



## Standing Committee on Finance

19 September 2023

Thirty-second meeting of the Standing Committee on Finance  
26–28 September 2023  
Geneva, Switzerland

### **Background paper on the possible theme for 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 consider the topic for its next Forum.

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

1. The SCF may wish to consider the topic of its 2024 Forum, based on proposals submitted by SCF members, as contained in the annex.
2. Once the topic is agreed, the SCF may wish to request the co-facilitators to initiate the preparation of 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 broad participation; and
  - (e) Supporting the secretariat to raise the funds needed to support the participation of developing country experts and resource persons.

## **II. Background**

3. 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.<sup>1</sup> Furthermore, the SCF was requested by the COP to ensure the value added of its Forum when deciding on the topic of each Forum<sup>2</sup> and to further strengthen its stakeholder engagement.<sup>3</sup>

## **III. Progress on the topic for the next Forum of the Standing Committee on Finance**

4. At SCF 31, SCF members were invited to make submissions on the topic for the 2024 SCF Forum by the end of August 2023. The proposals made by SCF members are listed in table 1 and the rationale for each proposal is contained in the annex.

<sup>1</sup> Decision 2/CP.17, para. 121 (a).

<sup>2</sup> Decision 8/CP.23, para. 12.

<sup>3</sup> Decision 8/CP.23, para. 14.

Table 1  
**Proposals on the topic of the 2024 Forum of the Standing Committee on Finance**

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*Proposed topics*

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Ensuring a national investment climate fit for climate neutrality

Innovating international cooperation mechanisms for scaling up financial mobilization towards climate neutrality

Financing climate-friendly agriculture and sustainable food systems

Mobilising financial support for enhancing adaptation in the agriculture sector

Youth and gender-responsive finance

Blended finance and other innovative financing instruments

Building strong enabling environments for mobilizing private capital

Ocean financing: the global ocean economy in a changing climate

Mobilising finance and technology support for promoting sustainable energy systems

Implementing the linkage between the Technology Mechanism and the Financial Mechanism of the Convention in enabling joint development and access to technology

Finance for climate-resilient cities

Financing non-market approaches and non-market approaches to financing

Green taxonomy for the financial sector

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5. The topics proposed for the 2023 Forum, other than those recalled in table 1 above, are included for reference:

- (a) The role of finance in driving global decarbonization;
- (b) Climate finance and sustainable transport;
- (c) Investing in climate, investing in growth;
- (d) Climate finance and innovation;
- (e) Green financing or carbon finance;
- (f) Scaling up finance for averting, minimizing and addressing loss and damage;
- (g) Meaningful mitigation action and transparency in implementation; and
- (h) Circular carbon economy approach.

## Annex

### **Proposals for the topic of the next Forum of the Standing Committee on Finance**

#### **I. Topics proposed for the 2024 Forum**

##### **A. Ensuring a national investment climate fit for climate neutrality**

1. A key element for accelerating the transition to climate neutrality is ensuring a domestic investment climate that attracts both the domestic and international investments needed for the transition, both public and private. The Forum could explore best practices and barriers as well as how to overcome those, in establishing and developing a fit-for-purpose investment climate.

2. Potential partners include the Principles for Responsible Investment, Glasgow Financial Alliance for Net Zero, the United Nations Development Programme, the NDC Partnerships, the World Economic Forum, the We Mean Business Coalition, the International Monetary Fund, the World Bank Groups, and regional development banks.

##### **B. Innovating an international cooperation mechanisms for scaling up financial mobilization towards climate neutrality**

3. At present, mankind is facing the severe challenge of climate governance deficit. At the same time, an anti-globalization trend is also obvious in the context of the global economy, including with respect to decoupling of economic activities, value chain breaking and so on. This trend hinders global climate action and progress towards carbon neutrality. In order to fulfil the purpose of carbon neutrality, it is necessary to adhere to the principle of common but differentiated responsibilities and respective capabilities, as well as to innovate cooperation mechanisms for South-North, South-North-South (triangle cooperation) and South-South to facilitate building climate governance system based on global cooperation. Developed countries are urged to enhance their capacity to provide and mobilize financial resources, and to help developing countries improve their investment environments. In the context of achieving the goals of their nationally determined contributions, Parties should enhance capacity building for climate investment and financing in developing countries, build a global cooperative climate financing architecture that is integrated with domestic and international investment and financing, and actively promote the achievement of carbon neutrality.

4. Firstly, it is necessary to innovate the North-South cooperation mechanism. This will encourage developed countries to increase their provision and mobilization of funding to developing countries. Secondly, it is necessary to innovate the South-North-South trilateral cooperation mechanism. With the participation of UN agencies, governments of developed countries, enterprises or multinational corporations, multilateral financial institutions and non-governmental organizations will be encouraged to increase climate investments and financial flows to developing countries, so as to facilitate cooperation and collective action, facilitate mitigation activities and carbon-tank or sequestration actions, and achieve carbon neutrality. Thirdly, innovate the South-South cooperation mechanism. This would encourage existing financial mechanisms' operating entities, such as the Global Environment Facility and the Green Climate Fund, to support developing countries to actively cooperate, jointly promote the implementation of nationally determined contributions, conduct an investment and financing policy dialogue, exchange knowledge and technology, and promote and replicate best practices for carbon neutral actions.

5. In 2024, two or three Forum sessions could be held to refine the outcomes of the exchanges before COP 29, with a view to formulating COP decisions and/or putting forward an initiative to guide global climate financing.

6. Potential partners could include Parties, United Nations agencies, existing financial mechanism operating entities, multilateral development banks, corporate entities, civil society organizations, etc.

### **C. Financing climate-friendly agriculture and sustainable food systems**

7. This topic was initially proposed in 2022 and recalled by a member.
8. Agriculture and food systems play a vital role in achieving sustainable development. Considering significant impacts on mitigation and adaptation, financing agriculture and food systems is important.

### **D. Mobilising financial support for enhancing adaptation in the agriculture sector**

9. Agriculture will be impacted the most by climate change. Investments to enable research and development in new varieties of seeds, reforms in the agriculture institutional setup, and innovative adaptive practices to address issues arising out of climate change are becoming increasingly important. It is pertinent to have a discussion that allows sharing of experiences and ideas on the way forward on these issues.

### **E. Youth and gender-responsive finance**

10. This topic was initially proposed in 2022 and recalled by members.
11. Youth, gender, indigenous peoples and other minorities face particular challenges when it comes to climate finance<sup>4</sup> and continue to be underrepresented in climate finance decision-making.<sup>5</sup> These groups possess skills and knowledge essential for mitigation and adaptation action and potential to participate in the labour markets for a green economy.<sup>6</sup>
12. The Forum will explore ways to unlock climate finance that responds to the needs and potential of women and youth, including various aspects in this context such as providing knowledge and capacity-building for youth and gender organizations; integrating gender and youth expertise into financiers' activities; ensuring gender and youth sensitive safeguards; promoting equitable participation in consultations and decision making; ensuring easy to access, flexible, reliable, and long-term financing, especially for smaller-scale projects; and developing innovative instruments for gender- and youth-responsive finance.

### **F. Blended finance and other innovative financing instruments**

13. This topic was initially proposed in 2022 and recalled by members.
14. Climate finance is mobilized through 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 and will focus on the design, implementation, and effectiveness of blended finance. The Forum will also allow for a horizon-scan of other innovative financing instruments which are emerging as exciting new options for scaling-up investments in climate action.

### **G. Building strong enabling environments for mobilizing private capital**

15. This topic was initially proposed in 2022 and recalled by members.
16. A key aspect of mobilizing investments for climate action is building strong enabling environments. Incentives to invest in clean energy transitions and climate resilience, approaches for managing investment risks, and strong business environments can all help to facilitate and scale up

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<sup>4</sup> Price R. 2021. Access to Climate Finance by Women and Marginalised Groups in the Global South.

<sup>5</sup> 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.

<sup>6</sup> Bigda L. 2021. Guide to strengthening gender integration in climate finance projects. Women and Development Organization.

investments in necessary climate action. This Forum will allow public sector actors to showcase their efforts, across multiple scales, to create enabling environments through policy-making and share lessons learned, as well as, private sector actors to share experience, identify key barriers to investment, and highlight opportunities for improvement in the regulatory landscape.

## **H. Ocean financing: the global ocean economy in a changing climate**

17. Recently, at the Pacific Islands Forum Economic Ministers Meeting, Ministers called for a greater focus on financing for the climate-ocean nexus from the constituted bodies of the UNFCCC. The SCF Forum focused on ocean finance and the global ocean economy in a changing climate would respond to this call.

18. The topic has a global relevance and the Forum would provide an opportunity for bringing experts together to discuss ocean-based financing in the context of adaptation and mitigation activities, addressing a diverse range of ocean-based industries and economic activities (e.g. offshore renewable energy, fisheries and marine aquaculture, maritime shipping and trade and adjacent assets).

19. Ocean finance deals with the demand for and supply of financial capital for investing in ocean-related economic activities. In light of the 2019 IPCC report on the Ocean and Cryosphere, which found significant impacts of climate change on the ocean economy and recognized the broader role that ocean finance can play in the sustainable development of the ocean economy, this is an important topic for further dialogue and discussion.

## **I. Mobilising finance and technology support for promoting sustainable energy systems**

20. Energy access is very important for development. Developing countries need technology support and financial flows to advance the clean energy transition. Technology issues with respect to battery storage and newer areas such as offshore wind need to be addressed. The Forum will enable the sharing of views and country experiences in promoting the transition.

21. Potential partners include the International Energy Agency, the World Bank, the International Finance Corporation, and the Asian Development Bank.

## **J. Implementing the linkage between the Technology Mechanism and the Financial Mechanism of the Convention in enabling joint development and access to technology**

22. Technology is a key to climate action in developing countries. Article 10 of the Paris Agreement promotes joint development and transfer of technology to support developing countries. It promotes a linkage between the Technology Mechanism and the Financial Mechanism to facilitate access to technology for developing countries. This is particularly envisaged for the early stages of the technology cycle. However, despite the establishment of the Technology Mechanism in 2010, the linkage is yet to be fully operationalised. Deliberations on this issue could bring out ways in which this linkage could be enabled.

## **K. Finance for climate-resilient cities**

23. Climate resilience is a city's ability to survive, adapt and thrive in the face of climate-related shocks and stresses. This is a topic of growing global relevance.

24. Potential partners include the Global Covenant of Mayors for Climate & Energy.

25. It should be noted that the topic of the SCF Forum in 2019 was “Climate finance and sustainable cities”.

## **L. Financing non-market approaches and non-market approaches to financing**

26. Non-market approaches are a key component of voluntary cooperation between Parties in the context of implementation of their nationally determined contributions to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity (as per Article 6, para. 1 of the Paris Agreement). Consequently, the importance of availability of integrated, holistic and balanced non-market approaches in a coordinated and effective manner must be recognized through climate finance (as per Article 6, para. 8 of the Paris Agreement).

27. Additionally, the established framework for non-market approaches invites Parties, relevant bodies, institutional arrangements and processes under the Convention and the Paris Agreement to provide information on, inter alia, financial support available or provided for identifying, developing or implementing non-market approaches (decision 8/CMA.4, para. 8).

28. The framework for non-market approaches also creates the opportunity for enhancing collaboration between the Glasgow Committee on Non-market Approaches and relevant constituted bodies and institutional arrangements under or serving the Paris Agreement and/or the Convention, including the Standing Committee on Finance (decision 8/CMA.4, para. 18).

29. Considering that much attention has been given to market-based approaches as per Article 6, paragraph 2 and Article 6, paragraph 4 of the Paris Agreement over the years, an SCF Forum dedicated to non-market approaches would create a valuable opportunity for Parties and stakeholders to exchange experience on non-market approaches, both as a type of climate action that needs to be financed and as a potential source of climate finance. Balancing the progress aligned with all components of Article 6 is essential for ensuring a comprehensive and inclusive approach to global climate action, while recognizing the diverse challenges and opportunities faced by different countries and sectors, ultimately strengthening the effectiveness and legitimacy of international efforts to combat climate change.

## **M. Green taxonomy for the financial sector**

30. In today's financial landscape, the issue of "greenwashing" is becoming increasingly prevalent. Identifying genuinely green financial activities is becoming as vital as quantifying the volume of green finance.

31. While various countries have developed their own green taxonomies, the lack of a unified framework remains. The Forum can provide an opportunity to compare and map the existing green investment taxonomies and explore ways to address the issue of greenwashing effectively at the national and global level.

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