



Standing Committee on Finance

30 September 2019

**Nineteenth meeting of the Standing Committee on Finance
Bonn, Germany, 03–05 October 2019**

**Background paper on the next forum of the Standing Committee
on Finance**

Expected actions by the Standing Committee on Finance

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

- (a) Agree on the theme for the next forum;
- (b) Identify a partner event that the next forum could be organized in conjunction with;
- (c) Agree on the inter-sessional work relating to the organization of the next forum.

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

1. The SCF may wish to agree on the topic of its next forum, based on:
 - (a) The proposal developed by the co-facilitators, as contained in annex I;
2. The SCF may wish to consider a potential partner event (or events) that the next forum could be held in conjunction with, based on the information contained in annex II.
3. Once the topic is agreed, the SCF may wish to request the co-facilitators to initiate the preparation for the next forum, including by:
 - (a) Preparing a draft programme;
 - (b) Issuing a call for submissions on case studies and relevant reports;
 - (c) Preparing outreach strategies to encourage a broad range of participation;
 - (d) Supporting the secretariat to raise the funds needed to support the participation of developing country experts and resource persons.

II. Background

4. The COP mandated the SCF to organize a forum for the communication and continued exchange of information among bodies and entities dealing with climate finance in order to promote linkages and coherence. Furthermore, the SCF was requested by the COP to ensure the value added of its forum when deciding on the topic of each forum¹ and to further strengthen its stakeholder engagement.²
5. The most recent SCF forum was related to the topic on climate finance and sustainable cities, held in Beirut, Lebanon from 12–13 September 2019.

¹ Decision 8/CP.23, paragraph 12.

² Decision 8/CP.23, paragraph 14.

Annex I

Co-facilitators' proposal on the theme of the next SCF Forum

I. Introduction

A. Context for the work of the SCF in 2020

1. 2020 will be an important year for climate finance. It witnesses the operationalization of the Paris Agreement finance component including the submission of ex-ante information under Article 9.5. It is worth noting that the fourth high-level ministerial dialogues on climate finance will also be held at COP26, as such the work of SCF, in particular its forum, would provide substantive inputs to support the dialogue.

2. It is a milestone year for the goal to mobilise jointly USD100 billion annually by 2020, to address the needs of developing countries. At CMA3, Parties will also initiate deliberations on the new quantified post-2025 climate finance goal from the floor of USD 100 billion.

3. New or updated NDCs will be submitted reflecting evolving economic, technological and policy realities, implying a higher level of ambition. By 2020, Parties are expected to communicate their long-term low greenhouse gas emission development strategies.

II. Proposed forum topics

B. Mobilizing climate finance for a paradigm shift toward climate neutrality

1. Rationale

4. To reach the Paris Agreement goals, including keeping the increase in global average temperature to well below 2 degrees, there needs to be a massive realignment of the \$386 trillion in global financial capital as well as increased mobilisation of climate finance, particularly in support of developing countries adaptation, mitigation and resilience needs. However, as stated in the 2018 Biennial Assessment, climate finance still represents only a very small fraction of overall finance flows. Through its next forum, the SCF may wish to address both the role of climate finance specifically, and the role of global finance in general toward a paradigm shift to reach climate neutrality. It may wish to focus on translating NDCs into financing and investment plans, address barriers to increased private sector mobilisation, mobilization of finance for implementation of NDC, access to finance, and ways to encourage further alignment of finance flows toward a pathway of lower GHG emissions and climate resilient development. The forum should also discuss ways, means and instruments that mitigate the cost of climate risk to avoid increasing cost of finance and investments, and increasing debt on developing countries.

5. By positioning itself as a global convener of leading government figures, negotiators, climate funds, national, regional, multilateral financial institutions, pioneering project developers, and climate finance experts from within the financial sector, who are also significant drivers of climate action, the SCF may guide and encourage them to set ambitious targets. While the SCF fora to date have successfully created the space for having continuing dialogues on thematic and sectoral climate solutions among key stakeholders, with a more strategic outlook and high-level engagement plan, the SCF would have the advantage to inform processes of the Convention that are crucially linked with the financial mechanism, and dependent on adequate considerations and availability of climate finance – these include NDCs, NAPs, TAP, and the overall ambition.

2. Possible themes

6. Sub-themes may include, but not limited to:

(a) Engaging with relevant Ministers (finance, planning, environment, climate change, energy, infrastructure etc) from developed and developing countries at other ministerial-level fora on how to attract and scale up investment for climate solutions in the near-term as well as ensure that broader finance flows are consistent with countries' long-term goals and a pathway toward lower GHG emissions and climate resilient development, and discuss their views on how to avoid increasing debt while attracting more investments;

(b) Engaging with senior executives of public and private investor groups, pension funds, philanthropies and other actors to promote leadership, global investment practices and corporate behaviour that address climate change, ensuring that climate goals are integrated in investment strategies, and that high-emissions projects are not indirectly supported;

(c) Engaging with financial institutions to explore innovative ways to mitigate increase in cost of finance due to inclusion of climate risk;

(d) Millennial investing is a growing market and affluent millennial are exploring new ways of investing with a focus on impact. The young are also more vocal about climate change. Engaging this generation via intergenerational dialogues can encourage socially and environmentally responsible investments.

3. Potential partners and events

7. G20 Summit 2020, WEF 2021, Regional climate weeks, 53rd session of the Economic Commission for Africa, R20 World Climate Summit 2020, IIGCC, UN Global Compact, UNPRI, UNEP FI, SOCAP, NDC Partnership, GEF, GCF.

C. Innovative approaches to support NDCs - case of nature-based solutions, technology and finance

1. Rationale

8. Through its forum, the SCF may play a central role in catalysing NDC implementation in 2020 and beyond, by exploring how climate finance can amplify the spectrum of solutions - from technology to nature-based – and enhance the understanding of such solutions to drive both mitigation and adaptation ambition.

9. Finance, technology and capacity-building are the three pillars of implementation for nationally determined contributions. A body of work has been and is being developed under the technology mechanism of the Convention that identifies needs, challenges and opportunities, including measures to overcome these challenges - financing and capacity related constraints being the most formidable. The ongoing work of the SCF on determination of needs of developing countries is also highly relevant with regard to technology and capacity-building.

10. Technology-based solutions to climate challenges need to be incentivized and scaled up. At the same time, recent reports also indicate that nature-based solutions offer lower cost, impactful, scalable and sustainable climate benefits. Notably, in their NDCs, developing countries have placed emphasis on solutions such as recovering forests, ocean, coastal and marine ecosystems, establishing biodiversity corridors, protecting moorland habitats.

11. The UNSG Climate Action Summit called on increased interconnection between humans and nature and the integration of natural systems into concrete climate action. Since nature-based solutions receive only a tiny proportion of global climate finance flows, increasing its financing would not only build resilience but harness and empower those people most impacted/vulnerable to climate change – women, indigenous peoples, local communities.

2. Possible themes

12. Sub-themes may include, but not limited to:

(a) Presenting prominent work of the TEC, PCCB and SCF related to needs, including opportunities and challenges regarding implementation;

(b) Incentivizing the development and deployment of emerging and existing technologies;

(c) The role of climate finance for blue carbon/blue economy/oceans, biodiversity protection, fire management (e.g. Savanna fire management project), restoring land, addressing deforestation, and preventing desertification;

(d) Developing simplified procedures to facilitate direct access to climate finance for nature-based solutions, particularly for grassroots women's organisations, indigenous and local communities.

(e) Inclusive climate finance, harnessing local community and indigenous knowledge, gender responsive policies, resilience, adaptation, technology and capacity building;

(f) Applying nature-based solutions as a means of de-risking and scaling up climate investments from local to national levels.

3. Potential partners and events

13. NDC Partnership, Adaptation Committee, TEC, PCCB, CTCN, UNEP DTU Partnership, WIPO, WTO, Commonwealth Scientific and Industrial Research Organisation, Australian Universities and research Institutions, NAP Expo 2020.

D. Vertical integration of NDC and NAP processes (*submitted by UNCDF*)

1. Rationale

14. Linkages between national and sub-national climate planning, implementation and monitoring and evaluation from a financing perspective. Exploring systemic approaches to national and sub-national climate financing.

15. Potential partners: Engagement with UNCDF who regularly engage with NAP Global Network, NAP Global Support Programme and the NDC Partnership.

E. Role of economic activities to enhance climate actions: case of sustainable tourism as source for adaptation

1. Rationale

16. This is a follow on the practice of using the forum to explore ways to enhance climate action and innovative finance, this topic would explore how tourism as a revenue generating activity could be used to support adaptation, and allow for multiple impacts for climate, biodiversity and other environment related impacts.

III. Target audience and format

17. For topic A, to conglomerate leaders from the finance world in collaborative activities that boost climate action and support long term national strategies. Ministers of Finance will exchange strategic plans from a policy perspective and share what is needed from the business sector. To create the space for sharing financial considerations by MDBs, banks and investment firms, the CEO/CFO level will be targeted.

18. For topics B to E, known thematic experts and practitioners will be targeted to explore the concepts on securing stable financing environments. Constituted bodies under the UNFCCC will also be invited to strengthen the linkages on finance within the process, for example between the financial and technology mechanisms.

19. A mix of the above audience can be targeted and matched with appropriate sub-themes of the forum. The forum will ensure a balanced participation of experts from both developed and developing countries and promote gender parity.

20. To further maximize the benefits of the forum, it may be envisaged to be held in 2–3 segments in conjunction with high-level global events. This will mean moving away from the one-off annual event to having a continuum of events and dialogues during the year. A medium-term goal of the forum may be to establish it as a vehicle to launch initiatives, a platform for ideas and a

hub that connects SCF with initiatives. This approach may be applied regardless of the topic selected for the forum.

Annex II

Potential partner events

<i>Title of the event</i>	<i>Organizer</i>	<i>Dates</i>	<i>Focus of the event</i>	<i>Pros & Cons</i>
Regional climate weeks	UNFCCC	Various	Climate action, NDC dialogues, partnerships Attendance can be quite high-level as seen from 2019 weeks	Pro: Opportunity to conduct series of forum events starting with a regional climate week.
G20	Saudi Arabia	21–22 November 2020, Riyadh, Saudi Arabia	In the side-line of the summit, Saudi Arabia will be organizing preparatory ministerial meetings as well as other meetings of high governmental officials and representatives from the private sector and non-governmental organizations The Saudi Vision 2030 corresponds to the priorities of the G20, including achieving macroeconomic stability, sustainable development, women empowerment, enhanced human capital, and increased flow of trade and investment.	Pro: Access to very high-level delegates, ministers. Con: Organizational challenge as dates fall just after COP 26.
53 rd session of the Economic Commission for Africa - Conference of African Ministers of Finance, Planning and Economic Development		18–24 March 2020, Addis Ababa, Ethiopia	Industrializing Africa faster in the digital era	Pro: Access to African Ministers Con: Less inter-sessional planning time therefore not suggested as a one-off event but kick-starter to a series.
TEC related event	UNFCCC	tbd	tbd	tbd
Event in partnership with DFAT, Govt. of Australia	tbd	Tbc, Queensland/Northern Territory, Australia	Nature based solutions	Pro: NBS financing gaining prominence under various

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				international tracks. Co-sponsorship by Australia and NZ makes such an event attractive. Con: budget implications to be considered.
WEF Annual Meeting 2021	WEF	January 2021		Pro: Access to top leaders from the finance world. Contra: Not suitable for the forum in 2020.
NAP Expo 2020	UNFCCC	30 March–03 April, Botswana		Pro: Could be held in conjunction with SCF 22
C4C Private sector forum	UN Global Compact	tbd		Pro: Access to high level executives from business sector