Standing Committee on Finance

SCF/2016/14/9
19 October 2016

Fourteenth meeting of the Standing Committee on Finance
Bonn, Germany, 3–5 October 2016

Report

Attendance

Ms. Diann Black-Layne
Mr. Georg Børsting
Mr. Jozef Buys
Mr. Randy Caruso
Ms. Outi Honkatukia (Co-Chair)
Mr. Yorio Ito
Ms. Edith Kateme-Kasajja
Mr. Stephan Kellenberger
Mr. Russell Miles
Ms. Bernarditas Muller
Mr. Hussein Alfa (Seyni) Nafo (Co-Chair)
Mr. Kyekyeku Yaw Oppong-Boadi
Mr. Ayman Shasly
Mr. Richard Sherman
Mr. Mark Storey
Mr. Ismo Ulvila

Absent with apologies

Mr. Paul Herbert Oquist Kelley
Mr. Debasish Prusty
Mr. Pieter Terpstra

1. Opening of the meeting

1. The 14th meeting of the Standing Committee on Finance (SCF) was opened at 10.00 a.m. on Monday, 3 October 2016.

2. Mr. Seyni Nafo, Co-Chair of the SCF, welcomed the new member of the SCF, Mr. Russell Miles, who replaced Ms. Purdie Bowden, and thanked Ms. Bowden, as well as Ms. Kate Dowen, who was replaced by Mr. Pieter Terpstra, for their work in the SCF.

3. Owing to the absence of the non-Annex I Party Co-Chair of the SCF on Wednesday, 5 October 2016, Mr. Richard Sherman was nominated by the non-Annex I Party SCF members to replace the non-Annex I Party Co-Chair for the last day of the SCF 14 meeting.

2. Organizational matters

(a) Adoption of the agenda

4. The SCF adopted the agenda contained in document SCF/2016/14/1 as proposed. One member suggested two additional issues for consideration under agenda item 10, Other matters. The Co-Chairs noted that the issues would be addressed under agenda items 5 and 7.

(b) Organization of the work of the meeting

5. The SCF took note of the proposed tentative schedule as well as the order of work for the meeting, as outlined in the annex to document SCF/2016/14/2. The SCF also agreed to the proposed priority areas of work that were presented to members by the Co-Chairs.

3. 2016 biennial assessment and overview of climate finance flows

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6. The SCF took note of document SCF/2016/14/3, as well as the draft summary and recommendations of the 2016 biennial assessment and overview of climate finance flows (BA) as proposed by the co-facilitators of the working group on the 2016 BA. It also took note of the third-order draft of the 2016 BA. The agenda item was introduced in the plenary and discussed further in the context of two breakout group sessions. The outcomes of the discussions were presented to the SCF for its consideration in the plenary.[1]

Outcomes

7. During the meeting, the SCF finalized its work on the 2016 BA, and agreed on the summary and recommendations of the 2016 BA, as contained in annex I.

4. Forum of the Standing Committee on Finance

(a) Report of the 2016 forum of the Standing Committee on Finance focusing on financial instruments that address the risks of loss and damage associated with the adverse effects of climate change

Proceedings

8. The SCF took note of document SCF/2016/14/4, as well as the draft conclusions, recommendations and follow-up activities by the SCF of the 2016 forum. The agenda sub-item was discussed in three plenary sessions and one breakout group discussion. The outcomes of the discussions were presented to the SCF for its consideration in the plenary.[2] The report of the breakout group discussion is contained in annex II.

Outcomes

9. The SCF finalized and agreed on its report of the 2016 forum of the Standing Committee on Finance focusing on financial instruments that address the risks of loss and damage associated with the adverse effects of climate change. The SCF agreed to include the report, as contained in the appendix to annex II, in its report to the twenty-second session of the Conference of the Parties (COP), including the conclusions, recommendations and follow-up activities of the SCF in 2017.

(b) Discussions on the theme for the 2017 forum of the Standing Committee on Finance

Proceedings

10. The agenda sub-item was discussed in two plenary sessions, as well as in two breakout group sessions, which were co-facilitated by Ms. Edith Kateme-Kasajja and Mr. Ismo Ulvila. The outcomes of the discussions were presented to the SCF for its consideration in the plenary.[3]

Outcomes

11. During discussions on this matter, various SCF members proposed to look into the option of reducing the frequency of the forums to a biennial basis, including in the light of the heavy workload related to other substantive matters under consideration by the SCF, and particularly the preparation of the BAs. In this context, a few members made reference to the review of the functions of the SCF, which could look into this option. One specific proposal was made to link the forum to the preparation of the BA in order to tackle specific issues being addressed in the context of the BA. Another member made reference to the continued usefulness of the forum, including with regard to its role in raising awareness of a variety of stakeholders.

12. On the basis of the possible topics identified during SCF 13, and the preliminary comments from members, the co-facilitators proposed a theme of the 2017 forum, which lined out that the 2017 forum could focus on the topic of “How to support the implementation of (intended) nationally determined contributions and national adaptation plans in the context of achieving the goal as set out in Article 2.1(c) of the Paris Agreement?”. Furthermore, the proposal indicated that the forum would provide an opportunity to look

[1] Available at <http://unfccc.int/6881.php>.
[2] Available at <http://unfccc.int/6881.php>.
[3] Available at <http://unfccc.int/6881.php>.

into the implementation of nationally determined contributions (NDCs) also from the perspective of the purpose of the Paris Agreement as set out in the goals enshrined in its Articles 2.1(a) and 2.1(b). Additionally, the proposal highlighted that focus could be given to particular issues such as capacity-building, the role of private finance in the support provided to the implementation of NDCs, support provided to forthcoming NDC partnerships and access to finance.

13. The proposal was introduced in the plenary; however, members did not reach an agreement on the proposed topic. In particular, it was highlighted by some members that the forum should also address the issue of developing countries' needs and how these could be supported through finance. It was also indicated that important issues such as technology development and transfer, the role of public finance and addressing the purpose of the Paris Agreement in its entirety should be tackled by the forum. Furthermore, the relevance of showcasing the findings of the 2016 BA was also pointed out.

5. Draft guidance to the operating entities of the Financial Mechanism

Proceedings

14. The SCF took note of document SCF/2016/14/5 and two draft decisions prepared by the co-facilitators of the related working group, containing draft guidance to the operating entities of the Financial Mechanism. This agenda item was discussed in two plenary sessions and three breakout group sessions. The outcomes of the discussions were presented to the SCF for its consideration.[4]

15. During the first plenary session, the Co-Chairs of the SCF updated the SCF on their discussions with the Co-Chairs of the Board of the Green Climate Fund (GCF) on the issue of complementarity and coherence, including on: (1) the 1st annual meeting between the GCF and the thematic bodies on enhancing cooperation and coherence of engagement and (2) the operational framework of the GCF on complementarity and coherence. During the SCF meeting, the SCF held informal discussions on this matter, and the outcomes were presented intersessionally.[5]

Outcomes

16. During SCF 14, the SCF agreed on the draft decision containing draft guidance to the Global Environment Facility (GEF), as contained in annex III. Intersessionally, and subsequent to the closure of SCF 14, the SCF agreed on a no-objection basis, to the draft decision containing draft guidance to the GCF, as contained in annex IV and its two appendices.

17. The SCF also agreed to accept the invitation from the GCF and attend the 1st annual meeting between the GCF Co-Chairs and the Co-Chairs of thematic bodies, which will be held during COP 22 and will be open to attendance by all members. Furthermore, the SCF confirmed its interest in engaging with the GCF at the 15th meeting of the Board of the GCF on the operational framework for complementarity and coherence between the GCF and other institutions, in the light of the expected invitation to do so. The SCF agreed that its contributions to the two aforementioned meetings could draw on:

(a) The potential role of the SCF in addressing issues of coherence and coordination and on linkages with thematic bodies;

(b) The technical inputs of the SCF to the sixth review of the Financial Mechanism of the Convention;

(c) The work of the SCF in developing draft guidance to the operating entities of the Financial Mechanism, with a view to improving the consistency and practicality of guidance, and its practice of coordinating the Adaptation Committee (AC) and the Technology Executive Committee (TEC) on their inputs;

(d) The ongoing consideration by the SCF to develop draft core guidance and provide recommendations on the frequency of guidance;

(e) The work of the SCF on the linkages between the Adaptation Fund and other bodies under the Convention, including but not limited to the GCF.

18. Furthermore, on the issue of frequency of guidance to be provided to the operating entities, the SCF agreed to continue, in 2017, further developing recommendations on the frequency of guidance to the GEF, alongside work to prepare the technical input to the sixth review of the Financial Mechanism.

[4] Available at <http://unfccc.int/6881.php>.
[5] Available at <http://unfccc.int/6881.php>.

Next steps

19. The Co-Chairs of the SCF will respond positively to the invitation from the Co-Chairs of the Board of the GCF to attend the 1st annual meeting between the GCF and the thematic bodies. The Co-Chairs of the SCF will also respond positively to engaging with the Board of the GCF on the operational framework for complementarity and coherence at the 15th meeting of the Board of the GCF, upon receipt of a formal invitation, and as has been communicated by the Co-Chairs of the GCF informally. At both meetings, the SCF will be represented by its Co-Chairs or other members, as needed.

6. Measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows

Proceedings

20. The SCF took note of document SCF/2016/14/6. The agenda item was discussed in two plenary sessions, and taken forward through informal discussions. The outcomes of the discussions were presented to the SCF for its consideration in the plenary.[6]

Outcomes

21. With regard to the issue of the measurement, reporting and verification (MRV) of support beyond the BA, the SCF decided to include the following information in the recommendations section of the SCF report to COP 22:

"The COP may wish to take note of the following:

(x) In 2016, the SCF addressed issues relevant to MRV of support beyond the BA in the context of the preparation of the 2016 BA; it will continue to undertake work on this matter based on its 2016-2017 workplan on MRV of support beyond the BA as contained in annex VII of document FCCC/CP/2015/8, including considerations related to measurement and verification, taking into account the recommendations emanating from the 2016 BA, as well as relevant decisions to be taken by COP 22;".

22. Furthermore, the SCF took note of the progress made in the implementation of decision 9/CP.21, and decided to include the following information in the recommendations section of its report to COP 22:

"The COP may wish to take note of the following:

(x) In response to decision 9/CP.21, paragraph 11, the SCF has taken note of the information provided by the secretariat on ways of creating links from the electronic reporting application for the biennial report common tabular format to other reporting software and platforms (contained in the annex to document SCF/2016/14/6), which the COP may wish to take into consideration in its deliberations, as appropriate;".

7. Linkages with the Subsidiary Body for Implementation and the thematic bodies of the Convention

Proceedings

23. The SCF took note of document SCF/2016/14/7. The agenda item was discussed in two plenary sessions, and taken forward through informal discussions.

Outcomes

24. The SCF agreed on the submission to be made by the SCF to the AC and the Least Developed Countries Expert Group (LEG) in response to a call for submissions regarding the work mandated in decision 1/CP.21, paragraph45, and which is contained in annex V.

25. The SCF further agreed to confirm the nomination of Mr. Randy Caruso and Mr. Kyekyeku Yaw Oppong-Boadi as focal points for adaptation-related matters. Additionally, the SCF agreed to respond to a letter received by the Co-Chairs of the AC to:

(a) Confirm continuation of the current SCF focal points, Mr. Caruso and Mr. Oppong-Boadi;

(b) Confirm their participation in the joint AC–LEG working group responding to paragraph 45 of 1/CP.21, the related meeting on 6 November and the side event at COP 22 on 10 November;

[6] Available at <http://unfccc.int/6881.php>.

(c) Confirm their willingness to provide inputs to the technical examination process on adaptation process, drawing from the work of the 2016 BA;

(d) Request the secretariat to draft, on behalf of the SCF, a draft submission on adaptation-related institutional arrangements under the Convention, to be circulated to the members of the SCF for approval on a no-objection basis.

26. Furthermore, with regard to the issue of linkages between the Technology Mechanism and the Financial Mechanism, the SCF noted, in the context of its functions related to coherence and coordination of the Financial Mechanism, its potential contributions to the discussions on the linkages between the Technology Mechanism and the Financial Mechanism.

Next steps

27. The Co-Chairs of the SCF will transmit to the AC and the LEG the submission it prepared and agreed on. The Co-Chairs of the SCF will also officially communicate in writing the response of the SCF to the AC, as outlined in paragraph 25 above. The Co-Chairs of the SCF will invite the Co-Chairs of the TEC to discuss the matter on linkages between the Technology Mechanism and the Financial Mechanism, and other relevant technology-related issues, on the margins of COP 22, as agreed by the SCF.

8. Review of the functions of the Standing Committee on Finance

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28. The agenda item was discussed in two plenary sessions. The SCF took note of a Co-Chairs' proposal by the Co-Chairs of the SCF for a way forward on agenda item 8, which was introduced and put forward for consideration by the SCF at the beginning of the meeting.

Outcomes

29. Intersessionally, and subsequent to the closure of SCF 14, the SCF agreed to annex the "Overview of mandates provided to the Standing Committee on Finance by the Conference of the Parties vís-á-vís outputs delivered by the Committee: 2011 to 2015" to the SCF report to COP 22, as contained in annex VI, accompanied by the below recommendation to be included in the report to COP 22:

"The COP may wish to take note of the following:

(x) The information provided by the SCF on outputs delivered by the Committee vís-á-vís the mandates provided by the COP within the years 2011-2015 (contained in annex X). This information is directly retrieved from the annual reports of the SCF to the COP. Parties may find this compilation a useful source of information in conducting the review of the functions of the SCF;".

9. Report of the Standing Committee on Finance to the Conference of the Parties

Proceedings

30. The SCF took note of document SCF/2016/14/8, which contains the draft report of the SCF to COP 22. The agenda item was discussed in two plenary sessions.

Outcomes

31. Intersessionally, subsequent to the closure of SCF 14, the SCF agreed on the draft report as contained in the annex to document SCF/2016/14/8, including the SCF workplan for 2017 contained in annex VIII of the draft report, and agreed on the procedure to finalize the remaining part of the report.

10. Other matters

32. Intersessionally, subsequent to the closure of SCF 14, upon a proposal by the Co-Chairs of the SCF, the SCF agreed to hold SCF 15 from 6 to 9 March 2017, and SCF 16 from 4 to 8 September 2017, thereby agreeing on reducing the number of meetings of the SCF to two for the year 2017.

33. The SCF agreed to adopt the report of SCF 14 intersessionally.

34. The list of participants at SCF 14 is available at the UNFCCC website.[7]

[7] <http://unfccc.int/6881>.

11. Closure of the meeting

35. SCF 14 was closed at 5 p.m. on Wednesday, 5 October 2016.

36. On the basis of a proposal by the Co-Chairs of the SCF, members agreed to finalize agenda items 5 and 8–10 intersessionally on a non-objection basis by Friday, 7 October 2016, subsequent to the closure of the SCF meeting.

Annex I. Summary and recommendations by the Standing Committee on Finance on the 2016 Biennial Assessment and Overview of Climate Finance Flows (agenda item 3)

Unedited version 5 October 2016 1500hr

I. Context and mandates

1. The Standing Committee on Finance (SCF) assists the Conference of the Parties (COP) in exercising its functions with respect to the Financial Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC), including, inter alia, in terms of measurement, reporting and verification of support provided to developing country Parties, through activities such as the biennial assessment and overview of climate finance flows (BA).[1]

2. Subsequent to the 2014 BA, the COP requested the SCF to consider: the relevant work by other bodies and entities on measurement, reporting and verification of support and the tracking of climate finance;[2] ways of strengthening methodologies for reporting climate finance;[3] and, ongoing technical work on operational definitions of climate finance, including private finance mobilised by public interventions, to assess how adaptation and mitigation needs can most effectively be met by climate finance.[4] It also requested the Ad Hoc Working Group on the Paris Agreement, when developing the modalities, procedures and guidelines for the transparency framework for action and support, to consider, inter alia, information in the BA and other reports of the SCF and other relevant bodies under the Convention.

3. The 2016 BA outlines improvements made and identifies areas for further improvements in the UNFCCC reporting guidelines and formats for developed and developing countries and improving climate finance tracking and reporting of data producers and aggregators. The BA presents estimates of flows from developed to developing countries, available information on domestic climate finance and south-south cooperation as well as other the climate-related flows that constitute global total climate finance flows. It then considers implications of these flows, including composition, purpose, and emergent trends relevant to UNFCCC objectives, including the new goals set out in the Paris Agreement.

4. The 2016 BA comprises of a summary and recommendations and a technical report. The summary and recommendation on the 2016 BA has been prepared by the SCF. The technical report was prepared by experts under the guidance of the SCF and draws on information and data from a range of sources. It was subject to extensive stakeholder input and expert review but remains a product of the external experts.

II. Challenges and limitations in the preparation of the report

5. The 2016 BA presents a picture of climate finance to the extent possible. Due diligence has been undertaken to utilise the best information available from the most credible sources. Challenges were nevertheless encountered in collecting, aggregating and analysing information from diverse sources. The limited clarity with regards to the use of different definitions of climate finance limits comparability of data.

6. There are uncertainties associated with each source of data which have different underlying causes. Uncertainties are related to the data on domestic public investments, resulting from the lack of geographic coverage and differences in the way methods are applied, significant changes in methodologies for energy efficiency every few years, and the lack of available data on sustainable private transport and other key sectors. Uncertainties also arise from the lack of procedures and data to determine private climate finance, methods for estimating adaptation finance, differences in the assumptions underlying formulae to attribute finance from the multilateral development banks (MDBs) to developed countries, the classification of data as 'green finance', and incomplete data on non-concessional flows.

7. The limitations outlined above need to be taken into consideration when deriving conclusions and policy implications from this report. The SCF will contribute, through its activities, to the progressive improvement of the measurement, reporting and verification of climate finance information in future BAs to help address these challenges.

[1] 2/CP.17 paragraph 121(f).
[2] 1/CP.18 paragraph 71.
[3] 5/CP.18 paragraph 11.
[4] 3/CP,19 paragraph 11.

III. Key Findings

A. Methodological issues relating to measurement, reporting, and verification of public and private climate finance

Improvements in tracking and reporting of climate finance since the 2014 BA

8. This BA identifies the improvements in tracking and reporting of information on climate finance following the recommendations made by the SCF in the 2014 BA, such as:

Developed countries

(a) Enabling Parties to provide additional information on their underlying definitions, methodologies, assumptions used, including on how they have identified finance as being "climate-specific" as well as making this data more accessible to the public and recipient Parties, thereby enhancing consistency and transparency;

(b) Improving guidance on application the Rio Markers for adaptation and mitigation and adjustments to the Rio Marker definitions for adaptation;

International organisations

(c) Making available MDBs' and multilateral climate funds' activity-level data through the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD-DAC);

(d) Applying Common Principles for tracking mitigation and adaptation finance by MDBs and International Development Finance Club (IDFC) members; and

(e) Making available data on climate co-financing flows through utilization of joint methodology for tracking public and private climate co-finance by the consortium of seven MDBs.

Insights on reporting by developed countries and developing countries

9. The current biennial report (BR) guidelines[5] were designed to accommodate reporting on a wide range of climate finance instruments and activities. This required a reporting architecture that was flexible enough to accommodate a diversity of reporting approaches. In some cases, limited clarity with regards to the diversity in reporting approaches limits comparability in climate finance reporting. Further improvements in reporting guidelines and formats are needed to enhance transparency on the approaches used by individual Parties and enable greater comparability across reporting by Parties.

10. Current biennial update report (BUR) guidelines for reporting by developing countries on financial, technical and capacity-building needs and support received do not require information on underlying assumptions, definitions, and methodologies used in generating the information. Limited institutional capacity to track climate finance received as well as the lack of data can pose challenges in developing countries' reporting.

Insights on broader reporting aspects

11. Information on domestic climate-related finance is available including through a few BURs, Climate Public Expenditure and Institutional Reviews (CPEIRs), and other independent studies. However, such information is difficult to compare.

12. There is a lack of systematic collection of data on climate-related private finance flows globally, due to difficulties in identifying climate-related finance, restrictions based on confidentiality, and conceptual and accounting issues. The primary sources cover mainly renewable energy and draw upon industry and sector databases, relying on voluntary disclosures. Efforts to develop methodologies for estimating mobilised private finance by public interventions are underway with the OECD-DAC and the Research Collaborative on Tracking Private Climate Finance.

13. On-going efforts at the international and national levels aimed at improving climate-related financial risk disclosures are important in improving transparency and promoting the alignment of finance and investment flows in accordance with Article 2.1(c) of the Paris Agreement.

[5] Decision 2/CP.17, UNFCCC 2012

Insights related to review of climate finance information

14. Practices exist within the UNFCCC to review the information on support provided by Parties, including the International Assessment and Review (IAR) of BRs and the International Consultation and Analysis (ICA) of BURs. However, there are no internationally agreed methods for reconciling financial support provided against support received. Also, the MDBs and IDFC do not have a standard procedure to review their climate finance data. In addition, BRs are not reviewed in time for aggregating data for the BAs.

B. Overview of current climate finance flows 2013–2014

Flows from developed to developing countries as reported through biennial reports

15. USD 25.4 billion in 2013 and USD 26.6 billion in 2014 of climate-specific finance was reported in BRs, of which USD 23.1 billion in 2013 and USD 23.9 billion in 2014 was channelled through bilateral, regional and other channels. This represents an increase of about 50% from public financial report through the same channels in 2011–2012.

Multilateral climate funds

16. USD 1.9 billion in 2013 and 2.5 billion in 2014 was channelled through UNFCCC Funds and multilateral climate funds based on their financial reports. Although a small share of the total sum, information on their activities is most complete.

MDB climate-related finance

17. Climate finance provided by the MDBs to developing countries from their own resources was reported as USD 20.8 billion in 2013 and USD 25.7 billion in 2014. The methodology used in the 2014 BA to attribute MDB finance from developed countries to developing countries suggests that USD 11.4 billion in 2013 and USD 12.7 billion in 2014 was delivered by developed countries. A more advanced methodology, which captures better the mobilisation effect through the MDBs, suggests that 14.9 billion in 2013 and 16.6 billion in 2014 can be attributed to developed countries.

Private climate finance

18. The major source of uncertainty regarding flows to developing countries relates to the amount of private climate finance. Initial partial estimates of direct and mobilised private finance are available. Project level data on renewable energy by developed country companies in developing countries was estimated at USD 1.8 in 2013 and USD 2.1 billion for 2014. Foreign Direct Investment in greenfield alternative and renewable energy in developing countries was estimated at USD 26.4 billion in 2013 and USD 21.6 billion in 2014. Both estimates are likely to be conservative. The OECD and the Climate Policy Initiative (CPI) compiled an initial partial estimate of private finance mobilised by developed countries and identified USD 12.8 billion in 2013 and USD 16.7 billion in 2014 in private co-finance. This figure includes private finance mobilised from international sources in addition to private finance mobilised domestically in developing countries. These partial estimates of direct private finance and mobilised finance are distinct, and cannot simply be aggregated.

Instruments

19. The mix of instruments used to channel support differs by funding source (see Table 2). About 35% of the bilateral, regional and other finance reported to the UNFCCC in BRs is spent as grants, 20% as concessional loans, 10% as non-concessional loans, and the remainder through equity and other instruments. About 38% of the reported finance is channelled through multilateral institutions, many of whom are MDBs who utilise capital contributions and commitments from member countries to raise low-cost capital from other sources of funding, including donor contributions. This enables MDBs to offer a range of instruments and financial products, including grants (9%), loans, including concessional loans, (83%), equity (2%) and other instruments (6%). About 53% of funding from multilateral climate funds is provided as grants, and the remainder is largely concessional loans, which have increased as a share of approved funding over time. 49% of bilateral climate finance reported to the OECD is provided as grants, and 47% as concessional loans.

Recipients

20. Climate finance goes to a wide range of government, private and non-governmental entities in recipient countries. However, reporting on recipient institutions is incomplete. For example, recipient data is only available for about 50% of bilateral finance reported to the OECD DAC. For 2013–2014, developing country governments

are specified as the recipients of about 40% of total flows. Climate finance channelled through other intermediaries may also reach national governments, but this is not captured in the data. Improving data on the recipients of climate finance could be an area for further work.

Global finance flows

21. On a comparable basis, global total climate finance increased almost 15% since 2011–2012. In dollar terms estimated global total climate finance increased from a high bound estimate of USD 650 billion for 2011–2012 to USD 687 billion for 2013 and to 741 billion for 2014. Private investment in renewable energy and energy efficiency represent the largest share of the global total, however the energy efficiency data is much less certain. Levels of finance have increased as the costs of clean technology have continued to fall. The coverage of data in the 2016 BA has increased and improved, but nevertheless the quality and completeness of data on global total flows is lower than for flows to developing countries.

22. The estimate of global total climate finance in this BA also includes adjustments to the CPI estimate that were not part of the 2011–2012 estimate reported in the 2014 BA. It was able to include partial data on domestic public finance expenditures of USD 192 billion per year. If these additional adjustments are included, they raise the upper end of the range to USD 880 billion in 2013 and USD 930 billion in 2014. However, the volume of the climate-related finance and investment flows globally may be higher, given there are still significant data gaps in critical sectors such as sustainable transportation, agriculture, energy efficiency, and resilient infrastructure.

23. *Domestic climate finance:* Comprehensive data on domestic climate expenditures are not available. The limited information is included in BURs, estimates of the climate related finance included in national budgets, domestic climate finance provided by national development banks, and commitments by developing country national climate funds. These indicative estimates suggest flows of 192 billion per year in developed and developing countries.

24. Some studies suggest that most climate finance in aggregate is mobilised and deployed domestically, both in developed and developing countries. In the limited number of developing countries for which information on domestic public climate finance is available, the data suggests that in these countries domestic public finance significantly exceeds the inflows of international public climate finance from bilateral and multilateral sources.

25. *South-South cooperation:* Data is limited, and mainly sourced from the OECD-DAC, complemented with reports from a small number of other countries. On this basis, South-South cooperation was estimated to be in the range of USD 5.9–9.1 billion for 2013 and USD 7.2–11.7 billion for 2014, of which about half is channelled through multilateral institutions.

Figure 1: Climate finance flows 2013-2014 (USD billion and annualised)

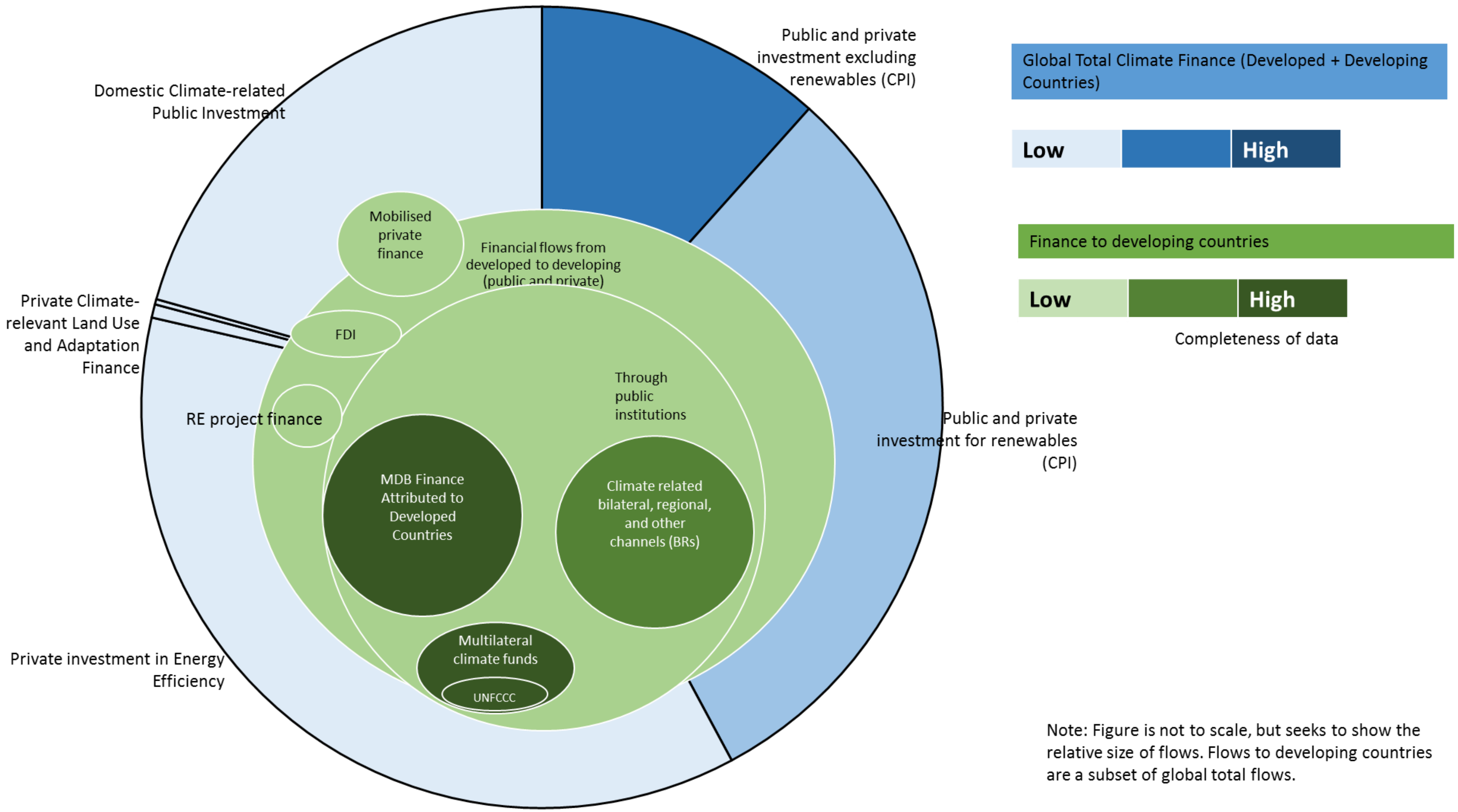


Table 1: Climate Finance Flows (USD billion face value)

		2013	2014	Sources of data and relevant chapter
Flows to Developing Countries 2013/14 average total Public: $41 bn Private: $2 bn renewables $24 bn FDI $14.8 bn mobilised	UNFCCC Funds*	0.6	0.8	Chapter 2.2.5 Fund Financial Reports, Climate Funds Update
	Multilateral Climate Funds (including UNFCCC Funds)	1.9	2.5	Chapter 2.2.4 Fund Financial Reports, Climate Funds Update.
	Climate related finance through bilateral, regional and other channels	23.1	23.9	Chapter 2.3.1 BR CTF Table 7(b).
	Of which Grants and Concessional	11.7	12.4	Chapter 2.3.1 BR CTF Table 7(b).
	MDB climate related finance attributed to developed countries (own resources only)***	14.9	16.6	Chapter 2.2.3. MDB Climate Finance Reporting.
	Renewable Energy Projects**	1.8	2.1	Chapter 2.2.7 CPI Landscape of Climate Finance, BNEF
	FDI in greenfield alternative and renewable energy	26.4	21.6	Chapter 2.2.7 CPI Landscape of Climate Finance, FT FDI data
	Mobilised private finance****	12.8	16.7	Chapter 2.2.7 OECD-CPI Report 2015
Global Total Flows (inclusive of flows to developing countries above) 2013/14 Average Total $714 bn	Public and private investment excluding renewables (CPI)	95 – 102	102-112	Chapter 2.6.1 CPI Landscape of Climate Finance
	Public and Private Investment for Renewables(CPI)	244	285	Chapter 2.6.2 BNEF, CPI Landscape of Climate Finance
	Private Energy Efficiency	334	337	Chapter 2.6.3 IEA Energy Efficiency Market Report
	Private Sustainable Transport	Not available	Not available	Chapter 2.6.4
	Private Climate-Relevant Land Use	5	5	Chapter 2.6.5 CPI Land Use Studies
	Private Adaptation	1.5	1.5	Chapter 2.6.6
	Domestic climate-related public investment	192	192	Chapter 2.6.7 CPEIRs (UNDP, World Bank ODI), GFLAC Climate Finance Studies, BURs

Notes:

* Includes commitments approved during 2013 and 2014. Almost all contributions are contributed by Annex II Parties. This number does not reflect the pledges amounting to GCF 10.2 billion USD by the end of 2014.

** From Annex II Parties to non-Annex I Parties.

*** From Annex II Parties to non-Annex I Parties. Figures are derived by excluding climate finance to Annex I Parties from the total climate finance provided by MDBs from their own resources to arrive at climate finance provided to non-Annex I Parties, and by attributing 85% of this to Annex II Parties.

****From Annex II Parties as well as the Czech Republic, Poland, the Slovak Republic and Slovenia.

Table 2: Characteristics of public finance in developing countries

	Avg (2013 and 2014)	**Purpose %**			**Implementing Entities**	**Instrument %**				
		Adapt	Mitig	CC		Gnt	Lns	C. Ln	Eq	O
UNFCCC Funds *	0.7	50	50		UN Agencies, MDBs, bilateral development agencies, accredited national institutions, NGOs, and private banks / funds	100				
Multilateral Climate Funds (including UNFCCC Funds listed above)	2.2	27%	70	3	MDBs, UN Agencies, and bilateral development finance institutions	53		47		
Climate related bilateral concessional	14.9 – 25.3	27	53	20	Bilateral development finance agencies e.g. GIZ, DFID, USAID, NORAD	49	2**	47	2**	
MDB climate related finance	16.1	18	82		MDBs	9	83		2	6

Notes: Adapt = Adaptation. Mitig= Mitigation. CC=Cross Cutting. Gnt =Grants. Lns = Loans. C Ln = Concessional Loans. Equ.= Equity. O= Other.

All figures are based on approvals.

*Adaptation Fund, GEF, SCCF, LDCF. No GCF projects approved during 2013/14.

** Not primarily development or concessional. 1% of the equity reported is concessional equity.

*** The figures for bilateral concessional finance is based on Biennial Report data for Table 1. The percentages for bilateral concessional climate finance in this table are based on OECD data due to data availability.

C. Assessment of Climate Finance Flows

26. A closer look at the data underlying the overview of climate finance flows offers insights into key questions of interest in the context of the UNFCCC negotiations, including support for adaptation and mitigation, levels of finance for different regions, and how finance is delivered. Key features of different channels of climate finance for developing countries are summarised in the table above.

27. Mitigation focused finance represented more than 70% of the public finance in developing countries reported in 2013 and 2014. Adaptation finance provided to developing countries accounts to about 25% of the total finance. This is similar to 2011 -2012, although there has been a slight increase in the proportion of adaptation finance from climate funds and bilateral concessional channels. More than 80% of MDB investments focused on mitigation, and less than 20% on adaptation.

28. There has been a significant role for grants in adaptation finance. Grants represent 88% of adaptation finance approved climate funds and 56% of the bilateral finance reported to the OECD DAC with adaptation as a principal objective. Some Least Developed Countries (LDCs) and small island developing States (SIDS) in Africa and Asia have been amongst the largest recipients of adaptation finance.

29. About 33 % of funding from dedicated climate funds, 42% of climate related finance in the OECD DAC, and 31% of climate finance reported by the MDBs is for Asia, often in countries with attractive investment climates. This funding has largely supported mitigation, including REDD-plus, reflecting the significant GHG emissions from the region. About 21% of finance from dedicated multilateral climate funds, 28% of climate-related finance in the OECD DAC, and 15% of MDBs climate finance is directed to African countries. There has been a growing emphasis on adaptation in this finance. About 23% of funding from dedicated multilateral climate funds, 15% of climate related finance reported to the OECD DAC, and 16% of the climate finance reported by MDBs is directed to Latin America and the Caribbean.

30. There are costs associated with fund management, project development and implementation. These costs are recovered through mechanisms including administrative budgets and implementing agency fees, which vary across funds and institutions. Administrative costs range from less than 1% to nearly 12% of approved funding. The actual costs are not necessarily proportional to the volumes of finance approved for projects.

31. A broad range of issues can present challenges in accessing climate finance, including low levels of technical capacity to design and develop projects/ programmes and to monitor and evaluate progress; difficulties in following the procedures of the funds to access finance; and low levels of awareness of the need for action and available sources of funding. Several efforts to strengthen "readiness" to access and make use of climate finance are now underway, and the Green Climate Finance (GCF) has recently stepped up its efforts on this count. Investment in domestic capacity to structure and attract a range of sources of finance is also needed.

32. Ownership of climate finance and alignment of this finance with national climate change priorities and emerging policies and strategies is well recognised as an important element to ensure effectiveness. Another important dimension is engagement of key stakeholders across government, particularly ministries of finance and planning and across society, including civil society and the private sector. Most Intended Nationally Determined Contributions (INDCs) submitted by developing country Parties outlined in varying levels of detail the estimated financial costs of the future emission reduction and climate adaptation scenarios they describe. In general, methodologies used to estimate financial needs or definitions of scope were not specified, and differed substantially. Beyond INDCs, few efforts to assess national or global climate finance needs have been completed since the 2014 BA. INDCs may provide a framework for strengthening ownership in the future.

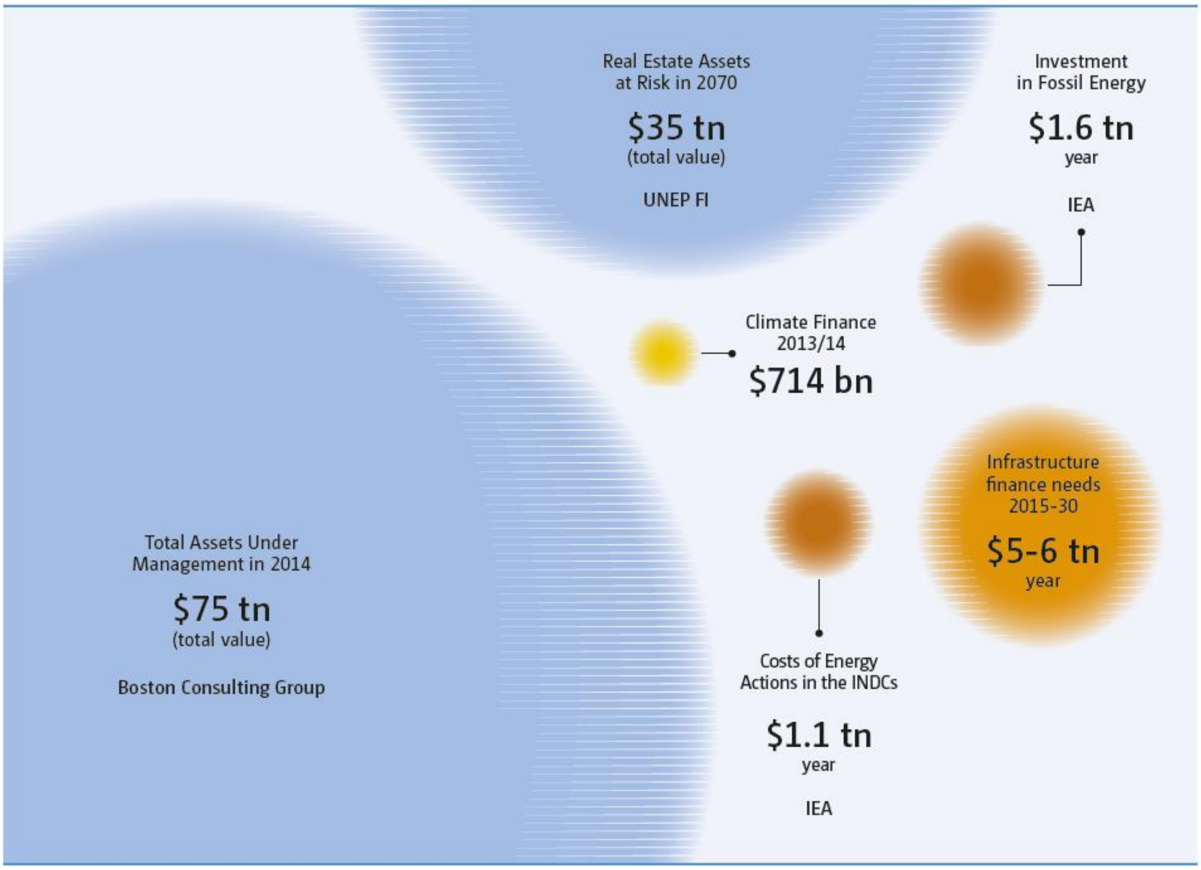
33. Impact monitoring systems are beginning to mature, although result reporting remains nascent and relatively slow. GHG emission accounts are a primary metric of impact and effectiveness used for climate finance mitigation, often complemented with relevant output data such as the volume of installed clean energy or reductions in energy consumption. Consistency of methodologies for GHG accounting continues to be a challenge, though progress has been made by development finance institutions which have adopted common principles.

34. Most adaptation interventions seek to identify the specific number of people that are likely to benefit from the proposed intervention either directly or indirectly in terms of increased resilience. Ensuring the accuracy of estimates can be challenging, due to difficulties in identifying beneficiaries, establishing baselines, and data collection, and defining and tracking resilience over time to what may be slow onset, or 1-in-100 or 1-in-500 year events.

35. Many funders use co-financing as best available evidence of private finance mobilisation and many climate funds use leverage ratios as one of their key results indicators. However, co-finance does not necessarily equate to mobilisation, which is often used to imply a more causal relationship between a public intervention and associated private finance, which is more complex to prove. High leverage ratios may not always indicate an effective use of public finance, as ratios can also be highest in interventions that are the most commercially viable.

36. The 2016 BA identified climate-related global climate finance flows of USD 714 billion: a significant amount, but relatively small in the context of wider trends in global investment. For example, while investment in clean energy is rising, volumes of finance for high carbon energy in all countries remain considerably higher. Infrastructure and assets are at risk from the impacts of climate change, with serious potential consequences for the global economy.

Figure 2: Global Climate Finance Flows in Context



IV. Recommendations

37. The SCF invites the COP to consider the following recommendations:

(a) Invite Parties, the APA, the SBSTA, the SBI and other relevant bodies under the Convention to consider the 2016 BA, particularly its key findings, in order to improve guidelines for the preparation and reporting of financial information[6], as well as in developing the modalities, procedures and guidelines, as appropriate, for the transparency of support in accordance with Articles 9 and 13 of the Paris Agreement;

(b) Request the SCF, in fulfilling its function on MRV of support, and in the context of its work plan, to cooperate with relevant institutions and experts and to consider ongoing work under the Convention.

Engaging with international organisations and the private sector

(c) Encourage climate finance providers to enhance the availability of more granular, country-level data and for the UNFCCC Secretariat to make such information more accessible, including via enhanced web-based data platforms;

(d) Encourage relevant institutions and experts, including from the private sector, to devise practical options for estimating and collecting data on private climate finance, taking into consideration ongoing work by the OECD Research Collaborative on Tracking Private Climate Finance and by the MDBs;

[6] This includes enhanced information on sectors, on financial instruments, on methodology used for reporting financial support through bilateral channels, on methodology used to identify climate-specific portions of public financial support through multilateral channels, and on disaggregated data at activity-level.

Ownership, needs and impact

(e) Encourage developing countries to take advantage of the resources available through the operating entities of the Financial Mechanism to strengthen their institutional capacity to program their priority climate actions as well as to track and report climate finance;

(f) Request the SCF in preparing future Biennial Assessments to assess available information on investment needs and plans related to Parties' Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs);

(g) Encourage Parties and relevant international institutions to enhance the availability of information that will be necessary for tracking global progress on the goals outlined in Article 2 of the Paris Agreement;

(h) Invite the Board of the Green Climate Fund (GCF) to consider information in the BA in their annual dialogues with climate finance delivery channels in order to enhance complementarity and coherence between the GCF and other funds at the activity level;

(i) Invite multilateral climate funds, MDBs and other financial institutions as well as relevant international organisations to continue working to further harmonise methods to measure climate finance and to advance comparable approaches to track and report on impacts.

Annex II. Report of the breakout group on the 2016 SCF forum (agenda sub-item 4(a))

Summary of the discussions

1. During the breakout group on October 3rd, the co-facilitators presented the draft summary report of the 2016 SCF forum and draft conclusions, recommendations and follow-up activities by the SCF. SCF members were invited for comments.

2. Overall, SCF members expressed satisfaction with the draft summary report and the proposed draft conclusions, recommendations and follow-up activities by the SCF. Only few comments were made relating, inter alia, on how outcomes of the 2016 SCF forum could be disseminated through outreach activities and products. It was also suggested to include some further details on the importance of assessing the nature of the hazard, the level of exposure and the vulnerability of communities to climate change impacts. Furthermore, it was suggested to stress the importance of governments to promote the take-up of good practices by strengthening policies and regulatory frameworks that incentivize public and private stakeholders.

3. A revised version including the comments made was circulated and presented to SCF members during a plenary update.

Agreements reached in the breakout group

The breakout group agreed on the following:

(a) Agreed on the revised version of the draft 2016 SCF forum report including conclusions, recommendations and follow-up activities by the SCF as contained in the appendix to this document.

Next steps:

(b) The revised version of the draft 2016 SCF forum report as contained in the appendix to this document will need to be adopted by the SCF for inclusion into the SCF report to COP22.

Appendix: Revised draft summary report of the 2016 SCF forum including conclusions, recommendations and follow-up activities by the SCF

I. Draft summary report of the 2016 forum of the Standing Committee on Finance on financial instruments that address the risks of loss and damage associated with the adverse effects of climate change

A. Introduction

1. The 2016 forum of the Standing Committee on Finance (SCF) took place on 5 and 6 September 2016 at the headquarters of the Asian Development Bank (ADB) in Manila. It was organized in collaboration with the ADB and the Climate Change Commission of the government of the Philippines and benefitted from the input and support provided by the Philippine Insurers and Reinsurers Association (PIRA) and UNEP FI through the Principles for Sustainable Insurance (PSI) Initiative.

2. The theme of the forum was "*financial instruments that address the risks of loss and damage* associated with *the adverse effects of climate change*". This was based on the SCF's acceptance of an invitation by the Executive Committee of the Warsaw International Mechanism on Loss and Damage (Executive Committee) to dedicate the 2016 SCF forum to this theme, as outlined in Action Area 7 of the workplan of the Executive Committee.[1]

3. The overall objective of the forum was to provide a platform for discussing and sharing information, knowledge and good practices, among expert organizations (both public and private) and UNFCCC stakeholders, on financial instruments and tools that address the risks of loss and damage associated with the adverse effects of climate change.

4. The specific goals the 2016 SCF forum included:

a) To understand and take stock of existing financial instruments across different levels (e.g. local, national, regional and international levels) and sectors;

b) To share and learn from country experiences and case-studies about the benefits, limits, gaps, and good practices from these different financial instruments;

c) To explore ways for scaling up, replicating good practices and potential innovative financial instruments that can be used to address the risks of loss and damage in developing countries, particularly with respect to gaps and limits of existing approaches.

d) To contribute to developing possible conclusions and/or recommendations on actions and next steps of how financial instruments to address the risks of loss and damage associated with the adverse effects of climate change can be designed and effectively deployed and what steps might be taken to address gaps and limits.

5. This year's forum was organized as a stand-alone-event effectively mobilizing participation by around 200 participants. More than 30 resource persons were engaged in the forum as presenters, panelists and facilitators. Participants and resource persons attending the forum represented different regions and a diverse range of institutions, including government representatives, representatives of risk pooling facilities, donor agencies, multilateral development banks, private sector entities, the Executive Committee, academia and the civil society.

6. The forum took the form of a mixture of presentations, panel discussions and interactive break-out group discussions. To capitalize on the expertise present at the forum some presentation sessions were run as parallel plenaries, to enable a greater number of country experiences to be shared. Break-out group discussions were run on both days, enabling an interactive sharing of ideas. Discussion leaders and rapporteurs reported back to the plenary session at the end of each breakout group discussion. The forum made use of online webcasting and twitter to broaden virtual participation and to enhance the transparency and the dissemination of information of the forum.

7. Day one of the forum began with scene-setting presentations which provided an overview of the types of risks of loss and damage and the existing spectrum of approaches to addressing these risks. The following sessions explored existing financial instruments that can address the risks of loss and damage. The forum looked at various

[1] http://unfccc.int/8805.php

instruments some of which included risk transfer schemes, social protection schemes, catastrophe and resilience bonds and contingency finance and discussed respective benefits, challenges, limitations and gaps. Day two began with a set of parallel presentations, one focusing on national and/or regional funding schemes and the second set of presentations focusing on new financing approaches and potential alternative options, instruments and opportunities that address the risks of loss and damage. This was followed by discussions considering the role of enabling environments and the roles of different actors, including the public and private sector, in utilizing financial instruments to address the risks of loss and damage.

B. The range of approaches that address the risks of loss and damage

8. Information on the risks of loss and damage associated with the adverse effects of climate change and the spectrum of existing approaches to address these were presented by expert institutions including the African Climate and Development Initiative (ACDI) at the University of Cape Town and the Grantham Research Institute on Climate Change and Environment, based at the London School of Economics and Political Science. The presentations highlighted that the risks of loss and damage are many and varied and can include rapid onset events which create hazards such as storms and heat waves as well as slow onset events leading to hazards including droughts, salinization and permafrost melt. The representative of ACDI highlighted that different communities have different exposure levels based on who and/or what (e.g. people, property, food, infrastructure) is at risk to the particular hazard and different vulnerabilities to these risks based on their sensitivity to exposure with regards to the particular hazard. The social impact of loss and damage for a given hazard varies based on the exposure and vulnerability of the community in question.

9. Given the complexity of these risks, the representative from the Grantham Institute noted that there are a range of different approaches to addressing the risks associated with loss and damage. This makes it difficult to develop a typology which neatly categorizes the different approaches. One possible typology arises from Article 8 of the Paris Agreement which states that: "Parties recognize the importance of averting, minimizing and addressing loss and damage associated with the adverse effects of climate change…".. *Averting* loss and damage refers to adapting to the risk before it occurs, *minimizing* loss and damage refers to attempts to reduce the impact of the loss and damage that does occur while *addressing* loss and damage refers to attempts to deal with the impacts that are unavoidable in the aftermath of a hazard occurring.

10. The representative of the International Institute for Applied Systems Analysis (IIASA) outlined that there are two basic sets of measures to address the risks of loss and damage: prospective measures and curative measures. Prospective measures include measures which attempt to avoid risks *ex ante* and could therefore be considered averting or *minimizing approaches* (these include integrative risk management, catastrophe risk insurance, contingency finance, and catastrophe bonds). Examples presented included drought management and improving resource management in local communities. Curative measures are designed to *address* unavoided and unavoidable impacts of loss and damage after they occur and include climate bonds, resilience financing instruments and taxes and levies (some of these may also have a prospective function, for example through providing financial support for instruments used to avert and minimize loss and damage). The presentation highlighted that while prospective measures are gaining popularity, curative measures remain novel.

11. Another typology, (which is also used to categorize financial instruments that address the risks of loss and damage) is to classify approaches into 1) risk reduction; 2) risk retention; 3) risk transfer; 4) managing slow onset climatic processes; and 5) enabling environments and managing the impacts of climate variability and change. *Risk reduction* approaches are measures that are undertaken before disasters occur and can be used most effectively in the case of climate-related events which occur frequently with relatively small impacts (e.g. flood barriers, or technology for mitigation of drought). *Risk retention* approaches allow countries to 'self-insure' against climatic stressors, for example through social protection measures or through establishing reserve funds in preparation for disaster events. *Risk transfer* approaches shift the risks of loss and damage from one entity to another, often used where the risks posed by loss and damage are greater than a country's ability to manage these risks. *Managing slow onset events* involves approaches which take a combination of risk reduction measures and climate adaptation. Finally, *enabling environments* can also be used to develop frameworks or institutions that link the different approaches to addressing loss and damage.

12. The presentations emphasized that it is important to select the right mix of approaches to addressing the risks of loss and damage and the importance of integrated approaches. Different loss and damage risks, including rapid onset *versus* slow onset events as well as economic *versus* non-economic losses, require different responses. It was highlighted that a major gap exists in addressing slow onset events, as current approaches are more suited to extreme weather events and other rapid onset events.

13. The representative from the Munich Climate Insurance Initiative (MCII) explained that risk transfer schemes are more suited for addressing events which are high severity but not very frequent (for example, super storms, severe drought or floods causing large damages or loss of life). In contrast she suggested that tools other than insurance, such as contingency finance, should be looked to for low severity, more frequent events (for example, smaller scale droughts or floods which occur on a regular basis).

14. The representative of the Executive Committee outlined that the spectrum of financial instruments includes risk transfer approaches such as risk pooling and transfer, catastrophe risk insurance, climate-themed bonds and catastrophe bonds, as well as risk retention approaches such as contingency finance and social protection schemes.[2] She noted that key challenges for promoting comprehensive risk management approaches are that existing financial instruments are not available to all, that the risks of loss and damage may exceed national capacities and existing financial instruments may not be enough. Possible ways forward were discussed, including improving enabling environments to facilitate comprehensive risk management, smarter design of financial instruments, using combinations of tools, regional cooperation, public-private partnerships and developing specific instruments to meet the needs of the most vulnerable.

15. Some participants questioned what factors are delaying public and private investment in renewable sources of energy. The panelists responded that there is a disconnect between risk models used in the insurance sector and business investment decisions. However, they noted that there is a growing understanding of, and increasing research into, how risk models can be used to inform investment decisions in the business sector.

16. The panelists further emphasized the need to understand the scope and uses of the various financial instruments. Some participants stressed that there are various different financing needs associated with loss and damage, including compensation, investment, subsidization, taxes and other forms of public finance. However, as some participants observed, the main focus in addressing the risks of loss and damage seems to be on insurance and other instruments are not being explored enough.

C. Benefits, challenges and limitations of existing financial instruments that address the risks of loss and damage

17. Four of the main financial instruments addressed through presentations and breakout groups during the forum were risk transfer schemes (including insurance products and tools); social protection schemes; catastrophe and resilience bonds; and contingency finance. Figure 1 provides an overview of these four types of financial instruments.

[2] The Information Paper on '*Best practices, challenges and lessons learned from existing financial instrum ents at all levels that address the risk of loss and damage associated with the adverse effects of climate change*" by the Executive Committee of the Warsaw International Mechanism for Loss and Damage can be accessed at: https://unfccc.int/files/adaptation/groups_committees/loss_and_damage_executive_committee/application/pdf/information_paper_aa7d_april_2016.pdf .

Figure 1: Overview of existing financial instruments discussed

Risk tranfer schemes

- **Description:** Where an individual or organization pays a premium to transfer their risk to another party, usually in the form of an insurance contract.
- **Examples:**
  - African Risk Capacity (ARC)
  - Carribean Catastrophe Risk Insurance Facility (CCRIF)
  - Sahel Crop Insurance scheme

Social protection schemes

- **Description:** Policies and programs designed to reduce exposure to, and enhance capacity to respond to, economic and social risks. Includes targeted cash transfers after a catastrophe, building resilience and adaptive capacity, smart use of climate information and climate risk management tools, helping vulnerable people prepare for a disaster and protecting them in disaster situations.
- **Example:**
  - Red Cross Haiyan Livelihoods Program

Catastrophe and resilience bonds

- **Description:** Bonds which allow insurers or governments to transfer their risks to investors. If a disaster occurs within the life of the bond, some of the interest and/or principal of the bond will be forgiven. This money can be used to fund the post-disaster relief effort. If no disaster occurs the insurer or government must pay back the principal and interest to the investors.
- **Example:**
  - Mexico's MultiCat Bond

Contigency finance

- **Description:** Can come in the form of a line of credit or a fund which a government can draw on in the case of an emergency to allow for early response and early recovery measures.
- **Examples:**
  - African Risk Capacity
  - Nicaragua contingency loan from the Inter-American Development Bank
  - Japan International Cooperation Agency contingency credit programme

1. Risk transfer schemes

18. As outlined in paragraphs 11 above, risk transfer approaches shift the risks of loss and damage from one entity to another, and are often used when the risks being transferred exceed the country's capacity to manage the risk, such as high severity infrequent events. A common form of risk transfer scheme is insurance. The representative from the Grantham Institute outlined that risk transfer schemes are usually utilized for risks which exceed one's capacity for risk reduction or risk retention (e.g. contingency credit, public reserves or calamity funds where finance is set aside in preparation for a catastrophe). Data from the Munich Climate Insurance Initiative (MCII) data shows that while 76% of all fatalities from disaster events occur in low income and lower-middle income countries, only 2% of these losses are insured (compared to 94% of losses for high income countries). The presentation outlined that challenges for low and lower-middle income countries in insuring against these losses include that there is less familiarity with insurance within these countries, limited purchasing power to cover the costs of insurance, limited financial and regulatory infrastructure, and lack of a clear business case for insurers to participate in the markets of vulnerable communities. There is also generally a lack of customer understanding of insurance instruments in emerging markets and of the risks associated with loss and damage, along with an expectation that governments will protect citizens from extreme weather events.

19. An example of a risk transfer scheme presented by the MCII representative was the Sahel Crop Insurance scheme. Over 15,000 farmers in Burkina Faso and Mali have taken out policies under this scheme with Allianz Africa, which provides easy payouts in the event of crop failure as well as basic financial education for farmers. This is an index-based (or parametric) insurance scheme, as the payout is triggered when a drought occurs (compered to indemnity insurance, where a payout is made on the basis of the loss and damage suffered). Payouts can therefore be made more quickly as they don't require a damage assessment to be undertaken first.

20. The representative from the Caribbean Catastrophe Risk Insurance Facility (CCRIF) emphasized the importance of pursuing financial instruments such as insurance before disasters occur. In particular he outlined that developing countries have a higher propensity for post-disaster resource deficits, which can cause governments to have to divert resources from development loans and to rely on new loans and donations from

the international community. This can create or exacerbate a situation over over-indebtedness. He further explained that while risk transfer does not directly prevent or reduce the risks of loss and damage, it can reduce some of the indirect effects of loss and damage by increasing financial liquidity and the capacity to respond more quickly to such losses.

21. A representative from African Risk Capacity (ARC) described some of the successes and challenges of ARC, a specialized agency of the African Union which also provides index-based drought insurance. She described ARC's successes as arising from the fact that ARC is member state owned, that it takes an interdisciplinary approach and that it adopts a cost-effective model which uses a small amount of finance to catalyze/leverage private capital from the market. In order for a country to take out insurance with ARC it is also a prerequisite that the country submits a plan for the use of a potential ARC payout. It was identified that financing for less resilient countries is a challenge because they have less capacity to pay insurance premiums. A suggested way forward was to tap development partners to assist high risk countries in paying the premiums.

22. Some participants noted the limitations of insurance including that insurance solutions do not cover all risks. Further, there are challenges relating to having access to insurance, the percentage of the population covered, and the fact that there are certain risks that cannot be paid for. A lack of conducive policy and regulatory frameworks to encourage and govern insurance in some countries was also highlighted. Participants also discussed capacity constraints of countries in data gathering as well deficits of accessible, complete and adequate climate change data which can be used to assess risks and therefore used as the basis for implementing insurance schemes.

2. Social protection schemes

23. The representative from the International Federation of Red Cross and Red Crescent Societies (IFRC) Climate Centre explained that social protection consists of "policies and programs designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people's exposure to risks, and enhancing their capacity to manage economic and social risks, such as unemployment, exclusion, sickness, disability and old age". Social protection schemes are an example of a risk retention approach as described in paragraph 11 above. She further explained that social protection can help manage climate and disaster risks by providing targeted cash transfers when most needed, supporting resilience and adaptive capacity through long-term support, making better use of climate information and climate risk management tools, addressing vulnerability, helping vulnerable people to respond before the disaster happens and protecting the most vulnerable when disaster does happen.

24. Examples provided by the representative of IFRC of social protection associated with risk *mitigation* were discussed including cash transfer, asset and livelihood diversification, community-driven infrastructure, weather-based insurance and training and skills development. Examples of social protection associated with coping with risks which were discussed include public works (e.g. schemes involving food for assets, cash for work, or insurance for work), cash and in-kind transfers and access to credit. Social protection associated with risk reduction includes conditional cash transfers, microcredit and public works (particularly rebuilding or developing infrastructure).

25. The representative from Resilience Design Labs highlighted that one benefit of social protection schemes is that they are important in order to fill gaps in other financial tools, including risk transfer. A challenge with risk transfer at the household level is that people do not tend to plan for high-risk events which occur infrequently. A further challenge with risk transfer schemes is that, unlike in other insurance markets which can be forecast with a lot of accuracy, it is difficult to forecast the frequency, intensity or duration of climate change related events. Therefore, in situations where these challenges prevent risk transfer schemes from operating or from providing adequate insurance coverage social protection schemes can have a role in protecting those not covered by insurance.

26. A representative from the World Bank emphasized the importance of social protection programs such as safety net programs in dealing with disaster events. Safety net programs can protect households and allow them to respond better to shocks by ensuring predictable transfers in the case of a catastrophe and protecting community assets. He noted that this can reduce reliance on humanitarian response which is important, as the need for humanitarian aid is increasing faster than the availability of aid. In particular, he highlighted that developing countries (particularly in Latin America, but also African and South East Asian countries) tend to be moving towards providing programs for cash transfers in the case of disaster events because such programs are more efficient, flexible, faster and can be more targeted to community needs. Country experience shows the majority of such programs utilize on-site, manual distribution of cash payments as this tends to be the most effective and easiest option in times of disaster. One challenge with such cash payout systems is identifying the right beneficiaries and targeting payouts to the communities most in need.

27. Participants discussed the importance of investing in data infrastructure (e.g. infrastructure that can gather relevant climate and weather data) to feed into social protection schemes. Some participants also suggested that there should be increased investment in documenting and sharing indigenous coping strategies to climate change in order to help increase adaptive capacity before a catastrophe occurs. Participants discussed that it is important to have an integrated climate risk management approach. A suggestion as to how to integrate different financial instruments was to leverage contingency funds in order to improve social protection programs, for example by utilizing contingency funds to finance safety net program payouts in the aftermath of a catastrophe.

3. Catastrophe and resilience bonds

28. The representative of Swiss Re explained that catastrophe bonds are "financial instruments designed to help manage the financial risks associated with potentially devastating natural disasters, and have been utilized by sponsors from both private sectors and public sectors around the globe." Catastrophe bonds are another example of risk transfer scheme, often used by reinsurance companies that want to transfer the risks of their insurance contracts. He explained that reinsurance companies issue a catastrophe bond to investors, and if no catastrophe occurs during the life of the bond the reinsurance company will have to repay the principal amount of the bond to investors plus interest. However, if a catastrophe does occur the reinsurance company will not have to pay back the entire principal and/or interest amount and can instead use this to pay out their insurance claim-holders.

29. The representative of Swiss Re outlined the example of a catastrophe bond issued in Mexico, which was the first catastrophe bond to be utilized by a national government. The bond was issued in 2006 and was renewed again for the period of 2012-15. It covered both earthquakes and hurricanes. This was also one of the first catastrophe bonds to be triggered. When Hurricane Patricia made landfall in October 2015 the bond was triggered and Mexico only had to repay 50% of the principal of the bond to investors. The remaining amount was used to cover the payout to address the aftermath of the hurricane.

30. It was further explained that resilience bonds are a new type of bond being developed by the RE.bound programme, in which Swiss Re has participated. Resilience bonds would operate similarly to catastrophe bonds but will take into account any infrastructure improvements undertaken by the bond issuer which lead to reduced financial risks and will therefore reduce the amount of interest or principal needed to be repaid on the bond (for example if a city issues a resilience bond to finance damage from flooding but during the course of the bond builds a seawall which lowers the risk of flooding, this will be reflected through a lower amount to be repaid to investors).

31. During the discussions the point was re-emphasized that the concept of resilience bonds is still in its infancy. A benefit of bonds underlined by participants is that they offer the potential to diversify the scope of action beyond insurance products. A challenge noted in making bonds sustainable is that that there is a need to structure them in a way that they enhance short-term benefits and long-term resilience. Further factors needed for success that were touched upon include the need for a comprehensive country strategy, "champions" in the public sector and among development banks who can foster partnerships with the private sector, build trust and create a paradigm shift towards greater utilization of financial instruments (including insurance, as well as catastrophe bonds); data and capacity development to make catastrophe and resilience bonds operational; and support, particularly in the initial phase, for example by subsidies.

4. Contingency finance

32. Contingency finance is a form of risk retention approach to addressing loss and damage, as explained in paragraph 11. It can come in the form of a loan which the government can draw on in the case of an emergency to allow for early response and early recovery measures. Another form of contingency finance is an established fund from which governments can draw quickly in the case of disaster. Contingency finance or credit is often dependent on the country maintaining a satisfactory disaster risk management programme. For example, in the presentation by the representative from African Risk Capacity (ARC), it was explained as a risk pooling mechanism which offers the ability to payout funds to African governments to provide emergency services to areas devastated by drought. It was outlined that ARC incorporates three critical elements: early warning, contingency planning and index-based insurance risk pooling. As outlined above, access to the risk pool, and therefore access to payouts, is contingent on participating countries submitting plans for the use of a potential ARC payout.

33. In Nicaragua a contingency loan agreement was entered into with Inter-American Development Bank for 186 million USD, with a payout triggered on the occurrence of specified events (for example, a magnitude 6 earthquake which affects 2% of the population, or sustained winds of 73mph). This loan cushions the impact on public finance and increases the availability of funding in the immediate aftermath of an event. It was highlighted that contingency loans such as this are advantageous as they provide a source of finance which is readily available

and can therefore be drawn on more quickly than insurance. However, it was noted that basing access to contingency finance on objective criteria based on the intensity of the particular hazard does not take into account the vulnerability of the particular country or community, which may be vulnerable to hazards which are not severe enough to trigger access to the finance.

34. Another example discussed was Japan International Cooperation Agency (JICA) which is a contingency credit programme which has provided support to the Philippines, Peru and El Salvador. Beneficiaries of JICA also need to develop disaster reduction plans in order to participate and JICA can provide technical assistance in preparing and implementing these plans.

35. Participants noted that a benefit of contingency finance is that it can be more straightforward than insurance because the loan is pre-approved before the event occurs and the funds are made available as soon as the threshold (e.g. 73mph wind speed) is met and on the request of the country. There was some discussion of the issue of accessibility and costs of contingency finance. It was noted that repayment periods of contingency loans could pose a challenge to some countries. However, one benefit that was highlighted was that until the point a contingency loan is called on it does not impose a cost on the country.

36. Another question raised was in what order should different financial instruments to address the risks of loss and damage be used in addressing the impacts of an event, for example whether contingency finance should be called upon before public domestic finance sourced from other areas. Participants noted that the ordering would depend on the country in question, its current level of debt and the amount of damage to be addressed.

37. Table 1 below summarizes and compares some of the challenges and opportunities of the different financial instruments discussed.

Table 1: Comparison of challenges and opportunities

	Challenges	Opportunities
Risk Transfer Schemes	Difficult to apply to slow onset events. Less suitable for high frequency low severity events. Insurance premiums can be a barrier for vulnerable countries. Limited access to insurance and only a small percentage of the population currently covered in vulnerable countries.	Suitable for sudden onset events. Index-based insurance can reduce administrative costs and result in faster payout (payout is based on occurrence of a pre-defined event and does not require a loss assessment). Can reduce some of the indirect effects of loss and damage by improving the capacity to respond to such losses.
Social Protection Schemes	Often suffer from inadequate funding. It can be difficult to identify the persons entitled to payouts in disaster situations or to target payouts to the areas most in need. Need for investment in adequate data to feed into social protection schemes.	Can increase adaptive capacity, prevent and reduce risks and enhance livelihoods. Can address both sudden and slow-onset events. Can be combined with contingency finance to ensure adequate funding. Cash transfers can ensure predictable funding in case of catastrophe and are fast, flexible and easily targeted to community needs.
Catastrophe and Resilience Bonds	Challenge in structuring bonds to ensure they are financially sustainable and enhance short-term benefits as well as long-term resilience. Need for capacity building to make instruments operational in vulnerable countries.	Allows governments or insurers to transfer their risk to investors and ensure they will have adequate funding to address the aftermath of a catastrophe. Resilience bonds can take into account investments in more resilient infrastructure through a rebate on the amount of the bond to be paid back to investors.

Contingency Finance	Contingency loans can be prohibitive for countries which already have significant debt. Loan repayment periods can be challenging for some countries. Often require participating countries to develop disaster risk management plans in order to participate, which could be a barrier.	Allows for fast disbursement of finance as the money is already available. Can be more straightforward than insurance as loan/access to fund is pre-approved before event occurs. Until loan is called upon does not impose a cost to the country. Having a disaster risk management plan as a prerequisite can also lead to greater preparedness in a disaster situation.
Cross cutting challenges: Deficits in climate and weather data that can be used as the basis for designing and deploying financial instruments. Difficult to forecast frequency, intensity or duration of climate events. Need for more basic information on vulnerability and exposure (such as risk/vulnerability assessments). Need to embed financial instruments in comprehensive risk management strategies.		

D. Experiences from national and regional funding schemes that address the risks of loss and damage

38. Various different experiences from national and regional funding schemes were discussed through presentations and break-out groups throughout the forum.

39. An example of a national funding scheme discussed was the Philippine Survival Fund (PSF). A representative of the Institute for Climate and Sustainable Cities (iCSC) explained that the PSF is a fund which incentivizes climate action from local governments. While PSF is an adaptation fund, some of the projects it funds also feed into loss and damage. One example is a climate change adaptation programme designed to rehabilitate and protect watersheds for sustained water supply, manage and stabilize the river and river ecosystems, improve forest cover and improve resilience to climate impacts.

40. The representative from the European Commission outlined the EU's experiences in financing climate related expenditure. He highlighted that risks can be decreased through government partnerships with the insurance industry and increased insurance coverage. He suggested access to insurance could be increased through direct and indirect subsidies for premiums, and emphasized that financial instruments addressing climate resilience should go hand in hand with preventive measures.

41. Representatives from JICA and the Philippines described the experience of the Government Service Insurance System (GSIS) in responding to disasters in the Philippines. GSIS was established to insure national agencies and municipalities against disaster risk in the Philippines, which is highly prone to natural disasters. The experience of GSIS in the insurance scheme for public infrastructure/facilities was presented and the importance of integrating incentives toward risk reduction into the insurance scheme was highlighted.

42. A participant highlighted the importance of addressing the impacts of loss and damage and not merely focusing on risk, emphasizing that the impacts of loss and damage are real and are occurring now in countries around the world. Panelists agreed that there is a difference between risk and impacts, however stressed that risk must not be dismissed. The representative of the EU highlighted that risk assessment is a tool which supports addressing loss and damage. For example, without a risk assessment to indicate the effect of a flood or storm, no dyke to address this risk can be built. Another panelist emphasized that risk analysis can help provide guidance on what mechanisms or approaches will be needed to address loss and damage when it occurs in the future.

E. Exploring ways to replicate and scale-up good practices and identify other financing approaches and instruments to address the risks of loss and damage

43. To start off the discussion on ways to replicate and scale-up existing financial instruments, a representative from the United Nations Environment Program Finance Initiative (UNEP FI) emphasized the importance of having a good understanding of the risk associated with loss and damage, including rapid onset and slow onset events. He argued that loss and damage risks could be built into the existing risk-assessment system used by financial

institutions, particularly the insurance industry, and that initiatives should capitalize on existing systems and channels.

44. In this context, participants also discussed the conceptual and practical overlaps between risk reduction and resilience building. Participants observed that integrating instruments used to address adaptation and loss and damage could be a way forward. It was also noted by the representative of the European Commission that approaches to addressing the risks of loss and damage should be bottom up as local communities may not express their needs in the same way that the finance and insurance industry may understand them with respect to loss and damage.

45. Some participants also suggested that the public sector should provide policy and regulatory frameworks so that the private sector may support the efforts of governments in meeting obligations to reduce the risks of loss and damage through public-private partnerships.

46. Some participants also suggested that there needs to be greater discussion of where to source funding for loss and damage, for example from more innovative and new sources including taxes, fossil fuel subsidy reform, debt relief and others, especially for the most vulnerable, instead of relying too heavily on public funding. Participants also explored the potential role of the Green Climate Fund (GCF) and how it could support activities relating to addressing the risks of loss and damage. Some participants argued that the GCF should have an expanded mandate to also support loss and damage. In this regard it was also suggested that the GCF could set aside a certain percentage of its funds to address slow onset events. Others argued that the GCF would be weakened if its mandate was broadened and that alternate institutions such as the IMF or World Bank should be looked to. Further suggestions included governments putting aside money specifically for loss and damage that could be disbursed through a global fund based on the global vulnerability index.

47. Participants questioned whether a forum existed in which organizations such as ARC, CCRIF and others can talk about best practices. It was noted that no such institutionalized platform exists, but as financial instruments addressing loss and damage constitute a small community there are some informal relations, however not to the extent to enable full discussion of best practices.

48. In order to replicate and scale up good practices participants noted the importance of learning from existing initiatives, including humanitarian efforts related to non-climate related disasters. The importance of basing financial mechanisms to address the risks of loss and damage in a local context, taking into account the necessities of the particular community, was also emphasized. In this context it was again noted that no one financial instrument can cover all risks associated with loss and damage. Therefore it is important to look at how to combine what is currently available to address all needs.

49. Some participants suggested that the idea of a Solidarity Fund to pool risks, including for the most vulnerable countries such as small island developing states, needs to be explored seriously.

50. While existing financial instruments have limitations in addressing slow onset events, participants highlighted that with greater innovation existing instruments could be broadened to cover slow onset events. Some participants suggested the insurance industry has a key role in posing solutions by determining how existing instruments can serve a broader range of risks relating to loss and damage, including slow onset events.

F. Roles of different actors and ways of strengthening linkages and collaboration

51. The roles of many different actors were discussed throughout the forum, including private sector and public sector actors, as well as local, national, regional and international actors. The roles of the beneficiaries of finance (for example the governments, local communities, or projects which receive and disburse the climate finance) in addressing the risks of loss and damage that were discussed include assessing needs, identifying delivery mechanisms and understanding financial instruments. It was also noted by participants that many developing and vulnerable countries are already making significant efforts to address loss and damage and are doing much of this themselves

52. With respect to the roles that governments can play, roles that were discussed include understanding risks, managing the regulatory environment, ensuring financial instruments are seen as part of a comprehensive framework and providing incentives for the development or application of appropriate financial instruments and negotiating with the private sector. As a participant highlighted, loss and damage is not necessarily a revenue generating area. Therefore, the role of government in incentivizing private sector participation in the market relating to disaster risk management and loss and damage was emphasized. In particular, it was argued the government should have a role in incentivizing the creation of locally customized solutions by insurance companies. Governments were also identified as having a role in designing comprehensive disaster risk financing

strategies and implementing pilot projects (city-level governments and other actors including insurance companies and microfinance institutions could also play a role here).

53. Potential roles of financial institutions which offer instruments to address the risks of loss and damage were suggested to include ensuring the regulatory environment is conducive to financial tools, providing data, ensuring clarity in identification of loss and damage to guide investment in adaptation and sharing experiences between facilities. A participant suggested that there is a need for the private sector to become more effective in relation to addressing loss and damage. It was also suggested in the plenary discussion that financial instrument proprietors, such as insurance companies, have a lot of the knowledge and understanding of financial literacy relating to loss and damage and that a means by which these private sector institutions can pass on this knowledge to the public sector should be developed, possibly facilitated by MDBs.

54. A representative from the Africa Adaptation Initiative (AAI) presented on the role of the AAI, a regional level actor. It was explained that AAI was created in response to a mandate by African Heads of State at the 25th African Union Summit in June 2015. AAI was described as being stakeholder-driven with the aim to support the implementation of national adaptation processes, promote cooperation and collaboration, enhance communication, develop partnerships with implementing partners and build on and partner with existing initiatives, institutions and systems in Africa. The four pillars of AAI were described, which involve enhancing climate information services, strengthening institutional and policy frameworks, concrete action on the ground, and climate finance and investments.

55. Representatives from the UNDP and ARC discussed that one role that their organizations can take on when disbursing funds to support loss and damage is to first carry out country assessments based on criteria such as: the capacity of the country to plan, access and deliver finance; the capacity of the country to report and monitor its finances; and existing tools to address risk. A key takeaway from these discussions was that sustainable solutions require government and all relevant stakeholders to be engaged. UNDP's role was further described by a participant as providing an understanding of the local landscape and facilitating dialogue between the providers of financial instruments and the local community.

56. A representative of the ADB outlined the role of ADB in relation to disaster response. This included a focus on strengthening enabling environments, including through analysis of the demand and supply constraints to the development of enhanced disaster risk financing arrangements. Some of the constraints highlighted in fulfilling this role include the need for adequate assessments of disaster risk, including the fiscal burden posed by disasters and funding gaps, and the need to enhance technical disaster risk financing knowledge and understanding. Actors including governments, regulators, businesses, individuals and the insurance industry were identified as having a role in addressing these two constraints.

57. A representative of the G7 InsuResilience programme identified one of its roles as being to boost indirect insurance, which involves intermediaries such as municipalities or national governments coordinating payouts to the affected population. In fulfilling its goal of "increasing by up to 400 million the [number] of people in the most vulnerable developing countries who have access to direct or indirect insurance coverage" it identified numerous roles for different actors. Suggested roles for the G7 include signaling commitment and leadership, providing funds for implementation and keeping track of milestones and monitoring and evaluation (M&E). Donor roles were noted to include funding and joint implementation, coordination, innovative approaches and M&E of results. Regional entities can provide a political umbrella for risk pools and represent constituency interests and needs. The insurance sector can provide know how, data collection and data quality and risk capital and investment opportunities, while civil society can provide research and outreach, M&E and advocacy.

58. The panelist from the Philippines House of Representatives noted that in his experience in the Philippines financing loss and damage is currently primarily met through domestic public efforts, however international support is necessary. It was suggested that the GCF should have a role in providing loss and damage funding. The representative from the Asiability Group noted it was important to look to the role of banks to see what alternative solutions they could provide to complement insurance. He also suggested mobile network operators could have a role in the distribution of insurance and other financial tools.

59. It was also highlighted that much work on disaster risk management has been done in other forums and instead of trying to 'reinvent the wheel', the climate change world could learn much from the outcomes of other international discussions and recommendations relating to disaster risk management.

G. Conclusions

60. The 2016 SCF forum provided comprehensive insights on the mix and use of different existing and other potential financial instruments that address the risks of loss and damage by discussing respective opportunities, challenges, limitations and gaps. It brought together a number of important stakeholders from the public and private sphere to share views on the roles and functions of different actors and to identify ways of scaling up, replicating good practices and finding new financing options.

61. In order to make instruments operational and sustainable, having a good understanding of the risks was regarded a key prerequisite. This involves assessing the nature of the hazard (rapid vs. slow onset event), the exposure level and the vulnerability of communities to climate change impacts. However, as identified, often countries face capacity constraints in data gathering and risk modeling as well as the lack of accessible, complete and adequate climate change data on which to base financial instruments. On this aspect, the forum underlined the importance of providing support to build the capacity of institutions.

62. The technical inputs and country examples showed that there is a diverse set of financial instruments that can be used to address the risks of loss and damage based on the different country contexts and the multi-causality of the risks faced. This means that there is no one-size-fits-all approach and no one financial instrument can cover all risks associated with loss and damage. For example, risk transfer schemes are more suited to address events which are high severity but not frequent while contingency finance provides an option for low severity and more frequent events.

63. Taking into account the matters raised above, complementary approaches are needed that build longer-term resilience while putting countries in a position to be able to immediately response to disaster after they are occur. Finding smart ways of combining instruments will be crucial to address the risks of loss and damage in a comprehensive and holistic manner. In this regard, beyond finance, critical elements include: enhancing enabling policies to facilitate comprehensive risk management, strengthening capacities of communities and involving the private sector.

64. The 2016 SCF forum revealed that major gaps still exist particularly with regards to addressing slow-onset events. More work will be needed on how to address slow-onset events as current approaches are more directed towards extreme weather events and other rapid-onset events. Based on its existing experiences and data utilized for existing instruments, the insurance sector can contribute to the discussion and support the development of new instruments in this field.

65. While opportunities for scaling up financial instruments exist, governments can promote the take-up of good practices by strengthening policies and regulatory frameworks that incentivize public and private stakeholders to avert, minimize and address loss and damage. This may include public-private partnerships to identify the most suitable financial instrument tailored to the local context.

66. The forum demonstrated that greater discussion will be needed on the sustainability, affordability and accessibility of financial instruments, in particular for the most vulnerable. To this end, participants noted opportunities for funding at the national level (e.g. fiscal measures, carbon pricing, fossil fuel subsidy reform) and the international level (e.g. debt relief). In addition, the role of the GCF in supporting activities relating to addressing the risks of loss and damage was highlighted.

67. The 2016 SCF forum noted the importance of learning from experiences of the private sector and existing initiatives, including humanitarian efforts related to non-climate related disasters in order to replicate and scale up good practices. For this, it remains important to engage and share knowledge among different stakeholders from the public and private sphere as well as from different sectors to ensure that a broad range of actions is identified and pursued. Relating to this, the need for an institutionalized platform in which stakeholders, including public and private financial institutions, can discuss best practices, enhance regional cooperation, and strengthen public-private partnerships was mentioned as a possible way forward.

II. Recommendations of the Standing Committee on Finance

68. Based on the conclusions of the 2016 SCF forum, the SCF highlights the following for consideration by the COP:

(a) Encourage the Executive Committee on the Warsaw International Mechanism for loss and damage associated with climate change impacts (Executive Committee) to take the outcomes of the 2016 SCF forum into account in its future work, in particular, in relation to action area 7 of its work plan, and promote further discussion with Parties, international organizations and expert institutions, inter alia, on innovative financing options and instruments that address the risks of loss and damage.

(b) Invite government institutions, the private sector as well as institutions working in humanitarian assistance and disaster risk management to share knowledge and enhance coordination and collaboration to better integrate approaches and to enhance the scaling up and replication of good practices.

(c) Encourage Parties, research institutions and the private sector, inter alia the insurance industry, to advance discussions and expedite work on suitable solutions and approaches that address slow onset events.

(d) Encourage Parties and institutions providing technical assistance to continue supporting capacity-building activities to countries, in particular relating to assessing climate-related risks, data gathering and modeling, to facilitate comprehensive risk management and enable a better understanding on which to base financial instruments.

III. Follow-up activities of the Standing Committee on Finance in 2017

69. To build upon the rich discussions that took place in Manila, the SCF decided to undertake the following activities in relation to the subject of the 2016 SCF forum:

(a) To consider ways of contributing to a side-event organized by the Executive Committee at COP22 in order to further disseminate the outcomes of the 2016 SCF forum;

(b) To continue its consideration on how to include financial instruments that address the risks of loss and damage in its work related to the biennial assessment and overview of climate finance flows;

(c) To continue exchanging information and following up developments with the Executive Committee on matters relating to financial instruments that address the risks of loss and damage as appropriate;

(d) To enhance the dissemination of the outcomes of the 2016 SCF forum through outreach activities and products.

Annex III. Draft decision containing draft guidance to the GEF (agenda item 5)

The Conference of the Parties,

Recalling decision 6/CP.21,

Welcoming the annual report of the Global Environment Facility to the Conference of the Parties and its addenda reports, including on the technical review of the programme priorities of the LDCF,[1]

Noting the recommendations of the Standing Committee on Finance contained in its report to the Conference of the Parties with regard to the provision of draft guidance to the Global Environment Facility;[2]

1. *Emphasizes* the need for the Global Environment Facility to consider lessons learned from past replenishment periods and to take into account the implementation of the Paris Agreement in its deliberations on the strategy for the seventh replenishment in order to continue to increase the effectiveness of its operations;

2. *Invites* the GEF to update its climate change focal area strategy to fully take into account the implementation of the Paris Agreement;

3. *Calls upon* developed country Parties, and *invites* other Parties that make voluntary financial contributions to the GEF, to ensure a robust seventh replenishment, in order to assist in providing adequate and predictable funding;

4. *Welcomes* the decisions of the Council of the GEF to establish the CBIT Trust Fund and the approval of the CBIT Programing Directions and ensure that support for the Capacity-building Initiative for Transparency will become an integral part of the seventh replenishment;

5. *Welcomes* the GEF's continued engagement and coordination with the Climate Technology Centre and Network through the Poznan Strategic Program and the regional technology transfer and financing centres;

6. *Urges* the GEF, the CTCN and recipient countries to continue to explore ways to support climate technology related projects through country allocations of the sixth replenishment of the Global Environment Facility;

7. *Welcomes* the actions taken by the GEF in response to the recommendations by the TEC following the evaluation of the Poznan strategic programme to enhance the effectiveness of the Technology Mechanism;

8. *Requests* the GEF to continue its engagement and coordination with the CTCN through the Poznan Strategic Programme and regional technology transfer and financing centres;

9. [Placeholder on possible guidance from the SBI agenda item on Joint annual report of the Technology Executive Committee and the Climate Technology Centre and Network];

10. [Placeholder on possible guidance from the SBI agenda item on Poznan strategic programme on technology transfer];

11. *Requests* the Global Environment Facility to continue to take into consideration climate change risks in all of its programmes and operations, as appropriate, keeping in mind lessons learned and best practices, and to report back on a regular basis to the COP;

12. *Encourages* the Global Environment Facility to continue its efforts to encourage countries to align their GEF programming with priorities as identified in the nationally determined contributions, where they exist, during the seventh replenishment;

13. *Encourages* the Global Environment Facility to continue to promote synergies across its focal areas, including the climate change focal area, in its seventh replenishment;

14. *Welcomes* the conclusions of the technical review of the program priorities of the LDCF, including that the LDCF continues to be highly relevant to the LDC work programme;

[1] FCCC/CP/2016/6 and FCCC/CP/2016/6/Add.1.
[2] Annex X to document FCCC/CP/2016/X.

15. *Notes* that undertaking concrete pilot climate change activities and enhancing longer term institutional capacity were, inter alia, found to be highly relevant to the LDCs according to the technical review referred to in paragraph 13 above;

16. *Encourages* the LDCF to continue providing support to the activities referred to in paragraphs 13 and 14 above;

17. *Requests* the Global Environment Facility, taking into account the conclusion of the technical review of the program priorities of the LDCF[3] and in accordance with decision 5/CP.7, paragraph 11 (a) and decision 2/CP.7, paragraph 17 (a), to add an additional programming priority for the LDCF to strengthen institutional capacity of the national climate change secretariats or focal points of the least developed country Parties, for supporting local project developers, inter alia:

(a) in identifying potential funding sources, both national and international and;

(b) by providing support and advice in formulating project proposals and documentations;

18. *Encourages* the GEF, taking into account the annual evaluation report of the Independent Evaluation Office on the LDCF and the SCCF,[4] to continue to track, review and report on the sustainability of project outcomes from the LDCF and the SCCF;

19. [Placeholder regarding any additional findings of the technical review of the LDCF]

20. *Welcomes* the initial assessment of the accreditation pilot and its conclusions,[5] noting that there is no thematic or geographic gap in the GEF Partnership;

21. *Encourages* the GEF to continue to track climate mitigation project results with a focus on alignment, efficiency, and relevance[6] and include its progress and the results in the annual report of the GEF to COP 23;

22. *Requests* the Global Environment Facility, in preparation for the entry into force of the Paris Agreement, to fully take into account decision 1/CP.21 paragraph 64, to enhance the coordination and delivery of resources to support country-driven strategies through simplified and efficient application and approval procedures, and through continued readiness support to developing country Parties, including the LDCs and SIDS, as appropriate;

23. *Invites* the GEF to consider how its reporting could be adjusted, with a view to facilitating the updating of the compilation and analysis of previous guidance provided to the operating entities of the Financial Mechanism, as contained in the report of the SCF to the COP;[7]

24. [Placeholder on possible guidance from the SBI agenda item on Provision of financial and technical support to reporting requirements for non-Annex I Parties, in accordance with article 12 of the Convention];

25. [Placeholder on possible guidance from the SBI agenda item on Matters relating to the least developed countries (LDCF)]

26. *Invites* Parties to submit to the secretariat annually, in writing, and no later than 10 weeks prior to the twenty-third session of the Conference of the Parties, their views and recommendations on the elements to be taken into account in developing guidance to the Global Environment Facility;

27. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph X above when providing draft guidance to the Global Environment Facility for consideration by the Conference of the Parties;

28. *Also requests* the Global Environment Facility, to include, in its annual report to the Conference of the Parties, information on the steps that it has taken to implement the guidance provided in this decision.

[3] FCCC/CP/2016/6/Add.1.
[4] GEF/LDCF.SCCF.20/ME/01.
[5] Contained in GEF documents GEF/C.50/07 and GEF/ME/C.50/06.
[6] GEF/C.50/03 "GEF Corporate Scorecard and results-based management action plan: update on progress and planned work"
[7] Annex X to document FCCC/CP/2016/X.

Annex IV. Draft decision containing draft guidance to the GCF (agenda item 5)

The Conference of the Parties,

Recalling decision 7/CP.21,

Taking note of the recommendations of the Standing Committee on Finance contained in its report to the Conference of the Parties with regard to the provision of draft guidance to the Green Climate Fund;[1]

1. *Welcomes* the report of the Green Climate Fund to the Conference of the Parties[2] and its addendum, and the information contained therein on the progress made by the Green Climate Fund, including the detailed and comprehensive list of responses of the Board of the GCF to guidance received from the COP;

2. *Welcomes with appreciation* contribution agreements to date, amounting to a value of USD 9.9 billion, representing over 96 per cent of the pledged resources;

3. *Urges* Parties that made pledges under the initial resource mobilization process of the Green Climate Fund but have not yet confirmed them to the Green Climate Fund through fully executed contribution arrangements or agreements to do so as a matter of high priority;

4. *Welcomes with appreciation* the significant scaling up of operations of the Green Climate Fund so far in 2016, noting the USD X billion approved for X number of projects and programs, and the issuance of requests for proposals for enhanced direct access, worth up to USD 200 million, and the issuance of requests for proposals for micro, small and medium-sized enterprises worth up to USD 100 million;

5. *Takes note of* the progress achieved to date in the implementation of the readiness and preparatory support programme of the Green Climate Fund with the approval of X readiness proposals;

6. *Encourages* the Board of the Green Climate Fund to continue to promote and facilitate the submission of new readiness and preparatory support proposals;

7. *Welcomes* the operationalization of the project preparation facility of the Green Climate Fund, including development of guidelines and approval of initial allocation of USD 40 million;

8. *Welcomes* the decision by the Board in adopting the strategic plan for the Green Climate Fund at its twelfth meeting;

9. *Looks forward to* the implementation of the strategic plan and to scale up the investment in ambitious climate action;

10. *Welcomes* the information disclosure policy adopted by the Board of the Green Climate Fund;

11. *Requests* the Board of the Green Climate Fund to conduct the activities in its work plan in a timely manner, including those which have been deferred;

12. *Requests* the Board of the Green Climate Fund to take necessary steps to start the implementation of projects that have been approved by the Board, taking into account the urgency and seriousness of climate change;

13. *Takes note* of the efforts of the Green Climate Fund to fully engage the private sector and *encourages* the Green Climate Fund to continue its private sector engagement in developed and developing countries, in line with the strategic plan and consistent with a country-driven approach;

14. *Urges* the Board of the Green Climate Fund to ensure that the private sector facility pays specific attention to adaptation action at national regional and international levels and promotes the participation of private sector actors in developing countries, in particular local actors;

15. *Encourages* the Board of the Green Climate Fund to develop modalities to support activities to enable private sector involvement in small island developing states and least developed countries;

16. *Welcomes* the decision of the Board of the Green Climate Fund[3] to urgently enhance the secretariat's risk management capacity;

17. *Welcomes* the selection of the heads of the independent accountability units and *urges* the Board of the Green Climate Fund to adopt their work programmes and administrative budgets;

[1] Annex X to document FCCC/CP/2016/X.
[2] FCCC/CP/2016/7.
[3] B.13/36 paragraph d

18. *Welcomes* the decision of the Board of the Green Climate Fund to establish a simplified proposal approval process and to initiate the review of its initial proposal approval process, noting decision 1/CP.21, paragraph 64;

19. *Encourages* the GCF to expeditiously complete the work referred to in para x above;

20. *Welcomes with appreciation* decision B.13/09 of the Board of the Green Climate Fund, that approved up USD 3 million per country in funding for the preparation of national adaptation plans and/or other national adaptation planning processes and *looks forward to* its timely implementation;

21. *Invites* Parties to encourage National Designated Authorities and Accredited Entities to use the Readiness and Preparatory Support Programme and the Project Preparation Facility, as appropriate, to prepare concrete adaptation projects;

22. *Takes notes of* the effort made by the Board of the Green Climate Fund in improving complementarity and coherence with other institutions;

23. *Takes notes of* the decision by the Board of the Green Climate Fund to hold an annual meeting with the thematic bodies in conjunction with the session of the Conference of the Parties to enhance cooperation and coherence of engagement;

24. *Invites* the Green Climate Fund to collaborate with the Standing Committee on Finance to update of the compilation and analysis of previous guidance provided to the operating entities of the Financial Mechanism, as contained in the report of the Standing Committee on Finance to the Conference of the Parties;[4]

25. *Invites* Parties to submit to the secretariat annually, in writing, and no later than 10 weeks prior to the twenty-third session of the Conference of the Parties, their views and recommendations on the elements to be taken into account in developing guidance to the Green Climate Fund;

26. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph X above when providing draft guidance to the Green Climate Fund for consideration by the Conference of the Parties;

27. *Also requests* the Green Climate Fund, to include, in its annual report to the Conference of the Parties, information on the steps it has taken and the timeline for the implementation of the guidance provided in this decision.

[4] Annex X to document FCCC/CP/2016/X.

Appendix I

Matters to be taken up by the COP following the 14th meeting of the GCF Board

1. *[Placeholder for technology related decision – to be further discussed at B.14]*

2. *[Requests* the Board of the GCF, in accordance with Article 12.4 of the Convention and decision 7/CP.21, paragraph 22, projects from developing aimed at for financing specific technologies, material equipment, techniques or practices that would be needed to implement such projects along with, if possible, an estimate of all incremental costs, of the reductions of emissions and increments of removals of greenhouse gases, as well as an estimate of the consequent benefits and to disaggregate the report by regions, LDC, SIDs and African countries and report on this at COP 24]

3. *Welcomes* the increased cooperation between the GCF and the CTCN to address the needs of developing countries to mitigate and adapt to climate change, and encourages both Secretariats to continue coordinating efforts;

4. *Takes note with appreciation* of the summary report on the in-session workshop on linkages between the Technology Mechanism and the Financial Mechanism, held during the forty-fourth session of the Subsidiary Bodies in May 2016, as contained in the annual report of the TEC to the COP;

5. *Requests* the Board of the GCF to continue to consult with the TEC and the CTCN to further elaborate the linkages between the Technology Mechanism and the Financial mechanism, in accordance with decision 13/CP.21;

6. *Welcomes* the increased cooperation between the GCF and the CTCN to address the needs of developing countries to mitigate and adapt to climate change, and encourages the GCF and CTC to continue such efforts;

7. *[Placeholder on the first formal replenishment process – to be further discussed at B.14]*

8. *[Placeholder for REDD+ related decision – to be further discussed at B.14]*

9. *[A placeholder related to the progress with entering into AMA – to be further discussed at B.14]*

10. *[Welcomes* that the Board of the GCF approved X entities as accredited entities to the GCF;]

11. *[Placeholder relating to accreditation, including with respect to balance between national and international, micro, small, medium and large entities – to be further discussed at B.14]*

Appendix II

Areas where discussion was not completed

1. *Requests* the GCF to take into consideration climate change related risks in all its programmes and operations, as appropriate, keeping in mind lessons learned and best practices, and to report back on a regular basis to the COP;

2. *Urges* the Board of the Green Climate Fund to provide guidance on the development of readiness proposals to access the activity area for the formulation of national adaptation plans and other national adaptation planning processes;

3. *Reiterates* its invitation to the Board of the Green Climate Fund to review their adaptation relevant procedures and policies across their results-areas, in view of decision 1/CP.16, paragraph 12 and Article 7.5 of the Paris Agreement on Climate Change;

4. *Notes with concern* the challenges faced with respect to disbursement of the approved readiness proposals and welcomes the decision of the Board to simplify this process;

5. *Encourages* the Board of the GCF to consider ways it may use country-driven programmatic approaches, including through modalities that enhance direct access.

Annex V. Submission by the SCF to the AC and the LEG in response to a call for submission regarding the work in response to the mandate contained in decision 1/CP.21, paragraph45 (agenda item 7)

Submission by the Standing Committee on Finance on AC-LEG mandates stemming from decision 1/CP.21

The Standing Committee on Finance (SCF) welcomes the opportunity to submit its views and recommendations on the elements to be taken into account in developing a set of options for considerations by Parties in accordance with Decision 1/CP.21, paragraph 45.

The SCF furthermore welcomes the progress achieved by the AC and the LEG relating to this mandate, including the outcomes of an informal meeting between the AC and the LEG held on 27 May 2016 and a desk review of existing modalities and methodologies gathering and synthesizing information relevant to the mandates.

The work and the functions of the SCF are very much related to these mandates. Based on paragraph 121 of decision 2/CP.17, the SCF shall assist the Conference of the Parties in exercising its functions with respect to the financial mechanism of the Convention in terms of improving coherence and coordination in the delivery of climate change financing, rationalization of the financial mechanism, mobilization of financial resources, and measurement, reporting and verification of the support provided to developing country Parties through activities such as the following:

- Organizing a forum for the communication and continued exchange of information among bodies and entities dealing with climate change finance;
- Providing to the Conference of the Parties draft guidance for the operating entities of the financial mechanism of the Convention;
- Making recommendations on how to improve the coherence, effectiveness and efficiency of the operating entities of the financial mechanism;
- Providing expert input, including through independent reviews and assessments, into the preparation and conduct of the periodic reviews of the financial mechanism by the Conference of the Parties;
- Preparing a biennial assessment, overview of climate finance flows, to include information on the geographical and thematic balance of such flows.

Furthermore, in line with assisting the Conference of the Parties in exercising its functions with respect to the financial mechanism of the Convention in terms of improving coherence and coordination, the SCF has prepared a compilation and analysis of past guidance to the GEF and GCF[1] which the AC and the LEG may also wish to consult.

Deriving from the abovementioned functions and based on the guiding questions provided by the AC and the LEG, the SCF identified the following possible sources of work and outputs of the SCF which might contribute information:

i. 2014 SCF Forum on Mobilizing Adaptation Finance
ii. Input of the SCF to the 2015 in-session workshop on long-term finance
iii. Fifth review of the Financial Mechanism
iv. 2014 and 2016 biennial assessments

The elements the SCF recommends the AC and the LEG to take into account in fulfilling these Paris mandates are a compilation of the summaries and conclusions of the above mentioned SCF products.

[1] http://unfccc.int/cooperation_and_support/financial_mechanism/standing_committee/items/6881.php
The Thirteenth Standing Committee on Finance Meeting.

1. Mobilization of support for adaptation

Decision 1/CP.21, paragraph 45(a): *Also requests* the AC and the LEG, in collaboration with the Standing Committee on Finance (SCF) and other relevant institutions, to develop methodologies, and make recommendations for consideration and adoption by CMA 1 on taking the necessary steps to facilitate the mobilization of support for adaptation in developing countries in the context of the limit to global average temperature increase referred to in Article 2 of the Agreement.

Guiding questions: What experiences, including lessons learned and good practices, do you consider valuable in facilitating the mobilization of support for adaptation in developing countries?

Which steps would be necessary to facilitate the mobilization of support for adaptation in developing countries in the context of the limit to global average temperature increase referred to in Article 2 of the Agreement?

A. 2014 SCF Forum on Mobilizing Adaptation Finance, Input of the SCF to the 2015 in-session workshop on long-term finance

The 2014 forum of the Standing Committee on Finance focused on mobilizing finance for adaptation from both public and private sectors with the objective of promoting the mobilization of adaptation finance through the sharing of experiences, best practices and innovative ideas.

The website[2] and Virtual Forum[3] contain a range of information on, and emerging from, the forums of the SCF. Presentations and additional information are also available. The forum generated a multitude of new insights. Some of the key substantive outcomes are also included in the briefing note of the Standing Committee on Finance as input to the 2015 in-session workshop on long-term finance. Table 1 below presents an overview of the main issues raised with regard to public and private adaptation finance.

Table 1: Overview of issues related to public and private adaptation finance[4]

	Public sector adaptation finance	Private sector adaptation finance
Issues raised and discussed	Public finance instruments: grants, concessional loans and investments. Barriers to public finance for adaptation include: o Diversity and complexity of procedures and reporting requirements of various channels of adaptation finance o Lack of national strategies/policy frameworks for adaptation o High transaction costs for small-scale projects o Difficulties in meeting co-financing requirements o Difficulties related to national ownership of adaptation projects and programmes o Unpredictability of funding for adaptation Co-financing of climate investments as a means of leveraging additional funding and investments from a broad range of financial institutions. Programmatic funding can be a way to facilitate the integration of adaptation into development planning. There is an opportunity to create a better understanding on adaptation, and to better coordinate adaptation-relevant efforts and budgets across the national level.	Public funding can help leverage and promote private investment in adaptation and climate resilience. Developing countries need support in accessing climate finance through public-private partnerships, as well as for making investments in adaptation A National Adaptation Plan can enhance understanding of adaptation and better market adaptation to the private sector. Public funding to support integration of adaptation objectives into business plans can be an effective way of leveraging adaptation finance from the private sector. By integrating adaptation into their production processes, companies can improve the quality of their products, and can utilize "green labels" to increase the value of their products. Progressive companies and investors are already working on adaptation because it is smart business and because the potential returns are better understood.

[2] http://unfccc.int/cooperation_and_support/financial_mechanism/standing_committee/items/8138.php
[3] http://unfccc.int/cooperation_and_support/financial_mechanism/standing_committee/items/7552.php
[4] The information in this table has been extracted from the report of the second forum of the Standing Committee on Finance and was included in the Briefing note of the Standing Committee on Finance as input to the 2015 in-session workshop on long-term finance

During the forum, a number of innovative adaptation finance options were also discussed, many of which involved private and public finance. Table 2 below provides an overview of some of those options as discussed during the forum.

Table 2: Overview of some innovative options discussed during the SCF forum on adaptation finance[5]

Options	Scope and rationale
Risk transfer and risk sharing mechanisms	The development and use of risk transfer and risk sharing mechanisms, if well laid out, encompass a comprehensive and sustained approach to disaster management.
Risk pools and early response mechanisms	African Risk Capacity (ARC)[6] and the Caribbean Catastrophe Risk Insurance Facility (CCRIF)[7] combine early-warning, insurance and response strategies and measures. They provide cost-effective contingency funding so that governments affected by extreme weather events can implement contingency plans.
Micro-finance	Crucial, particularly at the community level, where livelihood diversification could be further enabled, to lead to co-investments and increased resilience. Also in line with the local nature of adaptation.
Policy based loans	They are usually disbursed quickly, and facilitate coordination among development partners, while involving ministries of finance in climate change and improving institutional capacity.
Green bonds	Fund-raising instruments. 'Green' city bonds can assist cities to adapt and to enhance their credit worthiness.
Share of proceeds from certified emission reductions	A 2% levy on the certified emission reduction issued from Clean Development Mechanism project activities is used to finance the Adaptation Fund.

The issues of enabling environments to improve access to funding and investor confidence in adaptation at the domestic level and integrating adaptation into development were also discussed. In this regard, capacity-building was viewed as important to plan for, access, deliver, monitor, report and verify climate finance. Moreover, there was a discussion on how tax incentives and a favourable legal framework can be used to incentivize investment, as can the provision of information and a budget allocation for adaptation. National Adaptation Plans were viewed as an important tool for creating an enabling environment in countries. Last but not least, the forum also discussed the adaptation and mitigation co-benefits as a way of scaling up adaptation finance, for example looking at raising adaptation finance through the Clean Development Mechanism (CDM).

As an outcome of its 2014 forum on adaptation, the SCF agreed on a set of conclusions that it provided to COP 20 contained in the "Executive summary" of the report[8]:

- The integration of adaptation into development planning at different levels, including the regional, national, subnational, municipal and local levels, provides an opportunity to improve access to financing.
- The current architecture of adaptation finance includes varied mechanisms, flows, practices, issues, challenges and opportunities. Complementarities and synergies between existing adaptation finance flows, and between adaptation and development finance can be improved. There are different requirements for accessing different funding sources. These requirements should be streamlined as much as possible, in order to assist developing countries to access much-needed funds for adaptation.

[5] See footnote number three.
[6] The African Risk Capacity (ARC) was established as a Specialized Agency of the African Union (AU) to help Member States improve their capacities to better plan, prepare and respond to extreme weather events and natural disasters, therefore protecting the food security of their vulnerable populations. ARC's mission is to use modern finance mechanisms such as risk pooling and risk transfer to create pan-African climate response systems that enable African countries to meet the needs of people harmed by natural disasters. More information is available at: http://www.africanriskcapacity.org/home.
[7] In 2007, the Caribbean Catastrophe Risk Insurance Facility was formed as the first multi-country risk pool in the world, and was the first insurance instrument to successfully develop parametric policies backed by both traditional and capital markets. It was designed as a regional catastrophe fund for Caribbean governments to limit the financial impact of devastating hurricanes and earthquakes by quickly providing financial liquidity when a policy is triggered. More information is available at: http://www.ccrif.org/content/about-us.
[8] As contained in annex IV of document FCCC/CP/2014/5. The full report of the forum is available at: < http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/2nd_scf_forum_for_web.pdf>.

- Finance from a wide variety of sources is needed, including public and private sources, and from a wide range of mechanisms, including innovative sources and mechanisms. Coherence and complementarity among the different sources of finance is also required. Public funding can be an effective way of leveraging finance from the private sector to support adaptation.
- Approaches to match available public and private financing sources and mechanisms with the adaptation needs of developing countries should be enhanced.
- Concrete actions to support cities/communities to access funds are important: this includes work on enhancing creditworthiness, lowering interest rates through cooperation with financial institutions, and the use of innovative financial instruments such as 'green' bonds.
- Given that the amount of private climate finance available is greater than the amount of funding from the public sector, it is imperative to continuously mobilize private-sector finance.
- Capacity-building is needed to assist developing countries to build their enabling environments in order to attract investments from a range of sources and build investor confidence.
- Numerous co-benefits exist between mitigation and adaptation, including CDM projects delivering multiple adaptation-related, as well as sustainable development-related co-benefits or low-carbon credit lines offered to farmers. Information on such benefits should be shared through case studies.

B. Fifth Review of the Financial Mechanism, Input of the SCF to the 2015 in-session workshop on long-term finance

The SCF provided expert input to the fifth review of the Financial Mechanism which was concluded at COP 20. The SCF provided its expert input in the form of the "Executive summary of the technical paper on the fifth review of the Financial Mechanism of the Convention"[9].
The executive summary contains key insights, conclusions and possible recommendations of the SCF as provided to COP 20, which were built on the criteria for the review agreed by Parties at COP 19[10]. These criteria have been grouped in the following clusters of issues: (i) Governance; (ii) Responsiveness to COP guidance; (iii) Mobilization of financial resources; (iv) Delivery of financial resources; (v) Results and impacts achieved with the resources provided; (vi) Consistency of the activities of the Financial Mechanism with the objectives of the Convention; (vii) Consistency and complementarity of the Financial Mechanism with the other sources of investment and financial flows. For each of the criteria, the SCF provided conclusions, as well as in some cases recommendations, which directly addressed the Global Environment Facility (GEF) and/or the Green Climate Fund (GCF) as the two operating entities of the Financial Mechanism.

In light of the mandates the following conclusions and recommendations by the SCF may be of interest to the AC and LEG:

Accessibility to funding

- The least developed countries and the small island developing States still face challenges to access their resources, despite considerable progress achieved by the GEF on access;
- GCF to benefit from lessons learned on the accreditation process from other funds.

Disbursement of funds

- There is a recognised need to strengthen GEF project monitoring systems in order to be able to provide better information on the level of disbursement of the approved funds.

Enabling Environments

- There is ample room for the GCF to learn from the experiences of other Funds in terms of improving the enabling environments in recipient countries. It can do this by linking investments with focused efforts to engage stakeholders within countries in programming, and providing technical assistance and capacity building to strengthen the enabling environments – institutions, policies, and regulations – that support mitigation and adaptation actions in developing countries.

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[9] As contained in annex III of document FCCC/CP/2014/5. The full technical paper as prepared by the secretariat is available:<https://cms.unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/technical_paper_fifth_review_of_the_financial_mechanism_18112014__final.pdf>.

[10] As contained in the annex to decision 8/CP.19.

2. Adequacy and effectiveness of adaptation and support

Decision 1/CP.21, paragraph 45(a): *Also requests* the AC and the LEG, in collaboration with the SCF and other relevant institutions, to develop methodologies, and make recommendations for consideration and adoption by CMA 1 on reviewing the adequacy and effectiveness of adaptation and support referred to in Article 7, paragraph 14(c), of the Agreement.

Guiding question: What information/data or metrics are needed for the review of adequacy and effectiveness of adaptation and support for adaptation?

A. 2016 biennial assessment and overview of climate finance flows (BA)

- This section could draw on findings of the 2016 BA which is being prepared by the SCF. In particular section 3.3.4 in the assessment chapter which focuses on alignment with needs is of relevance in this regard.
- Consistency and comparability in the approaches taken to reporting on finance needs would offer better insights into how current levels of effort in delivering finance align with needs both within countries and at an aggregate global level.

B. Fifth Review of the Financial Mechanism

Adequacy, predictability and sustainability of funds

- Funding for adaptation at the GEF, through the LDCF and the SCCF, is voluntary and therefore cannot be considered as predictable and sustainable;
- Although the funds provided to the LDCF and SCCF have substantially increased over the period of the review, the needs have also increased and there remains a backlog of fundable projects;
- The GEF and the GCF may consider collaborating in the use of funding pathways that may include the LDCF and the SCCF.

Recommendation to strengthen adaptation and mitigation results

- The GEF and the GCF may consider collaborating to harmonize impact indicators and set new norms around reporting practice, especially in the context of adaptation finance. Further, the operationalization of the GCF results management framework presents an opportunity to make progress in this regard.

Guiding question: Which lessons learned, good practices, challenges and barriers have been encountered in such reviews?

Guiding question: What methods can be used to review the adequacy and effectiveness of adaptation and support for adaptation?

Annex VI. Overview of mandates provided to the Standing Committee on Finance by the Conference of the Parties vís-á-vís outputs delivered by the Committee: 2011 to 2015 (agenda item 8)

Note: information displayed in the table below is verbatim information extracted from the annual reports provided by the Standing Committee on Finance (SCF) to the Conference of the Parties (COP), covering the timespan 2011 to 2015 (as contained in documents FCCC/CP/2012/4, FCCC/CP/2013/8, FCCC/CP/2014/5, FCCC/CP/2014/5/Add.1, FCCC/CP/2015/8).

Mandate	*Year*	*Output by the SCF*
Reports of the SCF		
Decision 2/CP.17, para 120: SCF shall report and make recommendations to the COP, for its consideration, at each ordinary session of the COP on all aspects of its work;	2012, 2013, 2014, 2015	Provided annual reports in the years 2012 to 2015 (documents FCCC/CP/2012/4, FCCC/CP/2013/8, FCCC/CP/2014/5, FCCC/CP/2014/5/Add.1, FCCC/CP/2015/8);
Work programme / workplan of the SCF		
Decision 2/CP.17, para 123: shall develop a work programme based on the activities outlined in para 121 of decision 2/CP.17 for presentation to COP 18;	2012	Work programme for 2013-2015 (FCCC/CP/2012/4, annex II);
	2013	Updated workplan of the SCF for 2014-2015 (FCCC/CP/2013/8, annex VIII);
	2014	Updated workplan of the SCF for 2015 (FCCC/CP/2014/5, annex VIII);
	2015	Updated workplan of the SCF for 2016–2017 (FCCC/CP/2015/8, annex X);
Forum of the SCF		
Decision 2/CP.17, para121 (a): Organizing a forum for the communication and continued exchange of information among bodies and entities dealing with climate change finance in order to promote linkages and coherence;	2012	Preliminary elements of the forum (annex III of document FCCC/CP/2012/4);
	2013	Report on the first forum of the SCF (FCCC/CP/2013/8, annex II);
Decision 5/CP.18, para 5: SCF to report on the forum in its report to the COP;		
Decision 7/CP.19, para 5: SCF to consider focusing its second forum on mobilizing finance for adaptation from both public and private sectors;	2014	Executive summary of the report on the SCF forum on mobilizing adaptation finance (annex IV of document FCCC/CP/2014/5), including the conclusions (paras. 42–50 of annex IV) and the way forward (see paras. 51–57 of annex IV);

Mandate	*Year*	*Output by the SCF*
Decision 9/CP.19, para 20: SCF to focus its soonest possible forum on issues related to finance for forests, including the implementation of the activities referred to in decision 1/CP.16, paragraph 70, inter alia: (a) Ways and means to transfer payments for results-based actions as referred to in decision 1/CP.18, para 29; (b) The provision of financial resources for alternative approaches; Decision 9/CP.19, para 21: SCF to invite experts on the implementation of the activities referred to in decision 1/CP.16, para 70, to the forum; Decision 6/CP.20, para 16: Third forum of the SCF, taking place in 2015, which will focus on issues related to finance for forests; Decision 6/CP.20, para 17: SCF to continue to engage with all relevant actors working on forests in the preparation of the forum, with a view to ensuring broad participation; Decision 6/CP.20, para 18: SCF to consider, in the context of its forum on issues related to finance for forests, inter alia, decisions relevant to activities referred to in decision 1/CP.16, para 70, including decisions 1/CP.16, 2/CP.17 and 12/CP.17 as well as decisions 9/CP.19 to 15/CP.19;	2014 2015	COP may wish to take note of: • The 2015 forum of the SCF focusing on the issue of financing for forests (FCCC/CP/2014/5, para 5(c)); Recommendations of the third SCF forum on enhancing coherence and coordination of forest finance (annex II of document FCCC/CP/2015/8, para 54); COP may wish to take note of: • The summary report on the third SCF forum (annex II, paras 1–53 of document FCCC/CP/2015/8), and the follow-up activities of the SCF in 2016 referred to in annex II, para 55 of document FCCC/CP/2015/8); Relevant information on outreach activities in the context of the third SCF forum (FCCC/CP/2015/8, para 15);
Decision 2/CP.20, para 1: Initial two-year workplan of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts: Action area 7: (e) Invitation to the SCF to dedicate its 2016 Forum to financial instruments that address the risks of loss and damage associated with the adverse effects of climate change (FCCC/SB/2014/4, annex II)	2015	COP may wish to take note of: • The agreement of the SCF to dedicate its 2016 forum to financial instruments that address the risks of loss and damage associated with the adverse effects of climate change (annex III of document FCCC/CP/2015/8);

Mandate	*Year*	*Output by the SCF*
Linkages with the Subsidiary Body for Implementation and the thematic bodies of the Convention		
Decision 2/CP.17, para121(b): Maintaining linkages with the Subsidiary Body for Implementation (SBI) and the thematic bodies of the Convention; Decision 7/CP.19, para 10: SCF to further enhance its linkages with the SBI and the thematic bodies of the Convention as mandated by decision 2/CP.17, paragraph 121(b); Decision 16/CP.19, para 1(d): Progress made by the AC in the implementation of its three-year workplan, in particular: (d) The establishment of the task force on national adaptation plans (NAPs): as per the terms of reference for the task force on NAPs, the SCF is invited to nominate one of their members to support the work of the task force (FCCC/SB/2013/2, annex I, para 3); Decision 25/CP.19, para 3: Rules of procedure of the Advisory Board of the Climate Technology Centre and Network (CTCN) adopted: The Board of the CTCN, with the aim of achieving fair and balanced representation, shall constitute the following: (e) One of the Co-Chairs, or a member designated by the Co-Chairs, of the, SCF in his/her official capacity as a SCF representative (decision 25/CP.19, annex II, para 3(e));	2013 2014 2015	Relevant information contained in report of the SCF to COP 19 (FCCC/CP/2013/8, paras 37 and 38); Relevant information contained in report of the SCF to COP 20 (FCCC/CP/2014/5, paras 40, 42-48); Relevant information contained in report of the SCF to COP 21 (FCCC/CP/2015/8, paras 40-42);
Decision 2/CP.19, para 4: As an interim measure, the executive committee shall consist of two representatives from each of the following bodies under the Convention, ensuring that there is a balanced representation between developed and developing country Parties: (...), the SCF, (...);	2014	Two members, one from a developed and one from a developing country, were nominated by the SCF to participate in the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts in their personal expert capacity. The SCF members participated in both meetings of the Executive Committee and reported on their engagement to the SCF. Members were also invited to provide comments and inputs to the SCF representatives in advance of the resumed initial meeting of the Executive Committee (FCCC/CP/2014/5, paras 41);
Draft guidance for the operating entities of the Financial Mechanism of the Convention		
Decision 2/CP.17, para121(c): Providing to the COP draft guidance for the operating entities of the financial mechanism of the Convention, 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;	2012	Recommendation that: • In 2012, a transitional year for the operationalization of the SCF, SBI 37, will consider the report of the Global Environment Facility (GEF) and prepare draft guidance for consideration by the COP (FCCC/CP/2012/4, para 9(a)); • The SCF, beginning in 2013, will assume the role of providing to the COP draft guidance for the operating entities of the financial mechanism as per decision 2/CP.17, paragraph 121(c). It will prepare draft guidance to the COP based on, inter alia, the annual reports submitted by the operating entities and submissions of views from Parties on elements to be taken into account in developing guidance for the operating entities for recommendation to COP 19 and at subsequent sessions. This draft guidance may be taken into consideration by the COP when preparing a draft decision for adoption (FCCC/CP/2012/4, para 9(b));

Mandate	*Year*	*Output by the SCF*
Decision 9/CP.18, para 9: SCF to provide to the COP at each of its sessions, beginning in 2013, draft guidance for the GEF, as an operating entity of the financial mechanism of the Convention, based on the annual report of the GEF to the COP and the views submitted by Parties as set out in para 7 of decision 9/CP.18; *Decision 8/CP.20, para 14*: SCF to take into consideration the submissions referred to in para 13 of decision 8/CP.20 when providing draft guidance to the GEF for consideration by the COP;	 2013 2014 2015	COP may wish to take note of: • The SCF discussions on the role that the SCF should play in the development of arrangements between the COP and the GCF (FCCC/CP/2012/4, para10); • The SCF stands ready to play a role in the development of the arrangements between the COP and the GCF, as may be decided by the COP (FCCC/CP/2012/4, para 10) Recommendation that the COP: • Utilize the elements of draft guidance to the GEF (annex V of document FCCC/CP/2013/8) in its deliberations on the guidance to be provided to the GEF at COP 19 (FCCC/CP/2013/8, para 7); • In providing initial guidance to the GCF, take into consideration the elements of draft initial guidance to the GCF (annex VI of document FCCC/CP/2013/8) (FCCC/CP/2013/8, para 8); Recommendation that the COP: • Consider the annotated suggestions for elements of draft guidance to the GEF (annex V of document FCCC/CP/2014/5), in its deliberations on the guidance to be provided to the GEF at COP 20. The COP may also wish to consider the inputs received from the Adaptation Committee (AC) and the Technology Executive Committee (TEC) (annex VI of document FCCC/CP/2014/5), in its deliberations on the guidance to be provided to the GEF at COP 20 (FCCC/CP/2014/5, para 8); • Consider the annotated suggestions for elements of draft guidance to the GCF (annex to FCCC/CP/2014/5/Add.1), in its deliberations on the guidance to be provided to the GCF at COP 20. The COP may also wish to consider the inputs received from the AC and the TEC (annex VI of document FCCC/CP/2014/5), in its deliberations on the guidance to be provided to the GCF at COP 20 (FCCC/CP/2014/5, para 9); COP may wish to consider: • Draft decision on draft guidance to the GCF and the draft decision on draft guidance to GEF(annexes IV and V, respectively, of document FCCC/CP/2015/8);
Decision 2/CP.17, para 121(d): Making recommendations on how to improve the coherence, effectiveness and efficiency of the operating entities of the financial mechanism; Decision 6/CP.20, para 19: Endorses the recommendations on the provision of guidance to the operating entities provided in para 10 of the report of the SCF (FCCC/CP/2014/5);	2014 2015	COP may wish to take note of the following proposed actions to be undertaken by the SCF: (a) Conduct an analysis of past guidance provided in order to identify a set of core guidance to serve as basis for the provision of future guidance in order to reduce redundancies, incoherence, and inconsistencies within the guidance provided to the operating entities; (b) Increase collaboration between the SCF and the thematic bodies of the Convention in the provision of draft guidance to the operating entities; (c) Consider the issue of complementarity between the operating entities and the funds they administer when the GCF is operationalized (FCCC/CP/2014/5, para 10); COP may wish to take note of: • The necessary additional work involved in analysing past guidance in order to identify core guidance that can serve as a basis for the provision of future guidance by the SCF in 2016 (FCCC/CP/2015/8, para 5(i));

Mandate	*Year*	*Output by the SCF*
Decision 6/CP.20, para 20: SCF to provide advice on the issue of the frequency of guidance to the Financial Mechanism and to report back to COP 21;	2015	COP may wish to take note of: • Options that the SCF has identified relating to the frequency of guidance provided to the operating entities of the Financial Mechanism of the Convention (FCCC/CP/2015/8, paras 5(h), and 25); Recommendation indicating that it will undertake further work on this matter in 2016 and bring to the attention of the COP that further consideration of this issue may be necessary in order to conclude it, taking into consideration various issues (FCCC/CP/2015/8, para 26);
Decision 7/CP.18, para 2: SCF and the Board of the GCF to develop arrangements between the COP and the GCF in accordance with the governing instrument of the GCF and Article 11, para 3, for agreement by the Board and subsequent agreement by COP 19.	2013	Recommends that the COP: • Agree to the draft arrangements between the COP and the GCF (annex III of document FCCC/CP/2013/8), following the previous agreement by the Board of the GCF on the draft arrangements at its 5th meeting (FCCC/CP/2013/8, para 9);
Periodic reviews of the financial mechanism by the COP		
Decision 2/CP.17, para121(e): Providing expert input, including through independent reviews and assessments, into the preparation and conduct of the periodic reviews of the financial mechanism by the COP;	2012	Recommendation that: • SBI 37 initiates the review of the financial mechanism in accordance with the guidelines annexed to decisions 3/CP.4 and 6/CP.13 (FCCC/CP/2012/4, para 8(a)); • SCF may develop additional guidelines to those (FCCC/CP/2012/4, para 8(b)); • SBI, in initiating the review, should take into account the decisions of the COP and other developments relating to finance under the Convention since the end of the fourth review (FCCC/CP/2012/4, para 8(c)); • SCF coordinates the fifth review of the financial mechanism based on the guidelines and prepares a report for consideration by COP 20 (FCCC/CP/2012/4, para 8(d)); • SCF provides periodic informational updates to the SBI, beginning at SBI 38 (FCCC/CP/2012/4, para 8(e));
Decision 8/CP.18, para 2: SCF, in accordance with its mandate contained in decision 2/CP.17, para 121(e), and taking into account existing guidelines and recent developments within the financial mechanism of the Convention, drawing upon information from, inter alia, fast-start finance, the work of the GCF, taking into account its early stage of operationalization, the initial review of the Adaptation Fund and the work programme on long-term finance, to further amend the guidelines for the review of the financial mechanism, and to provide draft updated guidelines for consideration and adoption by COP 19, with a view to finalizing the fifth review of the financial mechanism for consideration by COP 20; *Decision 8/CP.18, para 3:* SCF to provide periodic updates on the status of its work relating to the fifth review of the financial mechanism to the SBI for its consideration, beginning at SBI 38, with the aim of ensuring an inclusive and transparent process;	2013	SCF: • Submits for the consideration of the COP the outcome of its discussions on the draft updated guidelines for the fifth review of the financial mechanism of the Convention (annex IV to document FCCC/CP/2013/8) (FCCC/CP/2013/8, para 6(a)); • Stands ready to support the conduct of the fifth review of the financial mechanism of the Convention (FCCC/CP/2013/8, para 6(b)); Will provide periodic update on the status of its work relating to the fifth review of the financial mechanism to SBI 39 (FCCC/CP/2013/8, para 27);

Mandate	*Year*	*Output by the SCF*
Decision 8/CP.19, para 3: SCF to continue to provide expert input to the fifth review of the financial mechanism, with a view to the review being finalized by COP 20	2014	SCF: • Submits to the COP for its consideration the executive summary of the technical paper on the fifth review of the Financial Mechanism, including conclusions and recommendations (annex III of document FCCC/CP/2014/5); • Provided an update on the status of its work to SBI 40 and held a side event to update Parties and to update Parties and all relevant stakeholders on its work related to the fifth review of the Financial Mechanism (FCCC/CP/2014/5, para 24);
Decision 9/CP.20, para 2: SCF to build on the same methodology and criteria in future reviews of the Financial Mechanism;		
Decision 9/CP.20, para 9: SCF to provide expert input to the sixth review of the Financial Mechanism in 2017 with a view to the review being completed by the COP 23;		
Biennial assessment and overview of climate finance flows		
Decision 2/CP.17, para 121(f): Preparing a biennial assessment, overview of climate finance flows (BA), to include information on the geographical and thematic balance of such flows, drawing on available sources of information, including national communications and biennial reports of both developed and developing country Parties, information provided in the registry, information provided by Parties on assessments of their needs, reports prepared by the operating entities of the financial mechanism, and information available from other entities providing climate change finance; Decision 1/CP.18, para 71: SCF, in initiating the first BA, to take into account relevant work by other bodies and entities on the measurement, reporting and verification (MRV) of support and the tracking of climate finance; Decision 5/CP.18, para 11: SCF, in preparing the first BA, to consider ways of strengthening methodologies for reporting climate finance; Decision 3/CP.19, para 11: SCF, in the context of the preparation of its BA, to consider ongoing technical work on operational definitions of climate finance, including private finance mobilized by public interventions, to assess how adaptation and mitigation needs can most effectively be met by climate finance, and to include the results in its annual report to the COP;	2013 2014 2015	Draft workplan for the first BA (FCCC/CP/2013/8, annex VII); SCF: • Submits to the COP for its consideration the summary and recommendations by the SCF on the 2014 biennial assessment and overview of climate finance flows (FCCC/CP/2014/5, annex II) (FCCC/CP/2014/5, para 6); • COP may wish to consider the SCF recommendations included in paras. 18–20 of annex II of document FCCC/CP/2014/5 (FCCC/CP/2014/5, para 6); Outline of the 2016 BA, including an indicative timeline (annex VIII of document FCCC/CP/2015/8, table 2);

Mandate	*Year*	*Output by the SCF*
Decision 2/CP.20, para 1: Initial two-year workplan of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts: Action area 7*:* (c) Invite the SCF, in its next BA, to include information on financial instruments that address the risks of loss and damage associated with the adverse effects of climate change (FCCC/SB/2014/4, annex II)	2015	Outline of the 2016 BA (annex VIII of document FCCC/CP/2015/8);
	Measurement, reporting and verification of support beyond BA	
Decision 7/CP.19, para 9: SCF to consider ways to increase its work on MRV of support beyond BA in accordance with its workplan for 2014–2015 and its mandates; Decision 6/CP.20, para 11: SCF, in the context of its ongoing work, including the preparation of the BA, to further explore how it can enhance its work on the MRV of support, based on the best available information on the mobilization of various resources, including private and alternative resources, through public interventions;	2014 2015	List and timelines of ongoing activities related to MRV of support under the Convention (annex VII of document FCCC/CP/2014/5); Provided a short update on the preparation of the 2014 BA during the first meeting of the contact group on the agenda item on the issue of methodologies for the reporting of financial information by Parties included in Annex I to the Convention during SBSTA 40 (FCCC/CP/2014/5, para 37) Workplan on MRV of support beyond the BA (annex VII of document FCCC/CP/2015/8);
Decision 6/CP.20, para 10: SCF, as part of its ongoing work on MRV of support, and with a view to recommending improvements to the methodologies for reporting financial information, to consider the findings and recommendations of the BA in its annual report to COP 21; Decision 11/CP.20, para 6: SCF, as a part of its work on MRV of support beyond BA, taking into consideration the outcomes of the joint in-session technical workshop referred to in paragraph 4 of decision 11/CP.20, to include its recommendations on the methodologies for the reporting of financial information, as referred to in decision 2/CP.17, para 19, in its annual report to COP 21; Decision 11/CP.20, para 7: SCF, to present an update on its work on this matter to the SBSTA 43 for its consideration; Decision 6/CP.20, para 12: SCF, to include, in its report to COP 21, information on progress made in the implementation of its 2015 workplan, taking into account paras 4–7 of decision 11/CP.20 on methodologies for the reporting of financial information by Parties included in Annex I to the Convention;	2015	Recommendations of the SCF on methodologies for reporting financial information by Parties included in Annex I to the Convention (annex VI of document FCCC/CP/2015/8);

Mandate	*Year*	*Output by the SCF*
		Long-term finance
Decision 4/CP.18, para 5: Parties and the thematic and expert bodies under the Convention to submit to the secretariat, by 21 March 2013, their views on long-term finance (LTF), taking into account the report on the workshops of the work programme on LTF, with a view to the secretariat preparing an information document for consideration by the co-chairs of the work programme; Decision 4/CP.18, para 6: SCF to support the implementation of the work programme by providing expert inputs;	2013	SCF, via three separate communications from its Co-Chairs following its meetings in 2013, highlighted matters to the co-chairs of the work programme on long-term finance (FCCC/CP/2013/8, para 33);
Decision 5/CP.20, para 14: Invitation to the thematic bodies under the Convention, in particular the SCF, where appropriate, to consider the LTF issues referred in decision 3/CP.19, para 12, when implementing their 2015–2016 workplans, as an input to the in-session workshops referred to in para 12 of decision 5/CP.20;	2015	SCF prepared a briefing document on the elements of its work that related to LTF, including the 2014 forum on adaptation finance, the 2014 BA, and the fifth review of the Financial Mechanism; the inputs were presented at the in-session workshop on LTF during SB 42 (FCCC/CP/2015, para 34); SCF agreed to consider LTF issues in the implementation of its 2015 and 2016 workplans (FCCC/CP/2015, para 35);
		Coherence and coordination, inter alia, the issue of financing for forests, taking into account different policy approaches
Decision 7/CP.19, para 11: SCF to consider, in its work on coherence and coordination, inter alia, the issue of financing for forests, taking into account different policy approaches	2015	Relevant information on work undertaken in 2015, including development of a working paper (FCCC/CP/2015/8, para 19);
Decision 9/CP.19, para 20: SCF to focus its soonest possible forum on issues related to finance for forests, including the implementation of the activities referred to in decision 1/CP.16, para 70, inter alia: (a) Ways and means to transfer payments for results-based actions as referred to in decision 1/CP.18, para29; (b) The provision of financial resources for alternative approaches; Decision 9/CP.19, para 21: SCF to invite experts on the implementation of the activities referred to in decision 1/CP.16, para 70, to the forum;	2014 2015	COP may wish to take note of: • The 2015 forum of the SCF focusing on the issue of financing for forests (FCCC/CP/2014/5, para 5(c)); Recommendations of the third SCF forum on enhancing coherence and coordination of forest finance (annex II of document FCCC/CP/2015/8, para 54); COP may wish to take note of: • The summary report on the third SCF forum (annex II, paras 1–53 of document FCCC/CP/2015/8), and the follow-up activities of the SCF in 2016 referred to in annex II, para 55 of document FCCC/CP/2015/8); Relevant information on outreach activities (FCCC/CP/2015/8, para 15);

Mandate	*Year*	*Output by the SCF*
Possible future institutional linkages and relations between the Adaptation Fund and other institutions under the Convention		
Decision 6/CP.20, para 22: SCF to consider issues related to possible future institutional linkages and relations between the Adaptation Fund (AF) and other institutions under the Convention;	2015	Recommendations relating to the future institutional linkages and relations between the AF and other institutions under the Convention (annex IX, paras 4 and 5, of document FCCC/CP/2015/8); Conclusions relating to the institutional linkages and relations between the AF and other institutions under the Convention (annex IX, paras 1 and 3, of document FCCC/CP/2015/8);
Other		
Decision 2/CP.17, para122: SCF shall perform any other functions that may be assigned to it by the COP;		
Decision 2/CP.17, annex VI, para 4: SCF shall elect annually 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. The positions of chair and vice-chair shall alternate annually between a member from a developed country Party and a member from a developing country Party;	2012	Recommendation that: • COP adopt the revised composition and working modalities of the SCF as contained in annex IV of document FCCC/CP/2012/4 (FCCC/CP/2012/4, para 6); • COP agrees that the chair and vice-chair of the SCF shall serve as co-chairs of the SC, effective from the 1st meeting of the SCF in 2013 (FCCC/CP/2012/4, para 7);
Decision 2/CP.17, annex VI, para 4: SCF shall develop further modalities for the participation of observers from the operating entities of the financial mechanism of the Convention, from funding entities (multilateral, bilateral and regional) involved in climate finance and from observer organizations from the private sector and civil society admitted to the Convention;	2012	SCF decided to admit observers from Parties and all accredited observers with the secretariat, including observers from the operating entities of the financial mechanism of the Convention, from funding entities (multilateral, bilateral, regional and national) involved in climate finance and from observer organizations from the private sector and civil society to attend SC meetings in order to observe and participate in the proceedings of the committee (FCCC/CP/2012/4, para 22);
Decision 2/CP.17, annex VI, para 6: SCF shall draw upon additional expertise as it may deem necessary.		
Decision 6/CP.20, para 5: Invitation to the SCF to further strengthen its engagement with all relevant stakeholders and bodies of the Convention;		
Decision 2/CP.17, annex VI, para 7: SCF shall meet at least twice a year, or more if necessary, and its first meeting shall take place prior to SBI 36	2012 2013 2014 2015	First and second meeting of the SCF (FCCC/CP/2012/4, paras 15 to 18); Third, fourth, and fifth meeting of the SCF (FCCC/CP/2013/8, paras 11 to 18); Sixth, seventh, and eighth meeting of the SCF (FCCC/CP/2014/5, paras 12 to 17); Ninth, tenth, and thirteenth meeting of the SCF (FCCC/CP/2015/8, paras 7 to 12);

Annex VII. Background documents for the 14th meeting of the Standing Committee on Finance

Title	*Symbol*
Background paper on the 2016 biennial assessment and overview of climate finance flows	SCF/2016/14/3
Background paper on the 2016 forum of the Standing Committee on Finance	SCF/2016/14/4
Background paper on the draft guidance to the operating entities of the Financial Mechanism	SCF/2016/14/5
Background paper on measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows	SCF/2016/14/6
Background paper on linkages with the Subsidiary Body for Implementation and the thematic bodies of the Convention	SCF/2016/14/7
Background paper on the draft report of the Standing Committee on Finance to the twenty-second session of the Conference of the Parties	SCF/2016/14/8