



**Standing Committee on Finance**

08 March 2024

**Thirty-third meeting of the Standing Committee on Finance**  
**19–20 March 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 co-facilitators for the work;
- b) Discuss the scope and outline of the report on common practices regarding climate finance definitions, reporting and accounting methods;
- c) Discuss the workplan and timeline to prepare the report.

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

1. The Standing Committee on Finance (SCF) may wish to appoint co-facilitators, who will guide the preparation of the report on common practices regarding climate finance definitions, reporting and accounting methods among Parties and climate finance providers.
2. Scope and approach: In its deliberation on the scope and approach to the report on common practices regarding climate finance definitions, reporting and accounting methods among Parties and climate finance providers, the SCF may wish to consider the methodological scope and approach to identifying common practices regarding the three elements of climate finance definitions, reporting and accounting methods, as well as the corresponding sources of information to be used in the report.
3. In its deliberation on the scope and approach to the report, the SCF may wish to consider the possible elements of the draft outline as contained in annex I, with a view to preparing the zero-order draft of the report.
4. Workplan and timeline: The SCF may wish to consider the draft workplan and timeline as contained in annex II.

**II. Background**

5. 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.<sup>1</sup>

6. Technical work by the SCF on definitions of climate finance initiated in 2014. The first (2014) BA reviewed various operational definitions of climate finance in use by data providers and aggregators, and identified a convergence that could be 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 impacts." Subsequent BAs (2016, 2018 and 2020) compiled any updates or developments in operational definitions of climate finance in use by various data providers and aggregators.

7. 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 the Summary of the fourth BA by the SCF, paras. 16–18.

8. 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 an additional ten responses from Parties and stakeholders.

9. 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.

10. 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 report<sup>2</sup> and its executive summary by the Committee<sup>3</sup> was considered at COP 28.

11. 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.

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<sup>1</sup> Decision 5/CP.28, paragraph 7 ([Advance unedited version](#)).

<sup>2</sup> Standing Committee on Finance. 2023. Report on clustering types of climate finance definitions in use. Bonn: UNFCCC. Available at <https://unfccc.int/SCF>.

<sup>3</sup> FCCC/CP/2023/2/Add.2–FCCC/PA/CMA/2023/8/Add.2.

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## **Annex I**

### **Possible elements of the draft outline of the report on common practices regarding climate finance definitions, reporting and accounting methods**

#### **Acknowledgements**

#### **List of Abbreviations**

#### **Executive Summary by the SCF**

#### **Technical report**

### **I. Introduction**

1. Background and objectives. Mandate stemming from decision -/CP.28, paragraph 7 and context, including references to other relevant decisions.
2. Scope. Explanation of the nature and scope of the report.
3. Approach used in preparing the report.
4. Challenges and limitations.
5. Structure of the report.

### **II. Context of applying climate finance definitions, reporting and accounting methods**

6. Parties: Reporting under the Convention and the modalities, procedures and guidelines of the enhanced transparency framework under the Paris Agreement.
7. Other climate finance providers: specific use cases and purposes of reporting climate finance.

### **III. Common practices in climate finance definitions in use**

8. Parties: common practices in climate finance definitions in use by Parties based on national reports submitted to the UNFCCC such as BRs and BURs, including on form and scope.
9. Other climate finance providers: common practices in climate finance definitions in use by other climate finance providers including on form and scope.

### **IV. Common practices in accounting methods**

10. Parties: common practices in accounting methods for climate-specific finance, points of measurement and attribution, including for private finance mobilized by public interventions and grant equivalent values as applicable, based on national reports submitted to the UNFCCC such as BRs and BURs.

11. Other climate finance providers: common practices in accounting methods for climate-specific finance, points of measurement and attribution, including for private finance mobilized by public interventions and grant equivalent values as applicable.

## **V. Common practices in reporting climate finance**

12. Parties: common reporting practices by parameter in use by Parties based on national reports submitted to the UNFCCC such as BRs and BURs.

13. Other climate finance providers: common reporting practices by parameter by other climate finance providers.

## **VI. Annexes**

## **VII. References**

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## Annex II

### Draft Workplan

#### Report on common practices regarding climate finance definitions, reporting and accounting methods among Parties and climate finance providers

##### I. Mandate and objective

1. COP 28 requested 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 report on clustering types of climate finance definitions in use in 2023, for consideration by the Conference of the Parties at its twenty-ninth session.<sup>1</sup>
2. The objective of the workplan is to ensure the delivery of the report on common practices regarding climate finance definitions, reporting and accounting methods among Parties and climate finance providers ahead of COP 29 in 2024.

##### I. Overall Approach

3. Building on the experience of the SCF, the work could be organized and implemented comprising *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 with the support of consultants if necessary.
4. Two co-facilitators would be appointed from within the membership of the SCF to guide the technical work intersessionally and during SCF meetings. The co-facilitators are supported by a technical team comprising of consultants and the UNFCCC secretariat.
5. The *technical work* includes literature reviews and stakeholder engagement through technical stakeholder dialogues which can be organised in conjunction with SCF meetings or separately, involving other contributors. This involves information gathering from a range of sources, both submissions received through previous mandates as well as other relevant reports.
6. The *Committee-level work* involves reviewing the technical work and providing further guidance. This includes providing input and reviewing drafts of the technical report and executive summary disseminated to the SCF for its consideration including through written comments. Draft chapters and papers may be circulated to SCF members 2–3 weeks prior to SCF meetings. SCF members may be encouraged to provide feedback and/or written comments ahead of the SCF meetings to facilitate their integration and discussion during the formal SCF meeting. SCF members may have an additional 1–2 weeks after the meeting to provide feedback or written comments on the circulated drafts.
7. In addition, SCF members may be invited to informal dedicated calls intersessionally to ensure timely development of the technical report ahead of formal SCF meetings.

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<sup>1</sup> In accordance with paragraph 7 of the draft decision entitled “Matters related to the Standing Committee on Finance” proposed under agenda item 8(b) of COP 28 available at [https://unfccc.int/sites/default/files/resource/cop28\\_auv\\_8b\\_SCF.pdf](https://unfccc.int/sites/default/files/resource/cop28_auv_8b_SCF.pdf).

8. The SCF may wish to identify key findings from the technical work and prepare an *executive summary* and/or recommendations as appropriate.

## II. Outreach activities

9. Outreach is an important component of the preparation process, particularly for data collection, reviewing information gaps, and methodological issues. Given both the preparation of the BA and the report on common practices on climate finance definitions include a focus on compiling operational definitions and methodologies, it may be appropriate to consider combining outreach and stakeholder engagements, in particular the call for evidence, technical stakeholder dialogues and webinars and informal outreach to stakeholder groups with the preparations for the sixth BA, in addition to considerations owing to time constraints in preparing the report ahead of COP 29.

## III. Communications strategy

10. The SCF has identified the need to promote and disseminate the findings of its key products once launched across multiple communication and engagement channels. It has also identified the need to ensure ease-of-use and understanding of information presented in its work.

11. The report on common practices on climate finance definitions, accounting methods and reporting should, if agreeable to the SCF, consist of:

(a) A technical report prepared by a technical team under the guidance of the SCF. The technical report will be targeted at a technical audience, including relevant experts in the climate finance community, financial institutions, other multilateral institutions, NGOs, academia and Parties;

(b) An executive summary by the SCF. The executive summary will be targeted at a general audience to provide an overview of the key findings of the technical report and recommendations by the SCF for consideration by the Parties to the COP and CMA and is attached as an addendum to the SCF report to COP 29.

12. Within the technical report and the executive summary prepared by the SCF, consideration will be provided to how graphics and infographics may be used to highlight key messages and findings of the major elements of the chapters, to support the dissemination of the work of the SCF across different communication channels.

13. Following finalization of the report, the key findings will be disseminated through:

(a) Press release from the SCF and UNFCCC, including through social media channels;

(b) The SCF webpage will update key findings of the report and interactive graphics;

(c) Events to launch the report will include a SCF side event at COP 29 and other speaking opportunities or participation in related events on climate finance;

(d) Dissemination packages for SCF members will include a presentation slide deck on the content of the report, talking points notes and social media quotes will be prepared for SCF members for their potential use in their capacity as members of the committee and participation in various events.

## IV. Timeline

14. To ensure sufficient rigor, the work will be organized in four phases as outlined below. The table below presents possible milestones and an indicative timeline for the preparation of the report.

(a) **Phase I – developing and finalizing the scope and outline:** This phase involves developing the scope, structure and outline of the report to be initially discussed by the SCF at SCF 33;

(b) **Phase II – literature review and information gathering:** This phase will continue until the development of the pre-final draft of the report as relevant information becomes available. It will involve:

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

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

(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 report:** This phase includes the iterative drafting of the report and presenting it for feedback at SCF meetings. A zero-order draft would be prepared ahead of SCF 34 based on the outline agreed at SCF 33, followed by a pre-final draft prepared ahead of SCF 35, based on written comments and feedback of SCF members. In parallel, the professional editing, graphic design and layout of the report will be prepared to ensure the report is ready for publication as soon as possible after SCF 35;

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

(i) A dedicated webpage on the SCF website;

(ii) SCF side events at COP 29;

(iii) Other communication channels with UNFCCC support including a press release and social media.

Table 1  
Possible milestones and indicative timeline for the report

Activities and deliverables	2024											
	Q1			Q2			Q3			Q4		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Phase I: Developing and finalizing the scope and outline</b>												
Scope, structure and annotated outline		SCF 33										
<b>Phase II: Literature review and data gathering</b>												
Literature review												
Engagement with Parties, data providers, producers and aggregators												
<b>Phase III: Development of the report</b>												

Activities and deliverables	2024											
	Q1			Q2			Q3			Q4		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Development of iterative drafts of the report					Zero-order draft (SCF 34)				Pre-final draft (SCF 35)			
Informal discussions on findings and insights, based on draft chapters of the technical report												
Professional editing and graphic design												
Layout, design and production of final report												
<b>Phase IV – dissemination</b>												
Development of web-based content												
Communication and promotion of the report												COP 29

## V. Expected outputs/deliverables

15. The key outputs may include:

- (a) The technical report on common practices common practices regarding climate finance definitions, reporting and accounting methods among Parties and climate finance providers and an executive summary by the SCF;
- (b) Background papers and presentations for SCF meetings;
- (c) SCF meeting reports with guidance on this agenda item;
- (d) A dedicated webpage on the SCF website.