



**Standing Committee on Finance**  
**Twenty-third meeting of the Standing Committee on Finance**  
**Virtual, 16–17 December 2020**

14 December 2020

**Background paper on the report of the Standing Committee  
on Finance to the Conference of the Parties and the  
Conference of the Parties serving as the meeting of the  
Parties to the Paris Agreement**

*Expected actions by the Standing Committee on Finance*

The Standing Committee on Finance (SCF) will be invited to consider the draft of its 2020 report to Conference of the Parties (COP) and Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) and to provide guidance on the intersessional work to finalize the report.

**I. Options for consideration by the Standing Committee on  
Finance**

1. The SCF may wish to consider the draft 2020 report of the SCF to COP and the CMA as contained in the annex to this report. The draft report includes placeholders for the outcomes of the twenty-third meeting of the SCF.
2. The SCF may wish to agree on the procedure for the intersessional finalization of the report.

## **Annex**

### **Draft report of the Standing Committee on Finance to the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement**

[TO BE UPDATED AND EDITED]

#### **I. Introduction**

##### **A. Mandate**

1. The SCF prepares annual reports to the COP.<sup>1</sup> COP 25 and CMA 2 endorsed<sup>2</sup> the workplan of the SCF for 2020.<sup>3</sup>

##### **B. Scope of the report**

2. This report presents the outcomes of the work of the SCF in 2020, including information on SCF 22 and 23, for consideration at COP 26 and CMA 3.

#### **II. Membership and meetings of the Standing Committee on Finance in 2020**

##### **A. Membership**

3. The Bureau, at its meeting held on 25 August 2020 decided to extend the current membership of the Convention, Kyoto Protocol and Paris Agreement bodies as needed until successors can be appointed or elected.

4. The SCF elects a chair and a vice chair from among its members for a term of one year each, with one being a member from a non- Annex I Party and the other being a member from an Annex I Party.<sup>4</sup> Furthermore, as per decision 5/CP.18, paragraph 7, Parties decided that the Chair and Vice-Chair of the SCF shall serve as Co-Chairs of the SCF, effective from the first meeting of the SCF in 2013. Taking into account the unusual conditions and that the Committee only met for the first time in September 2020, it decided to extend the terms of Ayman Shasly and Ismo Ulvila as Co-Chairs of the SCF until the beginning of the first meeting of the SCF in 2021.

5. Regarding changes in membership, Ali Waqas Malik (Pakistan) replaced Jonghun Lee (Republic of Korea), and Liucai Zhu (China) was nominated to the developing country the vacant seat.

6. A list of the members of the SCF as at 09 December 2020 is contained in annex I.

##### **B. Meetings**

7. In 2020, the SCF adjusted its mode of work and held several informal meetings and increased intersessional work to adapt to the circumstances of the coronavirus disease 2020 pandemic. The aim was to ensure continued progress in its workplan, and in particular, the SCF spared no effort in advancing technical work on the 2020 BA, the first report on the determination of the needs of

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<sup>1</sup> Decision 2/CP.17, para. 120.

<sup>2</sup> Decision 11/CP.25, para. 2, and decision 5/CMA.2, para. 2.

<sup>3</sup> FCCC/CP/2019/10–FCCC/PA/CMA/2019/3, annex V.

<sup>4</sup> Decision 2/CP.16, annex VI, para. 4.

developing country Parties related to implementing the Convention and the Paris Agreement, and the next SCF Forum. Throughout the year, the SCF also pursued stakeholder engagement via webinars and virtual consultations. Moreover, the SCF collaborated with constituted bodies under the Convention and the Paris Agreement by participating in virtual meetings and exchanging information on its workplan and outcomes at those meetings.

8. Despite holding only virtual meetings in 2020, which slowed the pace of decision-making compared with a regular year of physical meetings, where possible, the SCF made substantive and procedural decisions to advance its climate finance agenda in preparation for COP 26 and CMA 3.

9. The SCF held two virtual meetings in 2020. Over [tbc] attendees, including Party observers, representatives of observer organizations (non-governmental organizations, intergovernmental organizations, think tanks and MDBs) and representatives of the operating entities of the Financial Mechanism, joined the two meetings and actively took part in the deliberations of the SCF. Prior to the meetings, the SCF Co-Chairs conducted webinars to inform observers of the agenda and expected outcomes. Over 20 observer constituency focal points and representatives of intergovernmental organizations and MDBs attended each webinar and subsequently participated virtually in the SCF meetings.

10. The SCF conducted its virtual meetings through plenary sessions. The recordings of the meetings are available on demand on the SCF web pages.<sup>5</sup> The representatives of observer organizations were invited to express their views on the issues under discussion and to engage actively in the deliberations.

11. The meeting documents are available on the SCF web pages. A total of [tbc] background papers and technical papers were produced to support the deliberations of the SCF.

12. SCF 22 was held virtually from 28 to 30 September 2020. At the meeting, the SCF agreed:

(a) To advance work on preparing the second-order draft of the fourth BA on the basis of a revised indicative timeline and modified outreach activities to be undertaken in 2020–2021;

(b) To advance work on preparing the first-order draft of the first report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement on the basis of a revised indicative timeline and an updated draft workplan;

(c) To organize the next SCF Forum, planned for 2021, whose theme is finance for nature-based solutions, refine the draft programme, conduct virtual consultations on key thematic areas with stakeholders, and continue to explore options for the Forum’s venue and date;

(d) To appoint new, and reaffirm existing, focal points for constituted bodies under the Convention and the Paris Agreement and continue in 2020 and 2021 the practice of having these focal points represent the SCF at relevant events and meetings;

(e) To prepare and submit the draft guidance for the operating entities of the Financial Mechanism in 2021 and not 2020 due to the change of the timing of COP 26 and CMA 3; share with Parties and constituted bodies the 2020 annual reports of the Green Climate Fund (GCF) and the Global Environment Facility (GEF) when they are available; and remind Parties of the invitation of the COP to submit to the secretariat in 2020 and/or 2021 their views and recommendations on elements to be taken into account in developing the draft guidance;

(f) To extend the 2020 workplan to 2021 given that most activities planned for 2020 have in practice been extended to 2021 already owing to the coronavirus disease 2019 pandemic and that COP 26 has been postponed to 2021 for the same reason.

13. SCF 23 was held virtually on 16 and 17 December 2021. At the meeting, the SCF agreed to:

(a) [Placeholder for outcomes];

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<sup>5</sup> <http://unfccc.int/6881.php>.

### III. Work of the Standing Committee on Finance in 2020

#### A. Fourth Biennial Assessment and Overview of Climate Finance Flows (2020) (Fourth BA)

14. COP 25 and CMA 2 noted the outcomes of discussions on the Fourth BA, including the outline of the technical report, the workplan, the outreach plan and the indicative timeline for preparation of the report.<sup>6</sup> COP 25 and CMA 2 also requested the SCF to consider the views of Parties on the operational definitions of climate finance in order to enhance technical work in the context of preparing the Fourth BA,<sup>7</sup> and encouraged the SCF to present, to the extent possible, disaggregated information in relation to, *inter alia*, mapping data availability and gaps by sector, assessing climate finance flows and presenting information on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement.<sup>8</sup>

15. At SCF 22, the SCF agreed to a revised indicative timeline and a revised outreach plan for the Fourth BA, as contained in annex II, including proposed publication in mid-2021. In 2020, the preparation of the Fourth BA technical report, under the guidance of the co-facilitators Ms Vicky Noens and Mr Seyni Nafo, advanced significantly.

16. At SCF 22, the SCF considered the first order draft of the Fourth BA technical report respectively and provided guidance on the intersessional work. The intersessional work, *inter alia*, included:

(a) Processing of thirteen submissions were received from Parties on their views on operational definitions of climate finance in the context of the Fourth BA<sup>9</sup> and integration of summary of views in the draft technical report for consideration by SCF at its meetings.

(b) The call for evidence (information and data for the preparation of the BA) issued on 22 November 2019 in accordance with a decision taken during SCF 21<sup>10</sup> was extended to 30 October 2020, by which date 29 submissions had been received, analysed and, where relevant, integrated in the draft technical report.<sup>11</sup>

(c) Four informal webinars for contributors and experts were conducted as outreach activities to gather inputs for the preparation of the Fourth BA. The webinars were held on 7 April, 13 October, 20 October and 6 November 2020 respectively.<sup>12</sup>

(d) The SCF working group on the BA held two informal meeting calls (on 2 April and 22 July 2020) to discuss progress made in the development of the draft technical report and next steps. After the calls, written comments were received from SCF members and integrated into the draft.

17. [Placeholder for SCF 23 outcome]

#### B. First report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement

18. COP 24 requested the SCF to prepare, every four years, a report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris

<sup>6</sup> Decision 11/CP.25, para. 3, and decision 5/CMA.2, para. 3.

<sup>7</sup> Decision 11/CP.25, para. 10, and decision 5/CMA.2, para. 10.

<sup>8</sup> Decision 11/CP.25, para. 9, and decision 5/CMA.2, para. 9.

<sup>9</sup> Available at: <https://unfccc.int/topics/climate-finance/resources/standing-committee-on-finance-info-repository#eq-5>

<sup>10</sup> SCF document SCF/2019/21/11, para. 13.

<sup>11</sup> The call for evidence and the submissions are available at <https://unfccc.int/topics/climate-finance/resources/standing-committee-on-finance-info-repository#eq-5>.

<sup>12</sup> The webinars are available at: <https://unfccc.int/event/webinar-on-article-2-paragraph-1c-of-the-paris-agreement>; <https://unfccc.int/event/webinar-on-climate-finance-data-quality-methodologies-and-effectiveness>; <https://unfccc.int/event/webinar-on-improving-reporting-on-climate-finance-inputs-impacts-and-results>.

Agreement for consideration starting at COP 26 and CMA 3.<sup>13</sup> The COP also requested the SCF, in preparing the report, to collaborate, as appropriate, with the operating entities of the Financial Mechanism, the subsidiary and constituted bodies, multilateral and bilateral channels, and observer organizations.<sup>14</sup> COP 25 and CMA 2 encouraged the SCF to present, to the extent possible, disaggregated information in relation to, *inter alia*, mapping data availability and gaps by sector, assessing climate finance flows and presenting information on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement.<sup>15</sup> Further, the COP and the CMA encouraged the SCF, in implementing its strategic outreach plan, to build on existing efforts to reach out to developing country Parties and relevant developing country stakeholders when generating data and information for the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement.<sup>16</sup>

19. At SCF 22, the SCF agreed to a revised indicative timeline and a revised outreach plan for the Fourth BA, as contained in annex II, including proposed publication in mid-2021. In 2020, the preparation of the technical report, under the guidance of the co-facilitators Mr Zaheer Fakir and Mr Mattias Frumerie, advanced considerably.

20. At SCF 22, the SCF considered the first order draft of the technical report respectively and provided guidance on the intersessional work. The intersessional work, *inter alia*, included:

(a) The call for evidence was issued on 22 November 2019 issued in accordance with a decision taken during SCF 21<sup>17</sup> was extended to 30 October 2020<sup>18</sup> by which time seventeen submissions were received from groups of Parties and individual Parties, processed and integrated in the draft technical reports for consideration by the SCF at its meetings.

(b) Four informal regional webinars for contributors and experts were conducted as outreach activities to gather inputs for the preparation of the first report. The webinars were held on 7 April, 17 September, 24 September and 13 October 2020 respectively.<sup>19</sup>

(c) The SCF working group on the first report held two informal meeting calls (on 2 April and 21 July 2020) discuss progress made in the development of the draft technical report and next steps. After the calls, written comments were received from SCF members and integrated into the draft.

21. [Placeholder for SCF 23 outcome].

### C. Forum of the Standing Committee on Finance

22. COP 17 mandated the SCF to organize a forum for the communication and continued exchange of information among bodies and entities dealing with climate finance to promote linkages and coherence. Furthermore, the COP requested the SCF to facilitate participation of the private sector, financial institutions and academia in the Forum, as well as to further strengthen its stakeholder engagement. COP 25 and CMA 2 welcomed the topic of the next Forum “Finance for Nature-based Solutions (NBS)”.

23. During the intersessional period in 2020, co-facilitators developed a draft programme outline for the next SCF Forum on the topic “Finance for Nature-based Solutions”.

24. A call for inputs from Parties and observers to inform the preparation of the Forum was open from 15 June to 31 July 2020. 42 submissions were received from Parties and other stakeholders, including non-governmental organizations, intergovernmental organizations, United Nations

<sup>13</sup> Decision 4/CP.24, para. 13.

<sup>14</sup> Decision 4/CP.24, para. 14.

<sup>15</sup> Decision 11/CP.25, para. 9, and decision 5/CMA.2, para. 9.

<sup>16</sup> Decision 11/CP.25, para. 12, and decision 5/CMA.2, para. 12.

<sup>17</sup> SCF document SCF/2019/21/11, para. 13.

<sup>18</sup> The call for evidence and the submissions are available at <https://unfccc.int/topics/climate-finance/workstreams/needs-report/repository-of-information-on-the-needs-of-developing-country-parties>.

<sup>19</sup> The webinars are available at <https://unfccc.int/SCF>.

agencies, multilateral and bilateral financial institutions, think tanks and academic institutions. The inputs can be found on the SCF Forum web page.<sup>20</sup>

25. At SCF 22, the Committee considered the draft programme of the Forum and the date and venue options for hosting the Forum. An in-person Forum is vital to achieving its objectives and fostering interaction among and meaningful engagement by the participants. Given the considerable uncertainty regarding holding physical meetings at an international scale in 2020 and noting that several key events related to nature-based solutions and meetings under the UNFCCC process had been shifted to 2021, the SCF decided to postpone the SCF Forum to 2021.

26. In the intersessional period following the meeting, co-facilitators held a virtual consultation on 5 November 2020 with over 50 participants (stakeholders who had submitted the inputs referred to in para. 24 above) to gather their feedback on key substantive issues underpinning the Forum theme.

27. During the intersessional period, the co-facilitators will further refine the SCF Forum programme and continue to assess possible venues to hold the Forum in 2021.

28. [Placeholder for SCF 23].

#### **D. Draft guidance to the operating entities of the Financial Mechanism**

29. COP 17 mandated the SCF to provide the COP with draft guidance to the operating entities of the Financial Mechanism with a view to improving the consistency and practicality of such guidance, taking into account the annual reports of the operating entities as well as submissions from Parties.<sup>21</sup> Furthermore, CMA 1.3 requested the SCF to prepare draft guidance for the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF).<sup>22</sup> In view of the COP not being held in 2020, the SCF decided to provide the draft guidance to the operating entities in 2021, in time for consideration at COP 26 and CMA 3.

30. At SCF 22, the Committee considered the timing of the publication of the annual reports of the GEF and the GCF, as conveyed by their secretariats, and a timeline of activities required for producing the draft guidance.

31. The SCF agreed to share with Parties and constituted bodies the 2020 annual reports of the GCF and the GEF, once they become available. The SCF also agreed to inform Parties and operating entities of the Financial Mechanism that they may submit to the secretariat, in 2020 or in 2021, or in both years, their views and recommendations on elements to be taken into account in developing the draft guidance.

32. [Placeholder for SCF 23 outcome].

#### **E. Gender**

33. COP 22 requested all constituted bodies under the Convention to include in their regular reports information on progress towards integrating a gender perspective into their respective processes.<sup>23</sup> In response, to integrate a gender perspective into its work in 2020, the SCF:

(a) Continued to integrate gender considerations into the Fourth BA by including information on gender in the context of climate finance tracking and reporting from a range of sources, including national reports submitted under the Convention and other reports and studies;

(b) Highlighted the topic of gender and climate finance in two informal webinars conducted for contributors and experts in relation to the Fourth BA (see para. 17 above). The webinar held on 13 October 2020 included an invited speaker who made a presentation on gender and climate finance issues. A gender balance in invitations to panellists to speak at each webinar was achieved,

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<sup>20</sup> <https://unfccc.int/topics/climate-finance/events-meetings/scf-forum/the-next-scf-forum-finance-for-nature-based-solutions>.

<sup>21</sup> Decision 2/CP.17, para. 121(c).

<sup>22</sup> Decision 3/CMA.1, para. 8.

<sup>23</sup> Decision 21/CP.22, para. 14.

but for one webinar, because some of the invited speakers were unavailable, a gender balance in participation was not achieved;

(c) Considered how gender-disaggregated information on the needs of developing countries, where available in existing reports, could be incorporated in the first report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement;

(d) Included in the draft programme of the next SCF Forum space for discussions on gender-based and inclusive approaches for addressing climate change mitigation and adaptation.

(e) [Placeholder for SCF event at Climate Dialogues].

## **F. Linkages with the Subsidiary Body for Implementation and the constituted bodies under the Convention**

34. COP 21 requested the SCF to continue to strengthen its engagement with all relevant stakeholders and bodies under the Convention.<sup>24</sup> The SCF continued its overall approach to maintaining linkages with the other constituted bodies, taking into account available resources and working modalities.<sup>25, 26</sup>

35. The SCF maintained linkages with the following subsidiary and constituted bodies by sharing its workplan with them and informing the Chairs of the work under its various workstreams: Adaptation Committee (AC), Consultative Group of Experts (CGE), Least Developed Countries Expert Group (LEG), Paris Committee on Capacity-building (PCCB), Subsidiary Body for Implementation (SBI), Subsidiary Body for Scientific and Technological Advice (SBSTA), Technology Executive Committee (TEC) and Warsaw International Mechanism for Loss and Damage (WIM) Executive Committee.

36. The SCF appointed new, and reconfirmed existing, focal points to represent the SCF when engaging in work under the thematic areas of other constituted bodies under the Convention and the Paris Agreement, namely:

(a) Adaptation-related matters, including representing the SCF in the AC's task force on NAPs and working group on the technical examination process on adaptation, and in the LEG (Gabriela Blatter, Zaheer Fakir and Mohamed Nasr);

(b) Technology-related matters, including representing the SCF on the Advisory Board of the Climate Technology Centre and Network (Diann Black-Layne and Vicky Noens);

(c) Matters related to capacity-building, including representing the SCF on the PCCB (Mattias Frumerie and Ismo Ulvila);

(d) Matters related to loss and damage, including liaising with the WIM Executive Committee (Randy Caruso and Paul Herbert Oquist Kelley);

(e) Matters related to gender (Eva Schreuder);

(f) Coherence and Coordination matters related to financing for forests (Ivan Zambrana Flores).

37. Since the SCF report to COP 25, the following activities involving the focal points have taken place:

(a) Collaboration with the PCCB: the SCF focal point, Mattias Frumerie, participated in the 4<sup>th</sup> meeting of the PCCB, held virtually from 22 to 25 June 2020, and provided inputs regarding the establishment of the informal coordination mechanism;

(b) Collaboration with the AC and the LEG: [To be updated];

(c) Collaboration with the WIM Executive Committee: [To be updated];

<sup>24</sup> Decision 6/CP.21, para. 2.

<sup>25</sup> Decision 8/CP.23, para. 11.

<sup>26</sup> SCF document SCF/2019/20/9.

(d) An SCF focal point participated in a webinar organized by the Food and Agriculture Organization of the United Nations on climate finance in the agriculture sector, held on 13 May 2020, making a presentation on international climate finance architecture and the role of the SCF;

(e) [Placeholder for other events].

## **G. Enhancing stakeholder engagement**

38. COP 25 and CMA 2 requested the SCF to continue to strengthen its engagement with stakeholders.<sup>27</sup> In response, the SCF undertook several activities during 2020 thereby involving a wide range of stakeholders in its workstreams. These included:

(a) Four outreach webinars in the context of preparation of the Fourth BA (see para. 16(c) above) (approximately 350 participants);

(b) Four regional outreach webinars in the context of the first report on the determination of needs of developing country Parties related to implementing the Convention and the Paris Agreement (see para. 20(b) above) (approximately 250 participants);

(c) A webinar for contributors and experts for an informal exchange on the development of the fourth BA and the first report on the determination of needs of developing country Parties related to implementing the Convention and the Paris Agreement, which was held on 7th April 2020;

(d) Planning its next SCF Forum: the SCF held a virtual consultation (see para. 26 above) (approximately 50 participants);

(e) [Placeholder for SCF Climate Dialogue event].

## **ANNEXES**

Annex I. Members of the Standing Committee on Finance.

Annex II. Revised indicative timeline and milestones for the preparation of the Fourth Biennial Assessment and Overview of Climate Finance Flows (2020).

Annex III. Revised indicative timeline and updated draft workplan for the first report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement.

Annex IV. Workplan of the Standing Committee on Finance for 2020–2021.

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<sup>27</sup> Previous related mandates are contained in decision 6/CP.20, para. 5, decision 6/CP.21, para. 2, decision 8/CP.22, para. 5, and decision 8/CP.23, para. 14.