



Standing Committee on Finance

27 September 2022

**Twenty-ninth meeting of the Standing Committee on Finance
Cairns, Australia, 29 September–01 October 2022**

**Background paper on the 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) Take note of the outcomes of Part II of the Forum on Finance for Nature-based solutions;
- b) Consider possible themes for its next Forum.

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

1. The SCF may wish to agree on a high-level summary of the discussions held at part II of the Forum on Finance for Nature-based solutions from 26 to 28 September 2022 in Cairns, Australia. The high-level summary will include key messages and recommendations to COP 27 and CMA 4 and will be produced after the conclusion of the Forum (annex II to be circulated during SCF 29).
2. The SCF may wish to consider the topic of its next forum in 2023, based on proposals submitted by SCF members and developed by the co-facilitators, as contained in annex I.
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) Identifying a suitable venue and partner organization, as appropriate;
 - (c) Issuing a call for submissions on case studies and relevant reports, as appropriate;
 - (d) Preparing outreach strategies to encourage a broad range of participation; and
 - (e) Supporting the secretariat to raise the funds needed to support the participation of developing country experts and resource persons as appropriate.

II. Background

4. The COP mandated the SCF to organize a forum for continued exchange of information among bodies and entities dealing with climate finance 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. At SCF 21, the Committee agreed to hold its Forum on the theme “Finance for Nature-based Solutions” and thereafter owing to the coronavirus disease 2019 pandemic, further agreed to organize the Forum in two parts in 2021 and 2022. Part II of the Forum will be held in-person with the possibility of virtual participation from 26 to 28 September 2022 in the City of Cairns, Australia. The programme of the Forum is available on the SCF webpages.³

¹ Decision 8/CP.23, para. 12.

² Decision 8/CP.23, para. 14.

³ <https://unfccc.int/topics/climate-finance/events-meetings/scf-forum/the-standing-committee-on-finance-forum-on-finance-for-nature-based-solutions-part-ii>.

Annex I

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

I. Proposed forum topics

A. Finance for Just Transition

Rationale

1. Sustainability has three pillars – environmental, social, and economic. The transition to a low GHG emissions economy brings not only an opportunity to tackle existing inequalities, but also the need to manage associated social risks.¹ Consideration of environmental and social outcomes equally by the financial sector are necessary to ensure a just transition.

2. The Forum will explore ways in which the financial sector can be instrumental in enabling just transition, including topics and themes such as: economics of just transition, macroeconomic and fiscal strategies; just transition policies and processes; maximizing the social and economic opportunities of climate action; innovative financial instruments that are necessary for a just transition; and incentivizing effective just transition finance.

B. Financing Industry Transition (*SCF member submission*)

Rationale

3. Industry accounts for roughly 30 percent of global CO₂ emissions. Industrial actors will have to reduce emissions sharply for the world to reach the target of the Paris agreement – to limit global warming to “well below” 2 degrees Celsius.

C. Building Strong Enabling Environments for Mobilizing Private Capital (*SCF member submission*)

Rationale

4. A key aspect of mobilizing investments in climate action is building strong enabling environments. Incentives to invest in clean energy transitions and climate resilience, well-managed investment risks, and strong business environments can all help to facilitate and scale-up investments in needed climate action. This Forum will allow public sector actors across multiple scales to showcase their efforts to improve enabling environments through policy action and share lessons learned, and, private sector actors to share their experiences, identify key barriers, and highlight opportunities for improvement.

D. Blended Finance and Other Innovative Financing Instruments (*SCF member submission*)

Rationale

5. Climate finance is mobilized from a wide variety of sources, instruments, and channels. Blended finance has emerged as an important new financing instruments, combining multiple financial instruments and actors to effectively leverage capital. This Forum will provide a state-of-the-art view of blended finance approaches, focused on the design, implementation, and effectiveness of blended finance. The Forum will also allow for

¹ ILO. 2015. Guidelines for a Just Transition Towards Environmentally Sustainable Economies and Societies for All. International Labour Organization.

a horizon-scan of other innovative financing instruments which are emerging as exciting new options for scaling-up investments in climate action.

E. Meaningful Mitigation action and Transparency on Implementation (SCF member submission)

Rationale

6. The USD 100 billion goal was set "in the context of meaningful mitigation action and transparency on implementation." However, attention to-date has predominantly focused on the financial aspects of the goal, and to a lesser extent, the needs and priorities of developing countries, while very little attention has been devoted to understanding meaningful mitigation action and transparency on implementation.

7. This Forum will focus on exploring meaningful mitigation action taken to reduce greenhouse gas emissions, the efforts of countries to transparently report on their progress, and effectiveness of investments, public and private, domestic and international, in contributing to the goals of the Paris Agreement.

F. Circular Carbon Economy (SCF member submission)

Rationale

8. Circular carbon economy (CCE) is an integrated, inclusive approach to addressing greenhouse gas emissions that complements this year's nature-based solutions theme and completes the circle with other approaches, such as renewables (reductions) and carbon capture and storage (removals).

9. It is notable that the CCE approach has been endorsed by the G20 in 2020 where it was recognized for its potential to promote economic growth while enhancing environmental stewardship by managing emissions in all sectors, especially energy, industry and mobility. Further details on the CCE approach can be found at the International Energy Forum.²

G. Youth and gender-responsive finance

Rationale

10. Youth, gender, indigenous peoples and other minorities face particular challenges when it comes to climate finance³ and continue to be underrepresented in climate finance decision-making.⁴ These stakeholder groups possess essential skills and knowledge for mitigation and adaptation actions and to contribute to labour markets for a green economy.⁵

11. The forum will explore ways to unlock the potential of women and youth-responsive climate finance, including such as; providing knowledge and capacity for youth and gender organizations; integrating gender and youth expertise into financiers' activities; ensuring gender and youth sensitive safeguards; equitable participation in consultations and decision-making; ensuring a supply of easier to access, flexible, reliable, and long-term financing, especially for smaller-scale projects; and developing innovative instruments for gender and youth responsive finance.

² International Energy Forum. 2021. *The Carbon Circular Economy—Insight Brief*. p.5. Available at https://www.ief.org/_resources/files/news/analysis-reports/march-ief-insight-brief---the-circular-carbon-economy.pdf.

³ Price R. 2021. *Access to Climate Finance by Women and Marginalised Groups in the Global South*.

⁴ Adams L, Sorkin L, and Zusman E. 2014. *Making Climate Finance Work for Women*. Asian Development Bank and Schalatek L 2018. *Climate Finance Fundamentals 10: Gender and Climate Finance*. Boell Foundation and Overseas Development Institute.

⁵ Bigda L. 2021. *Guide to strengthening gender integration in climate finance projects*. Women and Development Organization.

H. Other proposed topics (SCF member submissions)

- (a) The Role of Finance to Drive the Global Decarbonisation;
- (b) Climate Finance and Sustainable Transport;
- (c) Financing Climate Friendly Agriculture and Sustainable Food Systems;
- (d) Investing in Climate, Investing in Growth;
- (e) Climate Finance and Innovation; and
- (f) Green financing or carbon finance.

Annex II

High-level summary of the Forum on Finance for Nature-based solutions Part II

To be circulated during SCF 29
