, voluntary private sector disclosures and integration of climate risk in investments.

- Additional information and data sets (e.g. metrics, approaches, methodologies).
- Impact of transformation on the real economy.

Annexes

References

Frequently asked questions

Glossary

Possible examples for boxes/case studies (in relevant chapters):

- Metrics for assessing progress in the alignment of portfolios of international financial institutions, institutional investors, etc.;
 - Systems and tools for integrating climate change considerations into investment strategies and decision-making processes in the mainstream investment, lending and insurance sectors;
 - Available information relevant to Article 2 of the Paris Agreement;
 - The perspective of the small island developing States on climate finance flows;
 - Efforts to avoid double counting within the BA;
 - Perspectives on the links between development and climate change in providing and accessing finance;
 - Financial instruments addressing the potential increased cost of finance due to the integration of climate change risk.
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