Background paper on work relating to Article 2, paragraph 1(c), of the Paris Agreement

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

a) Confirm the appointment of co-facilitators for the work on Article 2, paragraph 1(c);

b) To discuss the scope and content of the inputs to 27th session of the Conference of the Parties (COP 27);

c) Consider the draft work plan to prepare the input for COP 27 including outreach and collaboration to advance the work of the SCF.

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

1. Format: The SCF may wish to consider and agree how it wishes to present the outcomes of its work on mapping and synthesis of submission in the annual report to COP 27 and 4th session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA 4). In this regard, the SCF may wish to either present outcomes on mapping and synthesis in one single annex with clear differentiation between the two or in separate annexes.

2. Scope and content of the work on mapping relevant information (COP mandate): The SCF may wish to consider the substantive scope and content of the input on Article 2, paragraph 1(c), of the Paris Agreement to COP 27. In so doing, the SCF may wish to address how the work on this matter will differ from and is complementary to information relevant to the mapping exercise contained in the fourth (2020) Biennial Assessment and Overview of Climate Finance Flows (fourth BA) summary and technical report.

3. Scope and content of synthesis of submissions (CMA mandate): CMA requested the SCF to submit a synthesis of submissions received on ways of achieving Article 2, paragraph 1(c) of the Paris Agreement, including options for approaches and guidelines for implementation. The SCF may wish to consider the substantive scope and content of the input on the synthesis of submissions taking into account:

(a) Views regarding ways to achieve Article 2., paragraph 1(c), of the Paris Agreement;

(b) Options for approaches and guidelines for implementation.

4. Outreach and engagement: In undertaking work on mapping and synthesis, the SCF may wish to consider how it foresees to engage with stakeholders. In this regard, the SCF can explore multiple avenues following the experiences with climate finance stakeholder experiences in the past, including:

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1 Decision 10/CMA.3, paragraph 2.
(a) Technical stakeholder meetings in conjunction with SCF 28 and SCF 29;
(b) Series of webinars that can target different actor groups (e.g. webinars targeting financial sector which can be held in collaboration with UN-based initiatives such as UNEP Finance Initiative, UN-backed Principles for Responsible Investment, and UNEP Principles for Sustainable Insurance, etc).

5. **Overall approach to the work.** The SCF may wish to consider the draft workplan and timeline as contained in annex II.

II. **Background**

6. Article 2, paragraph 1(c) of the Paris Agreement states that the Paris Agreement, in enhancing the implementation of the Convention, including its objective, aims to strengthen the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty, including by making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

7. By decision 4/CP.24, paragraph 10, the COP requested the SCF to map, every four years, as part of its biennial assessment and overview of climate finance flows, the available information relevant to Article 2, paragraph 1(c), of the Paris Agreement, including its reference to Article 9 thereof. The 2018 BA includes, for the first time, information relevant to Article 2, paragraph 1(c) including methods and metrics, and data sets on flows, stocks and considerations for integration.

8. COP 26 welcomed the mapping of the information relevant to Article 2, paragraph 1(c) of the Paris Agreement in the fourth BA and took note of the key findings of the report, including that banks representing over USD 37 trillion in assets and institutional investors with USD 6.6 trillion in assets have pledged to align their lending and investments with net zero emissions by 2050.

9. COP 26 also requested the SCF to undertake further work relevant to Article 2, paragraph 1(c) including its reference to Article 9 thereof, with a view to providing input for consideration at COP 27 (November 2022).

10. The CMA 3 invited Parties, operating entities of the Financial Mechanism, international financial institutions and other stakeholders in the financial sector to submit views regarding ways to achieve Article 2, paragraph 1(c) of the Paris Agreement including options for approaches and guidelines for implementation, by 30 April 2022 and requests the SCF to submit a synthesis for consideration at CMA 4.
Annex I

Draft workplan

Work relating to Article 2, paragraph 1(c), of the Paris Agreement

Delivery date: 2022

I. Mandate(s) and objectives

1. At the 26th session of the Conference of the Parties (COP 26), Parties requested the Standing Committee on Finance (SCF) to undertake further work relevant to Article 2, paragraph 1(c) including its reference to Article 9 thereof, with a view to providing input for consideration at COP 27 (November 2022).

2. The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement on its 3rd session (CMA 3) invited Parties, operating entities of the Financial Mechanism, international financial institutions and other stakeholders in the financial sector to submit views regarding ways to achieve Article 2, paragraph 1(c) of the Paris Agreement including options for approaches and guidelines for implementation, by 30 April 2022 and requests the SCF to submit a synthesis for consideration at CMA 4.

II. Overall Approach

3. Building on the experience of the SCF, the work on mapping the available information relevant to Article 2, paragraph 1(c), of the Paris Agreement could be organized and implemented through technical work and Committee-level work. The technical work allows the SCF, with the support of the secretariat, to draw on information from relevant sources.

4. The SCF may wish to appoint two co-facilitators from within the membership of the SCF to guide the technical work intersessionally and during the SCF meetings. The co-facilitators are supported by the UNFCCC secretariat. Within the SCF, an open-ended working group could participate in the intersessional technical work to ensure timely development of the work ahead of formal SCF meetings. This may involve, inter alia, providing input and reviewing the drafts outputs, including through written comments and dedicated calls. The output will be disseminated to the SCF for consideration.

5. Technical work will be undertaken to support the SCF to deliver on both mandated tasks in relation to Article 2, paragraph 1(c) of the Paris Agreement. Work on the Synthesis of Submissions could consist of in-depth review of submissions received through the invitation by CMA 3 by the deadline of 30 April 2022. A draft synthesis of the information could be prepared on the basis of the submissions for consideration by the SCF during SCF 28. The scope and content of the mapping work could consist of literature review and information gathering on latest developments relevant to Article 2, paragraph 1(c) of the Paris Agreement, and its reference to Article 9 thereof. This involves data and information gathering from a range of sources, both national reports to the UNFCCC and other relevant reports.

6. The SCF may wish to deliberate on efforts to engage relevant stakeholders including Parties, operating entities of the Financial Mechanism, international financial institutions and other stakeholders in the financial sector to submit their views regarding ways to achieve Article 2, paragraph 1(c) of the Paris Agreement and to enhance the work of the SCF. In particular, the SCF may wish to consider integrating engagement on this issue within the events and activities organised for preparing the fifth Biennial Assessment and Overview of Climate Finance Flows (fifth BA), focusing on the following target audiences:
(a) Initiate dialogue on coordinated climate action among networks of ministries of finance, central banks and supervisors, international organizations and private sector financial institutions to explore opportunities for system-wide shared action that go beyond individual networks;

(b) Facilitate strategic dialogue among international financial institutions, private sector financial institutions, and other relevant actors with the objective of promoting availability of information that will be necessary to track global progress on the goal outlined in Article 2, paragraph 1(c), of the Paris Agreement.

7. The Committee-level work involves reviewing the technical work and providing further guidance. Depending on the approach the SCF wishes to take on the work, the Committee may wish to identify key findings from the technical work and prepare an executive summary and/or recommendations as appropriate in the context of providing input for consideration at COP 27 and CMA 4.

8. Engagement with various stakeholders including Parties, data providers and aggregators will take place particularly to confirm interpretation and presentation of information. Following finalization of the work, the key outputs will be disseminated through the SCF report to COP 27 and CMA 4, SCF side events at COP 27, and other communication channels with UNFCCC support, e.g. press release and social media.

III. Timeline

9. The work will be organized in four phases as outlined below. The table below presents possible milestones and an indicative timeline for the work.

(a) **Phase I – review of submissions and developing scope and outline**: This phase involves developing the scope, structure and outline of the work to be initially discussed by the SCF at SCF 28;

(b) **Phase II – literature review and mapping**: This phase will continue until the finalisation of the work. It will involve:

   (i) Continuous literature review and mapping of relevant information from sources of information as they become available;

   (ii) Engagement with various stakeholders, including Parties, to confirm interpretation and presentation of information;

   (iii) Further outreach through open technical stakeholder dialogues in conjunction with SCF meetings or webinars with broader stakeholder groups to gather inputs and views;

(c) **Phase III – development of the output**: This phase includes the iterative drafting of the output to be included in the SCF report to COP 27 and presenting it for feedback at SCF meetings. A zero order draft of the synthesis and mapping would be prepared ahead of SCF 28 based on the input received from SCF members at SCF 27, followed by a pre-final draft prepared ahead of SCF 29, based on written comments and feedback of SCF members;

(d) **Phase IV – dissemination**: Following finalization of the work, the key output will be disseminated through:

   (i) A dedicated addendum to the SCF report to COP 27;

   (ii) SCF side events at COP 27;

   (iii) Other communication channels with UNFCCC support including a press release and social media.
Table 1
Possible milestones and indicative timeline for the progress report

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<td>Jan</td>
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<td>Phase I: Review of submissions and developing scope and outline</td>
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<td>Review of submission received</td>
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<td>Scope, structure and outline</td>
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<td>Phase II: Literature review and mapping</td>
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<td>Literature review</td>
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<td>Engagement with Parties, and stakeholders</td>
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<td>Phase III: Development of the synthesis report and mapping</td>
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<td>Development of iterative drafts of the output</td>
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<td>Zero order draft (SCF 28 tbc)</td>
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<td>Pre-final draft (SCF 29 tbc)</td>
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<td>Working group discussions based on drafts</td>
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<td>Development of addendum to SCF report to COP 27</td>
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<tr>
<td>Communication and promotion of the work</td>
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<td>Webinars and events</td>
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### IV. Expected outputs/deliverables

10. The key outputs may include:

   (a) The addendum to the SCF report to COP 27 on work on the synthesis of submissions and mapping the available information relevant to Article 2, paragraph 1(c), of the Paris Agreement;

   (b) A work plan and timeline;

   (c) Background papers and presentations for SCF meetings.