

DRAFT TEXT

on

COP 29 agenda item 8b / CMA 6 agenda item 11b
Matters relating to finance: Matters relating to the Standing Committee on Finance

Version 18/11/2024 13:00

The Conference of the Parties,

Recalling Articles 4 and 11 of the Convention,

Also recalling decisions 12/CP.2, 12/CP.3, 1/CP.16, paragraph 112, 2/CP.17, paragraphs 120–121, 5/CP.18, 5/CP.19, 7/CP.19, 6/CP.20, 6/CP.21, 8/CP.22, 7/CP.23, 8/CP.23, 4/CP.24, 11/CP.25, 5/CP.26, 14/CP.27, 5/CMA.2, 10/CMA.3, 14/CMA.4, 5/CP.28, and 9/CMA.5,

Taking note of decision X/CMA.6,¹

1. *Expresses gratitude* to the SCF and *welcomes / welcomes with appreciation / notes* the work of the Standing Committee on Finance in 2024;

2. *Notes / welcomes* the 2024 report of the Standing Committee on Finance,² *notes* the workplan of the Committee for 2025³ and *underlines* the importance of the Committee focusing its work on its current mandates;

3. *Requests* the SCF to include an assessment of its workplan up to 2029 as part of its 2025 Annual report with a view to allow for adequate time and resourcing required for fulfilment of the SCF's core functions and in order to continue to deliver high-quality products and focus efforts on delivering toward its current mandates

[6th BA]

4. *[Notes][Welcomes]* the sixth Biennial Assessment and Overview of Climate Finance Flows of the Standing Committee on Finance,⁴ including its summary and recommendations contained therein;⁵

5. *Takes note* of the Standing Committee on Finance's update to its operational definition of climate finance, in the context of preparing its Biennial Assessment and Overview of Climate Finance Flows;

6. *[Notes] [Welcomes]* that global climate finance flows were 63 per cent higher in 2021–2022 than in 2019–2020, reaching an annual average of USD 1.3 trillion, driven by investments in sustainable transport, clean energy systems and buildings and infrastructure;

7. *Acknowledges* that more than three-quarters of global climate finance flows in 2021–2022 were in Eastern Asia, Northern and Western Europe and Northern America, and *recognizes* the need to scale up climate finance flows in other regions;

8. *Requests* the SCF, in preparing its next Biennial Assessment and Overview of Climate Finance Flows, to continue work with regard to reporting comprehensive and updated information on climate finance relevant to averting, minimizing and addressing loss and damage;

[NDR2]

¹ Draft decision entitled “Matters relating to the Standing Committee on Finance” proposed under agenda item 11(b) of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its sixth session.

² FCCC/CP/2024/6– FCCC/PA/CMA/2024/8.

³ FCCC/CP/2024/6– FCCC/PA/CMA/2024/8, annex II.

⁴ Standing Committee on Finance. 2024. Sixth Biennial Assessment and Overview of Climate Finance Flows. Bonn: UNFCCC. Available at XXX.

⁵ FCCC/CP/2024/6/Add.1– FCCC/PA/CMA/2024/8/Add.1.

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9. *[Notes][Welcomes]* the second report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement,⁶ including its executive summary and recommendations contained therein;⁷
10. *Recognizes* the key finding that NDCs from 142 Parties contained a total of 5,760 needs, of which 48 per cent are costed needs reported by 98 Parties, amounting to a cumulative USD [5.036-6.875 trillion][5.012- 6.852 trillion out to 2030], or USD 455–584 billion per year;
11. *Highlights* that the costed needs presented in NDCs do not reflect the entirety of needs across developing country Parties and regions nor provide a comparable basis of needs across regions;
12. *Also highlights* that information based on national reporting is limited by significant data challenges and gaps, including differences and gaps in information on the processes and approaches used in determining needs, data expressed over different time scales varying within 2006-2070, as well as the methodologies and underlying assumptions;
13. *Highlights* that developing country parties face a lack of capacity to carry out needs assessments and *acknowledges* the importance of financial and technical support to overcome the capacity constraints
14. *Recognizes* that the needs for averting, minimizing, and addressing loss and damage may not reflect the comprehensive needs of developing country Parties and *notes with concern* the limited and underreported information on needs related to loss and damage;
15. *Invites* the operating entities of the Financial Mechanism, United Nations agencies, multilateral and bilateral institutions, and other relevant institutions to make use of the information contained in the second report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement when supporting developing country Parties in identifying and costing needs, prioritizing those developing countries and regions who have not been able to identify and costing needs, and which are significantly and proportionally underrepresented in the report;
16. *Requests* the Standing Committee on Finance, in preparing future reports on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement, to continue to reach out to developing country Parties and relevant developing country stakeholders when generating data and information on needs;
17. *Requests* the Standing Committee on Finance to produce a special report on climate finance: costing developing country Parties’ needs associated with the adverse effects of climate change and the response to it, including information on costed needs related to responding to loss and damage, for consideration of Parties at the 30th session of the Conference of the Parties;
18. *Invites* Party and relevant non-Party stakeholders to submit inputs relevant to the special climate finance report referred to in paragraph above, on costing developing country Parties’ needs associated with the adverse effects of climate change and the response to it by April 2025 on the UNFCCC submission portal;

[Common Practices report]

⁷ [DOC NUMBER]

19. *Notes / welcomes* of the report on the common practices regarding climate finance definitions, reporting and accounting methods⁸, including its executive summary;⁹

20. *Recognizes* the complexities associated with the diversity of definitions of climate finance in use by Parties and non-Party stakeholders in relation to ensuring clear, aggregated accounting and reporting of climate finance;

21. *Also recognizes* that the reporting under the Enhanced Transparency Framework, compared with that under the Convention, represents a major advance in harmonizing reporting modalities, procedures and guidelines and that such progress will provide improved clarity of underlying assumptions, definitions and methodologies used in reporting on climate finance;

22. *Option 1: Decides* to conclude the work of the Standing Committee on Finance on definitions of climate finance;

Option 2: Requests the SCF to prepare a report with a view to agreeing on a common definition for accounting climate finance;

Option 3: Decides to establish and launch a 2-year Climate Finance Definition Work Programme aimed at providing technical recommendations on reporting and accounting practices to inform the deliberations of Parties regarding the review of the Modalities, Procedures and Guidelines of the Enhanced Transparency Framework due to take place in 2028;

Requests the Subsidiary Body for Implementation to deliberate on the modalities of the work programme in its next session with a view to recommending a draft decision for consideration by Parties at COP30;

Decides that the work programme will be carried out by the Subsidiary Body for Implementation to be convened at each of its sessions;

Option 4: Noted with interest the reports acknowledgement of the growing use of broader green and sustainable finance frameworks and taxonomies and *requests* the Standing Committee on Finance to prepare a report for consideration at COP30 and CMA7 mapping the current landscape of sustainable, green and climate-related taxonomy approaches in use and examining their utility in to developing classifications of economic activities to guide the development of green financial markets and products, and further mapping the emergence of transition taxonomies, which cover a broader range of activities beyond already sustainable green activities;

[SCF Forum]

23. *Welcomes with appreciation* the successful conduct and outcomes of the 2024 Forum of the Standing Committee on Finance on accelerating climate action and resilience through gender-responsive finance and *welcomes / notes* the summary report thereof;¹⁰

24. *Expresses its sincere gratitude* to the Government of the United Republic of Tanzania for their generous hospitality in hosting the Forum;

25. *Expresses gratitude* to the Governments of Australia, Austria and Canada for their financial support for the 2024 Forum of the Standing Committee on Finance;

26. *Underscores* the continued importance of promoting gender-responsive climate action, including in the context of climate finance, and in particular notes the relevance of improving data and information on the gender responsiveness of climate finance;

27. *Requests* the SCF to prepare a report on enhancing gender-responsive finance for climate action, including with respect to intersectionality such as, ethnicity, age and disability, building on the 2024 Forum of the SCF and its summary report, with a view to

⁸ Standing Committee on Finance. 2024. Report on common practices regarding climate finance definitions, reporting and accounting methods. Bonn: UNFCCC. Available at [XXX](#).

⁹ FCCC/CP/2024/6/Add.4– FCCC/PA/CMA/2024/8/Add.4.

¹⁰ FCCC/CP/2024/6/Add.5– FCCC/PA/CMA/2024/8/Add.5.

providing guidance to actors in the climate finance landscape, for inclusion in its 2025 annual report and for consideration by COP30 and CMA7;

[SCF general and other items]

28. *Requests* the Standing Committee on Finance to consider synergies across its mandates and alignment of the mandates with existing reporting cycles under the Convention and the Paris Agreement;

29. *Notes with appreciation* the efforts of the Standing Committee on Finance to strengthen its engagement with stakeholders in the context of its workplan, including the constituted bodies and private entities and other entities outside the UNFCCC process, and *encourages* the Committee to continue such efforts in 2025, including, as appropriate, with people and communities on the front line of climate change, including Indigenous Peoples and local communities;

30. *Also encourages* the Standing Committee on Finance to continue to enhance its efforts to ensure gender-responsiveness in implementing its workplan and requests Parties to consider gender balance and geographical representation when nominating members to the Committee;

31. *Requests* the Committee to improve its working modalities for preparing the draft guidance for the operating entities of the Financial Mechanism, in accordance with its mandate, and *further requests* Parties and other constituted bodies under the Convention and the Paris Agreement to provide elements for the draft guidance well in advance of future sessions of the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement to enable the Committee to fulfil its mandate in this regard;

32. *Requests* the Standing Committee on Finance to assign focal points to engage with the operating entities of the financial mechanism on work related to coherence and coordination;

33. *Requests* the Standing Committee on Finance to prepare a report, including an Executive Summary and Recommendations, on best practices for strengthening enabling environments to incentivize investments in climate action, for consideration by Parties at the thirtieth session of the Conference of the Parties (November 2025) and the seventh session of the Conference of the Parties Serving as the meeting of the Parties to the Paris Agreement (November 2025);

34. *Expresses appreciation* to the Governments of XYZ for their financial contributions for the work of the Standing Committee on Finance in 2024;

35. *Requests* the Standing Committee on Finance to report to the Conference of the Parties at its thirtieth session on its progress in implementing its workplan for 2025;

36. *Also requests* the Standing Committee on Finance to consider the guidance provided to it in other relevant decisions of the Conference of the Parties.

The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,

Recalling Article 2, paragraph 1(c), and Article 9 of the Paris Agreement,

Also recalling decisions 1/CP.21, paragraphs 53 and 63, 11/CP.25, 5/CP.26, 14/CMA.1, 5/CMA.2, 11/CMA.3, 14/CMA.4 and 9/CMA.5,

Further recalling decision 1/CMA.4, paragraph 42,

Affirms decision X/CP.29¹;

[BA6]

1. *Notes / welcomes* the mapping of available information relevant to Article 2, paragraph 1(c), of the Paris Agreement, including its reference to Article 9 thereof, as part of its sixth Biennial Assessment and Overview of Climate Finance Flows;
2. *Notes* the progress made by Parties and relevant stakeholders towards the goal in Article 2, paragraph 1 (c) of the Paris Agreement, achieving greater emission reductions and climate resilience outcomes;
3. *Recognizes* the importance of making finance flows consistent with a pathway towards low GHG emissions and climate-resilient development and that there is no common interpretation of the scope of Article 2, paragraph 1(c), or the manner of its implementation and *acknowledges* that majority of countries have articulated policies and measures that could be relevant to implementing Article 2.1c, and *encourages* Parties to continue constructive engagement on making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development, where relevant, including under the strengthened Sharm el-Sheikh dialogue in accordance with decision 9/CMA.5.
4. Request the SCF to continue to inform the global stocktake through the preparation of BAs, including its mapping of information relevant to Article 2, paragraph 1(c), of the Paris Agreement, including its reference to Article 9 thereof.
5. *Recalls* the request to the Standing Committee on Finance to include in its seventh Biennial Assessment and Overview of Climate Finance Flows information reported in biennial communications under Article 9, paragraph 5, of the Paris Agreement, as appropriate;²
6. *Requests* the Standing Committee on Finance to provide submissions biennially to inform the Secretariat's synthesis and compilation of Biennial Communications under Article 9, paragraph 5, of the Paris Agreement, with a view to
 - (a) Assessing the quality of information provided within Biennial Communications;
 - (b) Assessing the differences in Biennial Communications and opportunities for harmonization and standardization of reporting approaches;
7. *Recalls* the request to the Standing Committee on Finance to consider Article 4, paragraph 5, of the Paris Agreement in implementing its relevant mandates and workplan;³
8. *Requests* the Standing Committee on Finance to assess all possible implications and consequences of not implementing Article 9, paragraph 1 of the Paris

¹ Draft decision entitled "Matters relating to the Standing Committee on Finance" proposed under agenda item 8(b) of the Conference of the Parties at its twenty-ninth session.

² Decision 9/CMA.5, para 3.

³ Decision 9/CMA.5, para 18.

Agreement, particularly on the implementation of conditional part of developing countries NDCs;

[General]

9. *Requests* the Standing Committee on Finance to report to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its seventh session (November 2025) on progress in implementing its workplan for 2025;⁴

10. *Further requests* the Standing Committee on Finance to consider the guidance provided to it in other relevant decisions of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement.

⁴ FCCC/CP/2024/6– FCCC/PA/CMA/2024/8, annex II.