



Standing Committee on Finance

17 May 2024

Thirty-fourth meeting of the Standing Committee on Finance
29–31 May 2024
Bonn, Germany

**Background paper on the report on common practices regarding
climate finance definitions, reporting and accounting methods**

Expected actions by the Standing Committee on Finance

The Standing Committee on Finance will be invited to:

- a) Appoint a co-facilitator to replace Ms. Gertraud Wollansky;
- b) Consider the updated work-in-progress document of the technical report;
- c) Provide guidance on the work to be conducted intersessionally, as necessary.

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

1. Following the nominations to the Standing Committee on Finance (SCF) received intersessionally, the SCF may wish to appoint a co-facilitator to replace the outgoing co-facilitator Ms. Gertraud Wollansky to guide the work alongside Mr. Ivan Zambrana Flores.
2. The SCF may wish to consider the updated work-in-progress document of the technical report on common practices regarding climate finance definitions, reporting and accounting methods, as contained in the annex. In addition to providing overall comments on the work, the SCF is invited to provide guidance on preparing chapter VI “Conclusions” and their expectations on insights to be included in this chapter.
3. In considering the updated work-in-progress document of the report, the SCF may also wish to provide additional guidance on the work to be conducted intersessionally in advance of the thirty-fifth meeting of the SCF.

II. Background

4. COP 28 mandated the SCF to prepare a report on common practices regarding climate finance definitions, reporting and accounting methods among Parties and climate finance providers, building on the information in the technical report and executive summary of the SCF’s 2023 report on clustering types of climate finance definitions in use, for consideration by COP 29.¹
5. Technical work by the SCF on definitions of climate finance was first undertaken in the context of the first (2014) BA, which included information on various operational definitions of climate finance in use by data providers and aggregators, and identified a convergence that was framed as follows: “Climate finance aims at reducing emissions, and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change

¹ Decision 5/CP.28, paragraph 7.

impacts.”² Subsequent BAs (2016,³ 2018⁴ and 2020⁵) compiled updated information and developments in operational definitions of climate finance in use by various data providers and aggregators.

6. In 2019, by decisions 11/COP.25, para. 10 and 5/CMA.2, para. 10, the COP and CMA invited Parties to submit their views on the operational definitions of climate finance for consideration by the SCF in order to enhance its technical work on this matter in the context of preparing its fourth BA. Thirteen submissions were received from Parties on the operational definitions of climate finance. The information from the submissions was synthesised in section 1.4.3 of the technical report of the fourth BA and in the summary of the fourth (2018) BA by the SCF, paras. 16–18.

7. COP 26 and CMA 3 requested the SCF to continue its work on definitions of climate finance, taking into account submissions received on this matter, with a view to providing input for consideration at COP 27. In 2022, the SCF issued a call for inputs related to the work on definitions of climate finance, receiving additional ten responses from Parties and stakeholders.⁶

8. The work on definitions of climate finance in 2022 included an updated synthesis of the information from submissions, in addition to information on the operational definitions of climate finance in use within and outside the Convention and the Paris Agreement reporting frameworks. The work was included as an addendum to the report of the SCF to COP 27 and CMA 4.⁷

9. COP 27 requested the SCF to prepare a report for consideration by COP 28, building on the Committee’s work on definitions of climate finance, on clustering types of climate finance definitions in use that could be considered within the UNFCCC process, including with a view to updating the Committee’s operational definition of climate finance, as appropriate, and supporting Parties in their national reporting efforts, and invited Parties and external stakeholders to make further submissions via the submission portal by 30 April 2023. The technical report⁸ and its executive summary by the Committee⁹ was considered at COP 28.

10. COP 28 noted the technical report by the Committee on clustering types of climate finance definitions in use, including the executive summary thereof, and also noted the information therein on the clustering of elements aimed at assisting Parties in developing and applying definitions of climate finance and the discussions of the Committee regarding a potential update to the operational definition of climate finance of the Committee. COP 28 further noted the complexities, in relation to accounting of and reporting on climate finance at the aggregated level, associated with the application of the variety of definitions of climate finance in use by Parties and non-Party stakeholders.

² Available at Available at <https://unfccc.int/topics/climate-finance/workstreams/transparency-of-support-ex-post/biennial-assessment-and-overview-of-climate-finance-flows/the-second-biennial-assessment-and-overview-of-climate-finance-flows-2014>.

³ Available at <https://unfccc.int/topics/climate-finance/workstreams/transparency-of-support-ex-post/biennial-assessment-and-overview-of-climate-finance-flows/the-second-biennial-assessment-and-overview-of-climate-finance-flows-2016>.

⁴ Available at <https://unfccc.int/BA-2018>.

⁵ Available at <https://unfccc.int/topics/climate-finance/workstreams/transparency-of-support-ex-post/biennial-assessment-and-overview-of-climate-finance-flows-background/fourth-2020-biennial-assessment-and-overview-of-climate-finance-flows>.

⁶ Available at https://unfccc.int/sites/default/files/resource/Call_for_inputs_Definition_ClimateFinance_2022_.pdf.

⁷ FCCC/CP/2022/8/Add.2–FCCC/PA/CMA/2022/7/Add.2.

⁸ Standing Committee on Finance. 2023. Report on clustering types of climate finance definitions in use. Bonn: UNFCCC. Available at <https://unfccc.int/SCF>.

⁹ FCCC/CP/2023/2/Add.2–FCCC/PA/CMA/2023/8/Add.2.

III. Progress on the work on common practices regarding climate finance definitions, reporting and accounting methods

11. SCF 33 agreed on the scope and outline¹⁰ of the report and the workplan for its preparation.¹¹ Ivan Zambrana Flores and Gertraud Wollansky were appointed as co-facilitators for the work. At the meeting, members discussed the need to build on previous work, including the biennial assessment and overview of climate finance flows (BA) series and the report on clustering of climate finance definitions and identified the need to align work on this report with relevant sections of the sixth BA.

12. Furthermore, members discussed that the focus of the report should be on clarifying and synthesizing common practices regarding climate finance definitions, reporting and accounting methods. In discussing the scope and the outline of the report, members agreed that the work should highlight common practices in the three areas – definitions, reporting and accounting methods – and include a chapter on conclusions.

13. Also at SCF 33, the Committee agreed to advance work on stakeholder engagement and outreach intersessionally to support the preparation of the report. On 30 April 2024, the SCF conducted a webinar on three key technical reports of the SCF in 2024, including the common practices report, which was attended by 60 participants.

14. Technical work on drafting the report has progressed from the outline endorsed by the Committee at SCF 33 to the development of an updated work-in-progress approach to the technical report, based on information currently available. Chapter VI of the report on conclusions will be developed after the SCF provides guidance on its contents at SCF 34.

15. As work advances, data and information in this report will be aligned with the sixth BA, as relevant.

¹⁰ Available at https://unfccc.int/sites/default/files/resource/SCF33_Outline_report_common%20practices%20regarding%20climate%20finance%20definitions%20reporting%20and%20accounting%20methods_final.pdf?download.

¹¹ See SCF/2024/33/7, annex II.