

## Sixteenth meeting of the Standing Committee on Finance Bonn, Germany, 18 to 21 September 2017

### Report

#### Attendance

Mr. Jozef Buys  
Mr. Randy Caruso  
Ms. Outi Honkatukia  
Mr. Peter Horne  
Mr. Yorio Ito  
Ms. Edith Kateme-Kasajja  
Ms. Bernarditas Muller (Co-Chair)  
Mr. Kazuhiro Iryu  
Mr. Mohamed Nasr  
Mr. Paul Oquist-Kelley  
Ms. Gemma O'Reilly  
Mr. Stefan Schwager  
Mr. Ayman Shasly  
Mr. Pieter Terpstra  
Mr. Ismo Ulvila

#### Absent with apologies

Ms. Diann Black-Layne  
Mr. Georg Børsting (Co-Chair)  
Mr. Rafael Da Soler  
Mr. Muhammad Imran Khan  
Mr. Hussein Alfa (Seyni) Nafo  
Mr. Richard Sherman

### 1. Opening of the meeting

1. The 16<sup>th</sup> meeting of the Standing Committee on Finance (SCF) was opened at 10 a.m. on Monday, 18 September 2017.
2. As the Co-Chair Mr. Georg Børsting was unable to attend the meeting, the SCF agreed that Mr. Stefan Schwager would replace him as Co-Chair for the duration of the meeting.
3. Co-Chair Ms. Bernarditas Muller introduced and welcomed the new members Mr. Kazuhiro Iryu (Japan) and Mr. Schwager (Switzerland), and thanked Mr. Yorio Ito (Japan) and Mr. Stephan Kellenberger (Switzerland), who were replaced by the new members, for their contribution to the SCF over the past years.
4. Ms. Muller announced that, to ensure transparency and broad participation in the SCF meetings, they would be available via webcast; however, for this meeting, only on demand after the meeting owing to technical constraints at the venue. During a breakout group session on 18 September and during a plenary session on 19 September one member raised serious concerns about the fact that there was no live webcast of the meeting.
5. After the welcoming of observers by Ms. Muller, Mr. Ovais Sarmad, the Deputy Executive Secretary of the UNFCCC, made a short intervention, which was warmly welcomed by the SCF.

### 2. Organizational matters

#### (a) Adoption of the agenda

6. The SCF adopted the agenda contained in document SCF/2017/16/1 as proposed.



*(b) Organization of the work of the meeting*

7. 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/2017/16/2. One member suggested that the agenda items on draft guidance to the operating entities and the sixth review of the Financial Mechanism be taken up in a breakout group session without another breakout group session being held in parallel because of the high interest of all members to engage on this subject matter. The SCF also took note of the proposed priority areas of work that were presented to members by the Co-Chairs.

**3. Sixth review of the Financial Mechanism of the Convention**Proceedings

8. The SCF took note of documents SCF/2017/16/3 and SCF/TP/2017/1. The agenda item was introduced by one of the co-facilitators, Mr. Jozef Buys, in the opening plenary session. Ms. Diann Black-Layne, the other co-facilitator of this agenda item, was unable to attend the SCF meeting. The SCF further discussed this item during three breakout group sessions and one further plenary session.

Outcomes

9. The SCF further revised the draft summary and recommendations, based on the textual proposals from its members and observers. The representatives of the operating entities of the Financial Mechanism contributed to the discussion by providing up-to-date information on their activities so as to improve the factual accuracy of the technical paper and the draft summary.

10. The SCF agreed on the summary of the technical paper on the sixth review of the Financial Mechanism, including recommendations by the SCF, as contained in annex I, constituting its expert input to the Conference of the Parties (COP) on the sixth review of the Financial Mechanism. The SCF also agreed to revise and finalize the technical paper on the sixth review of the Financial Mechanism intersessionally, based on the inputs from SCF members and the representatives of the operating entities of the Financial Mechanism during the meeting.

Next steps

11. The summary of the technical paper and the recommendations by the SCF will be included as an annex to the annual report of the SCF to COP 23. A final version of the technical paper will be circulated to the SCF on a non-objection basis by the end of October 2017 and then uploaded to the web page for the review of the Financial Mechanism<sup>1</sup> (the timeline for inputs and activities prior to the 17<sup>th</sup> meeting of the SCF is contained in annex VIII).

**4. Draft guidance to the operating entities of the Financial Mechanism**Proceedings

12. The SCF took note of document SCF/2017/16/4. The agenda item was introduced by the co-facilitator, Mr. Buys, in a plenary session, and was further discussed in three breakout group sessions and another plenary session. Ms. Black-Layne, the other co-facilitator of this agenda item, was unable to attend the SCF meeting. The outcomes of the discussions were presented to the SCF for its consideration.<sup>2</sup>

Outcomes

13. On the issue of the preparation of draft guidance to the operating entities of the Financial Mechanism, the SCF agreed on two draft decisions containing draft guidance to the Green Climate Fund (GCF) and the Global Environment Facility (GEF), as contained in annexes II and III, respectively. The draft decisions incorporate inputs from SCF members, the Adaptation Committee and the Technology Executive Committee. Each draft decision includes an appendix, which contains other inputs considered by the SCF during the meeting.

14. On the issue of the frequency of guidance, the SCF recalled the agreement reached during its 15<sup>th</sup> meeting to recommend to the COP that guidance to the GEF continue to be provided annually in order that guidance over the next few years on any new development relating to the Convention and the Paris Agreement is timely.

<sup>1</sup> <http://unfccc.int/3658.php>.

<sup>2</sup> All SCF meeting documents are available at <http://unfccc.int/6881.php>.

15. On the issue of the draft core guidance to the operating entities of the Financial Mechanism, the SCF noted the progress in deliberations, as follows:

- (a) The objective of draft core guidance would be to consolidate previous guidance to the operating entities of the Financial Mechanism that remains ongoing and relevant to the operations of the operating entities to serve as standing guidance for the operating entities;
- (b) In preparing the annual draft guidance to the operating entities, the SCF would assess its annual draft guidance against the core guidance to determine whether additional guidance would be needed or whether the core guidance would be sufficient;
- (c) The core guidance, once developed by the SCF and endorsed by the COP, would be updated and reviewed by the SCF periodically, with a view to informing the existing and future replenishment discussions of the operating entities.

16. The SCF agreed to respond positively to the invitation by the GCF Board to attend the second annual meeting between the GCF Board and the constituted bodies under the Convention, to be held during COP 23. The SCF will be represented by its Co-Chairs and other members, as needed. The SCF will draw relevant information from its previous work and prepare its inputs to the meeting, which will be circulated among members prior to the meeting.

#### Next steps

17. The two draft decisions containing draft guidance to the operating entities of the Financial Mechanism will be included as annexes to the annual report of the SCF to COP 23. Furthermore, the SCF will recommend to the COP that guidance to the GEF continue to be provided annually.

18. Inputs of the SCF to the second annual meeting between the GCF Board and the constituted bodies will be circulated intersessionally, on a non-objection basis. Furthermore, the secretariat will further refine the compilation and analysis of previous guidance to the operating entities in order to finalize the 'active'/'inactive' classification of previous guidance, with a view to circulating the compilation and analysis to SCF members prior to the next meeting (the timeline of inputs and activities prior to the 17<sup>th</sup> meeting of the SCF is contained in annex VIII).

## **5. Forum of the Standing Committee on Finance**

### *(a) Report of the 2017 Standing Committee on Finance forum on Climate-Resilient Infrastructure*

#### Proceedings

19. The SCF took note of document SCF/2017/16/5. The agenda item was introduced in the opening plenary by the co-facilitators, Ms. Edith Kateme-Kasajja and Mr. Ismo Ulvila, and was further discussed among members in three breakout group sessions and one plenary session. The outcomes of the discussions were presented to the SCF for its consideration.<sup>3</sup>

#### Outcomes

20. The SCF agreed on the recommendations and follow-up actions emanating from its 2017 forum on climate-resilient infrastructure, as contained in annex IV, for inclusion in the report of the SCF to COP 23. Furthermore, the SCF agreed to finalize the full report on the 2017 forum on an intersessional basis, with a view to including it in its report to COP 23.

#### Next steps

21. The full report on the 2017 SCF forum, factually detailing the discussions that took place during the event, will be prepared and distributed to SCF members by 28 September 2017 for their comments and general feedback. After the incorporation of the feedback and comments received, a revised report will be distributed for agreement by the SCF on a non-objection basis, and then included in the report of the SCF to COP 23 (the timeline of inputs and activities prior to the 17<sup>th</sup> meeting of the SCF is contained in annex VIII).

### *(b) Theme for the 2018 forum of the Standing Committee on Finance*

#### Proceedings

22. The SCF took note of document SCF/2017/16/5. Discussions on this agenda item were initiated by the co-facilitators of the working group on the 2017 forum, Ms. Kateme-Kasajja and Mr. Ulvila, who provided

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<sup>3</sup> As footnote 2 above.

reflections on the organizational aspects and lessons learned from the 2017 forum. Mr. Mohamed Nasr and Mr. Pieter Terpstra were appointed as co-facilitators for this agenda item. The Republic of Korea extended an official invitation to the SCF to co-host the 2018 forum, and provided suggestions for the topic of the forum. The agenda item was introduced by the new co-facilitators, and was further discussed in one breakout group session and one plenary session. Before the discussions in the breakout group, the co-facilitators produced a reflections note on the discussions on the next forum from the first plenary, and they later revised the reflections note in order to capture the discussions during the breakout group (see annex V). The outcomes of the discussions were presented to the SCF for its consideration.<sup>4</sup>

#### Outcomes

23. Regarding the next forum of the SCF, the co-facilitators invited the SCF to agree to:
- (a) Accept the offer by the Republic of Korea to co-host the next forum, to be held in 2018, pending the consideration of the adoption of the topic by the SCF;
  - (b) The topic for the 2018 forum, based on the two clusters identified in the co-facilitators' revised reflections note, as contained in annex V:
    - i. *Cluster one*: Financing climate-resilient cities (covering proposals identified in paragraphs 2(d) a, b, c, f, g and I of the reflections note);
    - ii. *Cluster two*: Climate finance architecture (covering proposals identified in paragraphs 2(d) d, e and h of the reflections note);
  - (c) Refine, on an intersessional basis, the topic for the 2018 forum to a concrete one, based on the suggestions included in the co-facilitators' reflections note;
  - (d) Establish a working group on the 2018 forum, to be co-facilitated by Mr. Nasr and Mr. Terpstra;
  - (e) Request the secretariat to initiate the logistical arrangements for the 2018 forum as soon as possible and in close cooperation with the Government of the Republic of Korea.
24. In line with this proposal, the SCF agreed to:
- (a) Welcome the revised co-facilitators' note on the topic for the next forum, as contained in annex V;
  - (b) Mandate the co-facilitators to prepare a clearly structured proposal for the topic of the forum within one month of the next SCF meeting, building on the clusters identified in the reflections note, which would be shared with the SCF for its approval;
  - (c) Welcome and accept the offer by the Republic of Korea to co-host the forum of the SCF, pending the consideration of the adoption of the topic by the SCF.

#### Next steps

25. The co-facilitators will provide a proposal for the topic of the 2018 SCF forum for approval by the SCF. Upon approval, the SCF will accept the offer by the Republic of Korea to co-host the forum and will request the secretariat to initiate the logistical arrangements for the forum as soon as possible and in close cooperation with the Government of the Republic of Korea. The SCF will also provide information on the topic of the forum in an addendum to its report to COP 23 (the timeline of inputs and activities prior to the 17<sup>th</sup> meeting of the SCF is contained in annex VIII).

## **6. Review of the functions of the Standing Committee on Finance**

#### Proceedings

26. The SCF took note of document SCF/2017/16/7. The agenda item was introduced by the co-facilitators, Mr. Nasr and Mr. Terpstra, in one plenary session and was further discussed during another plenary session. The co-facilitators invited written feedback on the draft self-assessment report and conducted informal consultations between the two plenary sessions in order to refine the draft. Furthermore, the co-facilitators produced an informal note on the issue of membership of the SCF. The outcomes of the discussions were presented to the SCF for its consideration.<sup>5</sup>

#### Outcomes

<sup>4</sup> As footnote 2 above.

<sup>5</sup> As footnote 2 above.

27. The SCF agreed on its self-assessment report, as contained in annex VI, and agreed to annex it to the report of the SCF to COP 23. The SCF further took note of the informal note on the issue of membership of the SCF, which has been posted on the SCF meetings and documents web page<sup>6</sup> (as the “SCF alternate members informal note”).

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

### Proceedings

28. The SCF took note of document SCF/2017/16/9. The agenda item was introduced by Mr. Randy Caruso, whose co-facilitator, Mr. Seyni Nafo, was unable to attend the meeting, in one plenary session, and was further discussed in one breakout group session. The outcomes of the discussions were presented to the SCF for its consideration.<sup>7</sup>

### Outcomes

29. The SCF agreed to extend the 2016–2017 workplan on measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows (BA).<sup>8</sup>

### Next steps

30. The Co-Chairs and co-facilitators will continue consultations with the Chairs of the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Ad Hoc Working Group on the Paris Agreement (APA) with a view to providing technical input on matters relating to the transparency of support to the ongoing work under these bodies.

31. The co-facilitators, with the support of the secretariat, will prepare technical input intersessionally, including written input drawing from the 2016 BA, with a view to informing the ongoing work under agenda item 12 of SBSTA 47<sup>9</sup> and agenda item 5 of APA 1.4<sup>10</sup> (the timeline of inputs and activities prior to the 17<sup>th</sup> meeting of the SCF is contained in annex VIII).

## **8. 2018 biennial assessment and overview of climate finance flows**

### Proceedings

32. The SCF took note of document SCF/2017/16/8. The agenda item was introduced by Ms. Outi Honkatukia, whose co-facilitator, Mr. Nafo, was unable to attend the meeting, in one plenary session, and was further discussed in two breakout group sessions. The outcomes of the discussions were presented to the SCF for its consideration.<sup>11</sup>

### Outcomes

33. During the meeting, the SCF agreed to the outlines of the technical report and the summary and recommendations of the 2018 BA, as contained in annex VII. The annex includes information on stakeholder involvement and outreach as well as on activities to be conducted in the context of the preparation of the BA and an indicative timeline. The SCF further agreed that the BA would consist of the following three products:

- (a) A technical report;
- (b) A summary and recommendations;
- (c) Aggregate-level data on the web page.<sup>12</sup>

### Next steps

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<sup>6</sup> As footnote 2 above.

<sup>7</sup> As footnote 2 above.

<sup>8</sup> FCCC/CP/2015/8, annex VII.

<sup>9</sup> “Modalities for the accounting of financial resources provided and mobilized through public interventions in accordance with Article 9, paragraph 7, of the Paris Agreement.”

<sup>10</sup> “Modalities, procedures and guidelines for the transparency framework for action and support referred to in article 13 of the Paris Agreement.”

<sup>11</sup> As footnote 2 above.

<sup>12</sup> [http://unfccc.int/cooperation\\_and\\_support/financial\\_mechanism/standing\\_committee/items/8034.php](http://unfccc.int/cooperation_and_support/financial_mechanism/standing_committee/items/8034.php).

34. The SCF agreed to launch a call for submissions upon endorsement of the outline of the 2018 BA by COP 23, and to hold two technical meetings in conjunction with the 17<sup>th</sup> and 18<sup>th</sup> meetings of the SCF (the timeline of inputs and activities prior to the 17<sup>th</sup> meeting of the SCF is contained in annex VIII).

## **9. Linkages with the Subsidiary Body for Implementation and the thematic bodies of the Convention**

### Proceedings and outcomes

35. Mr. Peter Horne, one of the two focal points of the SCF on adaptation-related matters, provided a brief progress report on joint work undertaken by the Adaptation Committee, the Least Developed Countries Expert Group and the SCF.

36. Ms. Gemma O'Reilly and Ms. Kateme-Kasajja, the two focal points of the SCF on matters related to capacity-building, provided a short overview of their engagement with the Paris Committee on Capacity-building (PCCB) during its first meeting in May 2017, as well as proposed revisions to the SCF submission in response to the invitation by the PCCB. Furthermore, Ms. O'Reilly highlighted the interest of the PCCB in the work of the SCF, particularly around the BA but also the draft guidance to the operating entities, and indicated that the SCF could consider extending its invitation for inputs to the draft guidance from the operating entities to the PCCB when considering its approach to the provision of draft guidance in 2018.

37. Mr. Ulvila provided a short update on his engagement in the 4<sup>th</sup> meeting of the Advisory Board of the Climate Technology Centre and Network. On behalf of Mr. Paul Oquist-Kelley, Ms. Muller made a short intervention in regard to the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts, highlighting the lack of funding and indicating the need to look into the issue of linkages among mechanisms under the Convention, with special consideration of the link between the Financial Mechanism and the Technology Mechanism, also in the light of the ongoing work on the transparency regime under the Paris Agreement and the related upcoming APA round table, and highlighting the need for the SCF to stay engaged in these ongoing processes.

### Next steps

38. The SCF submission referred to in paragraph 36 above will be communicated to the PCCB.

## **10. Report of the Standing Committee on Finance to the Conference of the Parties**

### Proceedings

39. The SCF took note of document SCF/2017/16/10. The agenda item was discussed in one plenary session.<sup>13</sup>

### Outcomes

40. The SCF agreed on the draft report of the SCF as contained in document SCF/2017/16/10 and agreed on the procedure for the finalization of the report, as follows:

- (a) The full draft report would be circulated to members on 28 September 2017, with additions clearly highlighted;
- (b) Members would be invited to provide comments by 5 October 2017;
- (c) The revised report would be shared with members on 6 October 2017 for approval on a non-objection basis by 12 October 2017.

### Next steps

41. The report of the SCF to COP 23 will be finalized as outlined in paragraph 40 above (the timeline of inputs and activities prior to the 17<sup>th</sup> meeting of the SCF is contained in annex VIII).

## **11. Other matters**

42. Upon the proposal of one member, the SCF considered the issue of a potential link between the SCF and the work of Working Group III on chapter 15 of the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. Upon request, the secretariat provided an information note on the work of Working Group III.

<sup>13</sup> As footnote 2 above.

43. The SCF agreed to finalize the dates for its meetings in 2018 on an intersessional basis within two weeks of the closure of the 16<sup>th</sup> meeting, based on the feedback from members on their availability for meetings in 2018.
44. The SCF agreed to adopt the report of the 16<sup>th</sup> meeting intersessionally.
45. The list of participants at the 16<sup>th</sup> meeting is available on the UNFCCC website.<sup>14</sup>

## **12. Closure of the meeting**

46. The 16<sup>th</sup> meeting of the SCF closed at 4 p.m. on Thursday, 21 September 2017.

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<sup>14</sup> As footnote 2 above.

## Annex I

### Summary of the technical paper on the sixth review of the Financial Mechanism with recommendations of the SCF to the COP

#### I. Background

1. At its fifteenth meeting, the Standing Committee on Finance (SCF) requested the secretariat to prepare a technical paper that will inform the Committee in deliberating on the effectiveness of the Financial Mechanism of the Convention and preparing its expert inputs to be submitted to the Conference of the Parties (COP). The paper builds on the criteria for the review agreed by Parties at COP 22.<sup>1</sup> These criteria have been grouped in the following clusters of issues and corresponding chapters: (a) governance; (b) responsiveness to COP guidance; (c) mobilization of financial resources; (d) delivery of financial resources; (e) results and impacts achieved with the resources provided; (f) consistency of the activities of the Financial Mechanism with the objective of the Convention; and (g) consistency and complementarity of the Financial Mechanism with the other sources of investment and financial flows.
2. The paper is informed by desk research and literature review of the sources of information identified in the updated guidelines,<sup>2</sup> complemented with past decisions related to the Financial Mechanism and inputs from the secretariats of the operating entities of the Financial Mechanism.
3. The COP may wish to consider the following summary of the technical paper on the sixth review of the Financial Mechanism with recommendations of the SCF in its deliberation on the sixth review of the Financial Mechanism.

#### II. Summary of the technical paper

##### A. Governance

##### A.1. Transparency of the decision-making process of the operating entities

4. This section of the technical paper covers the following issues relating to transparency of the decision-making process activities of the operating entities: inter-sessional decision-making by the governing bodies; openness towards observer engagement in decision-making; decision-making in the absence of consensus; proceedings, webcast, reporting services and executive sessions; timely circulation and publication of official documents; official languages used for documents; accessibility to publicly unavailable information; ethics and conflicts of interest and; means for stakeholders to make complains and criticisms and resolve conflicts.
5. Decision-making processes in both operating entities follow international best practices regarding transparency and both operating entities are in the process of strengthening their respective policies and procedures. There are remaining areas of further improvements, for example in the case of the GCF to develop ways to make decisions in the absence of consensus. The GCF Board has been undertaking consultations on this issue under the guidance of the co-chairs. Furthermore, webcast arrangement remains subject to review and the Board is scheduled to consider this issue. As for the GEF, according to OPS6, access to project related information and documents should be improved further. According to the GEF secretariat, with a view to further enhance the availability, accuracy, quality and timelines of data on GEF financing, operations and results, an upgraded information management system will be launched by the beginning of the GEF-7 in July 2018.

##### A.2. Engagement of stakeholders in meetings and operations

6. This section analyses the operating entities' engagement with stakeholders in its meetings and operations, including with: CSOs including indigenous peoples; recipient countries and; private sector.
7. With regards to engagement with CSOs, there are mechanisms in place in the operating entities to ensure adequate and meaningful stakeholder engagement at meetings and in operations. However, according to the Transparency International, there is no harmonized criteria for qualifying such engagement and, beyond the redress mechanisms, there is not a process to verify information on how

<sup>1</sup> As contained in the annex to decision 12/CP.22.

<sup>2</sup> As footnote I above.



stakeholder consultation and participation is ensured at the GCF and the GEF. There is no financial support for CSOs to participate at GCF meetings and even though there is funding for GEF CSOs to participate in the work of the GEF, lack of access thereto was raised as a limiting factor. The level of engagement with indigenous peoples at the GEF is currently under examination, while the GCF is in the process of developing a policy.

8. Recipient countries have actively engaged in policy and programming of both entities, and such participation has been facilitated by the delivery of capacity building programs and enabling activities implemented by both entities including National Portfolio Formulation Exercises, Expanded Constituency Workshops, Preparedness funding, Structured dialogues and country programs.

9. As to private sector engagement, the GCF, as per its Governing Instrument, has an action plan for maximizing engagement with the private sector in its strategic plan, including through the Private Sector Facility (PSF) and the Private Sector Advisory Group (PSAG). As of 2017, the PSF is fully operational and it is prioritizing in creating a strategic roadmap and in operationalizing private sector programs and projects. Furthermore, out of 54 entities accredited so far to the GCF, 8 are private sector entities and out of 43 projects approved so far amounting to USD 2.2 billion, 11 projects through the PSF and one PPP projects amounting to USD 1.2 billion relates directly with private sector. Many other entities accredited to the GCF, including national, regional and multilateral development banks, have brought forward private sector funding proposals to the GCF and it is possible for accredited entities to partner with private sector or other entities to bring forward private sector proposal.

10. The GEF continues to actively engage with the private sector including through an updated policy on the use of non-grant instruments and OPS6 found that there is high level of performance of existing projects involving private sector. For example, during GEF-6, the GEF launched a USD 110 million non-grant pilot program to demonstrate and validate the application of non-grant financial instruments to combat global environmental degradation. Furthermore, the GEF awarded 10 non-grant projects covering multiple focal areas, including seven projects that directly deliver climate change mitigation benefits amounting to a total of USD 70.2 million in GEF financing and leveraging almost USD 1.6 billion in co-financing, including USD 1.1 billion from the private sector. However, OPS6 also pointed out that the GEF needs to adapt its strategy to improve its engagement with the private sector, including by viewing private sector more broadly than just as a source of financing. The GEF can affect industry and production practices along the supply chain. Where conditions are not ripe for investment, such as in biodiversity conservation, long-term regulatory and policy intervention by the GEF can help prime the pump to catalyse private sector investment.

### **A.3. Gender-sensitive approaches**

11. This section analyses gender integration policies and action plans of the operating entities and their application in the projects and programs. Both operating entities have developed comprehensive gender policies, and efforts are being made to enhance gender mainstreaming across the portfolio of projects and programs.

12. The GCF has adopted a gender policy and action plan with the objective of fully mainstreaming gender considerations in all operations of the Fund, and also seeking to ensure gender parity within the GCF institution itself. As of 8 September 2017, 84% of all the funding proposals approved by the GCF contained an initial gender assessment and 67% contained a project-level gender and social inclusion action plan. GCF readiness resources may also be used to assist countries to meet the standards in the GCF gender policy. At the GEF, significant progress has been made in the integration of gender issues, particularly in LDCF and SCCF programming during GEF-6, with over 85% of projects including a gender-sensitive results framework. However, OPS6 found that the policy could be improved in terms of clarity, and that the inclusion of gender-specific indicators in project documents was highly variable across the portfolio, pointing to the need for additional guidance. The GEF Council is expected to consider an updated policy on gender mainstreaming, together with operational guidelines at its Council meeting to be held in November 2017, taking into account the results of OPS6 and lessons learnt in implementation.

### **A.4. Environmental and social safeguards**

13. This section analyses environmental and social safeguard policies and their application in the projects and programs. The operating entities are putting their efforts to improve, refine, implement and harmonize environmental and social safeguards.

14. The GCF is using, on a temporary basis, the IFC Performance Standards, with which accredited entities are required to demonstrate their compliance on a fit-for-purpose basis, meaning that accredited

entities must demonstrate why a certain standard might not be applicable to their particular proposal or program. It should be noted that when the IFC standards were evaluated some gaps in implementation were highlighted, notably in the case where project execution involves multiple financial intermediaries who are not themselves accredited or whose capacity to implement the standards is not well established.

15. As for the GEF, a 2016 evaluation found that the GEF minimum standards have been effective in catalysing efforts among the GEF agencies, but that some gaps in coverage remains on a broad set of emerging topics, including human rights, climate change and disaster risks and the application of free, prior, informed consent. As the GEF and GCF embark on the creation of broader partnerships and programmatic approaches, including with private sector, issues such as these should be addressed in a coherent manner.

#### **A.5. Fiduciary standards**

16. Having different fiduciary standards in each operating entities and other funds impose challenges and inefficiencies for institutions that access financial resources from more than one fund. However, there are many similarities between the fiduciary standards applied by the two operating entities and there is evidence for an increasing trend towards standardization of basic fiduciary standards to which countries and implementing entities must respond. It should be noted that the GCF fiduciary standards were due to come into consideration in 2017.

### **B. Responsiveness of the operating entities of the Financial Mechanism to guidance from the Conference of the Parties**

#### **B.1. Level of responsiveness to guidance from the Conference of the Parties**

17. This section is based on the SCF activities being undertaken to enhance consistency and practicality of guidance provided to the operating entities and an overview of quantity and type of guidance provided so far to the operating entities (i.e. policy, programme priority and eligibility criteria).

18. It was pointed out that guidance provided to the operating entities from the COP is often cumulative, repetitive and ambiguous and it is often formulated with little discussion with the operating entities about ongoing relevant activities or feasibility of implementation. The SCF, through its role of preparing draft guidance to the operating entities for COP's consideration, is undertaking a number of activities to enhance consistency and practicality of guidance provided to the operating entities. This includes: a compilation and analysis (C&A) of previous guidance to the operating entities; discussions on identification of a set of draft core guidance that could serve as a basis for the provision of future guidance; increased collaboration with other constituted bodies in the development of draft guidance and; engaging more regularly with the OE secretariats to obtain factual clarifications and information in checking the feasibility of guidance.

19. The C&A shows that with regard to the distribution of past guidance provided in terms of the criteria as set out in Article 11.1 of the Convention, most guidance provided to the GCF can be described as "Policy"-related, followed by "Other" and "Programme priority". In case of the GEF, most guidance provided falls under "Programme Priority", followed by "Other" and "Policy". The C&A also shows that the operating entities have responded to all of the guidance sent to them by the COP (including 285 paragraphs in 85 decisions for the GEF, and 236 elements of guidance to the GCF since its creation). The SCF reckons that, with further refinements, the C&A could serve as a useful database to track and analyse progress made by the operating entities in undertaking the COP guidance, which may be useful for preparing any additional guidance to be provided to the operating entities.

#### **B.2. Efficiency and performance of the cycle for project/programme approval procedures of the operating entities of the Financial Mechanism**

20. This section illustrates the project cycle of each operating entity and efforts undertaken in both operating entities to address any remaining inefficiencies in the project cycle.

21. The GCF project cycle followed interim procedures until 2017, until updated procedures to streamline the approval process were agreed at the 17<sup>th</sup> Board Meeting in July 2017. An updated project cycle was adopted by the Board, including a conclusion of the review of the project cycle. The various actions being put in place include a prioritization process, standards for processing time by the Secretariat and Independent Advisory Panel, the creation of a simplified approval process for small scale projects, revisions of project proposal templates, and delegating approaches of project preparation facilities (PPFs) to the Secretariat, along with the publication of updated guidance.

22. The GEF, as an effort to overcome a set of issues identified by OPS5 that created hurdles for recipient countries, since 2014, the GEF has launched many initiatives to improve its efficiency in approving projects. As a result, as of 2017, all of the projects approved were fully compliant with the new 18-month standard (this figure was 50% in 2015). This was largely due to the approval of a strengthened cancellation policy, as well as to the consolidation of the guidance on the project cycle into a single document and publication of additional guidelines in 2017. Other initiatives included the Harmonization Pilot between GEF and World Bank, which considerably shortened the time spent in designing and approving projects submitted by the Bank.

### **C. Mobilization of financial resources**

23. This chapter mainly draws on the 2016 Biennial Assessment and Overview of Climate Finance Flows, which provides a snapshot of climate finance over the 2013–2014 period. A detailed review of all methodological issues involved in producing the BA is provided in the first chapter of the technical report for the 2016 BA.

#### **C.1. Role of the Financial Mechanism in scaling up the level of resources**

24. As per Article 11.5 of the Convention, the operating entities of the Financial Mechanism serve as channels through which developed country Parties fulfil their financial commitments, in addition to other bilateral, regional and multilateral channels. The OEs play a crucial role in catalysing, leveraging and scaling up the level of resources by providing public finance that leverages additional public and private finance and investment. However, as noted in 2016 BA, the OEs remain a small part of the overall climate finance architecture and flows in the context of the broader climate finance landscape. Their role therefore must continue to be targeted and strategically defined.

#### **C.2. Scale of resources provided to developing countries**

25. The review of resources provided to developing countries concludes that the finances being provided to recipient countries through the Financial Mechanism continue to represent a very small proportion of overall climate finance. Tracking climate finance is a difficult exercise, given that there exists no comprehensive system or methodology or definition of climate finance, and that data are not always harmonized. As noted in the BA, total adaptation funding provided through the operating entities amounted to USD 0.77 billion in 2013 and USD 0.56 billion in 2014, climate finance provided through multilateral funds amounted to USD 1.85 billion for 2013 and USD 2.49 billion for 2014. The report also notes an increase of about 50% between 2011 and 2014 of climate finance provided by Annex II parties, including through multilateral institutions. Private sector financing as well as South-South Financing all show increasing trends over the biennium.

26. Since the previous review of the Financial Mechanism, the equivalent of USD 10.3 billion was pledged to the GCF (as of June 2017) for the initial resource mobilization period of 2015–2018, by 43 state governments, including 9 from developing countries.<sup>3</sup> The GCF Board is continuing efforts to finalize its initial resource mobilization plan, and reports that as at March 2017, 42 countries, 3 regions and 1 city (out of 48 contributors) had signed the contribution agreements for part or all of their pledges, representing 10.1 billion of the 10.3 billion anticipated resources.<sup>4</sup> As at 2 June 2017, approximately USD 10.13 billion of the pledges had been converted into contribution agreements/arrangements, representing just over 98 per cent of the total pledged amount.

27. As per the GCF Board decision, GCF aims for a 50:50 balance between adaptation and mitigation over time. As of June 2017, resources allocated through approved projects for mitigation represented 41% or USD 927 million USD, and resources allocated to adaptation projects, 27% or USD 594 million. Resources allocated to projects achieving both mitigation and adaptation represented a further 32%, or USD 718.9 million. In total, GCF's portfolio consists of 43 projects and programmes amounting to USD 2.2 billion (inclusive of USD 1.2 billion through the PSF) which is expected to attract additional USD 5.3 billion in co-financing.

28. The GEF Trust Fund has been the primary source for grants provided by the GEF to recipient countries. GEFTF provides resources for the Climate Change Mitigation (CCM) focal area, technology transfer and enabling activities for fulfilment of Convention obligations by developing countries. Recently,

<sup>3</sup> Green Climate Fund, Status of Pledges and Contributions, 20 June 2017

<[http://www.greenclimate.fund/documents/20182/24868/Status\\_of\\_Pledges.pdf/eef538d3-2987-4659-8c7c-5566ed6afd19](http://www.greenclimate.fund/documents/20182/24868/Status_of_Pledges.pdf/eef538d3-2987-4659-8c7c-5566ed6afd19)>

<sup>4</sup> See GCF B.17/04, Status of Resources.

Capacity Building Initiative for Transparency (CBIT) was also established as a separate trust fund, which received total donor contributions amounting to \$48 million. As at 30 June 2017, 10 national-level projects and one global project under CBIT have been approved by the GEF.

29. CCM funding increased steadily from GEF pilot phase to date, with cumulative totals amounting to USD 5.2 billion through 836 mitigation projects and programs in over 165 countries. Currently, negotiations are ongoing for the GEF-7, which will cover the period from 2018 to 2022. Direct funding in support of the GEF Climate Change Adaptation (CCA) is currently delivered directly and exclusively through the LDCF and SCCF. They both rely on voluntary contributions that can be made any time. Total cumulative pledges to the LDCF amounts to USD 1.23 billion, of which USD 1.19 billion had been received as of 30 June 2017. Since inception, USD 1.18 billion has been approved for projects, programs and enabling activities under the LDCF. As for the SCCF, cumulative pledges amounted to USD 351.7 million, of which 99 percent had been paid by 15 contributing countries. As at 30 June 2017, the SCCF-A has provided USD 287.9 million for adaptation projects and the SCCF-B has provided USD 60.7 million for 12 projects that support technology transfer.

### **C.3. Amount of finance leveraged and modalities of co-financing**

30. Even though the GCF does not yet have a clear co-financing policy, it is integral to the decision-making process on funding proposals, as currently captured in the GCF Investment Framework. In fact, many projects submitted to the GEF do provide co-financing from national governments and other project partners. As of June 2017, co-financing expected to be mobilized from the 43 approved projects represented USD 5.3 billion or a ratio of over 2:1. Of these, USD 1.2 billion has come through the Fund's Private Sector Facility. Discussions on whether to define a clearer co-financing policy and method for calculating additional costs have been initiated through the GCF Board. At its 17<sup>th</sup> meeting, the Board tasked the GCF Secretariat to develop a proposal for the Board's consideration at its 19<sup>th</sup> meeting, on the development and application of an incremental cost calculation methodology and guidance on the GCF's approach and scope for support to adaptation activities, as well as elements of a policy on co-financing.

31. The GEF's policy on co-financing has evolved over the years and was last updated in 2014. The GEF policy defines co-financing as resources that are additional to the GEF grant. The co-financing ratios have also evolved significantly since the inception phase, with the average rates approaching 7.5:1 for the overall GEF Trust Fund, and 13.8:1 for climate mitigation activities financed under GEF-6. The GEF notes that the climate change focal area has leveraged the highest levels of co-financing. The ratios of co-financing mobilized for LDCF and SCCF funds represent approximately 4:1 and 7.5:1.

### **C.4. Adequacy, predictability and sustainability of funds**

32. A broader discussion on the adequacy of resources available to meet the needs of developing countries is hampered by the fact that there is no agreed assessment of financing needs, as well as by the lack of a comprehensive system for tracking climate finance. Furthermore, an assessment of the adequacy of resources that looks only at the Operating Entities of the Financial Mechanism will be misleading because of its narrow scope. In addition, the adequacy of resources will ultimately depend heavily on enabling environments that allow for the effective use of funds as well as leverage of public funding by co-financing from the private sector. This poses a challenge to a quantitative assessment of the adequacy of the funds.

33. Concerning predictability and sustainability, during 2014–2017, developed countries continued to undertake efforts to mobilize resources to meet the USD 100 billion commitment by 2020, including through the development of the Roadmap to USD 100 billion which aims at increasing predictability and transparency about how the target will be reached. Moreover, there is ongoing work under the UNFCCC to identify the information to be provided by Parties, in accordance with Article, 9, paragraph 5 of the Paris Agreement, with a view to providing a recommendation for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session.<sup>5</sup>

34. In relation to finance channelled through the operating entities, GCF's initial resource mobilization period lasts from 2015 to 2018, and the GCF accepts new pledges on an ongoing basis. The GCF will initiate a formal replenishment process, once the Fund's cumulative funding approvals exceed 60 percent of the total contributions, confirmed by fully executed contribution agreements/ arrangements, received during the IRM. The GCF Board is currently engaged in discussions on how to initiate the first replenishment process and this issue is expected to be an important part of its 2018 workplan.

<sup>5</sup> Decision 1/CP.21, paragraph 55.

35. As for the GEF, 4-year replenishment process for the GEFTF resources makes it subject to a relatively good level of predictability. There is a high materialization of pledges made to the GEF, however, exchange rate fluctuations in the earlier months of GEF-6 mean that a shortfall from GEF-6 replenishment targets is still expected. The GEF has been working on an ongoing basis to minimize potential consequences of the projected shortfall, aiming to maintain the balance among original allocations in the GEF-6 replenishment decision, assisting LDCs and SIDS in accessing resources and supporting core obligations to the conventions for which the GEF is a/the Financial Mechanism. Over 99 percent of all pledges made by the contributing countries to the GEF for the GEF-6 have been deposited with the Trustee, which is in line with 99 percent of deposit made to all resources pledged since the establishment of the GEF. The GEF Council noted the contribution of the STAR to increased country ownership and country led programming in the GEF,<sup>6</sup> in response to the mid-term evaluation and management response, and the GEF OPS6 also points to the ameliorated predictability of resources created by the STAR.

36. Funding for adaptation at the GEF is subject to less predictability than funding for mitigation. As the LDCF and SCCF are not subject to a replenishment process, they rely on voluntary contributions from developed countries that can be made at any time. However, it is to be noted that, apart from few exceptions, resources have recurrently been pledged to both funds during the meetings of the LDCF/SCCF Council and that there has been an increase in the cumulative level of pledges to both Funds, which have been supported by strong levels of materialization.

## **D. Delivery and effectiveness of financial resources**

### **D.1. Accessibility**

37. The accessibility of climate finance has been a significant concern for recipient countries, particularly for the SIDS and LDCs with capacity constraints. Upon examining the eligibility criteria and access modalities put in place by the operating entities of the Financial Mechanism, the review finds that significant efforts have been made to facilitate access to climate finance by a broad range of partners and recipients: from creating specific funding windows of access for private sector under the GCF, as well as measures to increase direct access and access by national entities, to broadening the range of partner Agencies in the GEF through the Expanded Partnership. Both entities are also engaging actively with recipient countries to increase their understanding of processes and procedures involved in accessing funds, through capacity building, readiness funding and support to national focal points.

38. However, some of major gaps highlighted in a number of studies include: the lack of developing country capacity to devise a national strategy for utilizing available climate finance resources and for attracting climate-friendly investments; legal issues within entities, financial management and integrity, institutional capacity at the design, appraisal and implementation phases, or risk assessment capacity. To overcome these gaps at the international level, scaling up and coordinating financial resources to support capacity-building initiatives have appeared as a need. At the national level, better coordination among the national FPs across different ministries was underscored as being necessary. The increasing complexity of the global climate finance architecture, while in principle creating more choice for recipient countries, could create complications as countries often find it difficult to understand the requirements of the different funds and the differences between them.

### **D.2. Timeliness and rate of disbursement**

39. An element of effectiveness is the time taken to develop, approve and begin implementation of projects funded through the operating entities. This relates to the speed at which access to climate finance is provided to the “end user” or intended beneficiary.

40. There are no fixed timelines or standards for projects seeking approval at the GCF. Practices are set to change, as initial approvals process are modified to respond to the rapidly increasing pipeline. Processing time for project approval varies greatly, between one month to 18 months or more. However, this was set to change as a result of discussions adopted at the 17<sup>th</sup> Board Meeting in 2017, where the Board instructed the Secretariat to implement a clearer prioritization process for pipeline management, among other measures designed to increase efficiency. The rate of disbursement at the GCF is still relatively low but is growing steadily, owing to the fact that a large number of projects have yet to meet the full conditions for disbursement.

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<sup>6</sup> Paragraph 15 of the Joint Summary of the Chairs, 45th GEF Council Meeting.

41. As for the GEF, the review finds that the average times spent by projects in the pipeline for approval were reduced since GEF 4 and GEF 5, with only a marginal minority of projects not meeting the 18-month standard. For the LDCF and the SCCF the average preparation time was 20 months. A study undertaken by the GEF Secretariat in 2016 found that for projects approved in GEF-5, 69% had moved to first disbursement within one year, and 89 percent after two years.

### **D.3. Country-ownership of programmes and projects**

42. Country ownership of projects and programmes financed through the Financial Mechanism is ensured mainly through the network of focal point and designated authorities. Country ownership is recognized as a core principle of the GCF, as stipulated in its Governing Instrument and initial investment framework. In this regard, the NDAs play a key role in ensuring country ownership, including among others, to recommend funding proposals to the Board in the context of national climate strategies and plans, and to be consulted on other funding proposals for consideration prior to submission to the GCF in order to ensure consistency with national climate strategies and plans. The GCF Board recently adopted the guidelines for enhanced country ownership, which enjoins NDA, AE and delivery partners to follow the guidelines. The guidelines will be assessed annually and reviewed as needed at least every 2 years. Recognizing country ownership is a continual process, the guideline states that the principle will be considered in the context of all GCF operational modalities and relevant policies. The GCF also provides support to foster capacity-building of NDAs, FPs and DAEs to strengthen their capacities to efficiently engage with the GCF.

43. The GEF continues to make efforts to increase the national level ownership of projects and programs, including through readiness and enabling activities and through the development of country program strategies and National Portfolio Formulation Exercises, which are designed to provide a broader group of stakeholders with an opportunity and a voice in the utilization of climate funds. An evaluation undertaken by the GEF IEO found that the NPFE enhanced ownership by creating more inclusive decision-making procedures for GEF programming. With a gradual shift to programmatic approaches, questions related to national ownership will remain of concern, as regional programs generally benefit from less support than national programs.

### **D.4. Sustainability of programmes and projects**

44. There are guiding principles that aim to ensure sustainability of the GCF projects, even if many of the GCF funded projects and programs are only beginning implementation or have yet to begin implementation. For example, sustainability is a key aspect of the paradigm shift potential under the GCF investment framework criteria and sustainability is defined therein: "Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment." In addition, the GCF is actively seeking to finance projects that are scaled up from initial investments from the GEF and others. However, since many of the GCF projects have only just begun implementation, the section focuses more on the sustainability of GEF projects and programs.

45. Even if the GEF does not have a formally established definition of sustainability, the initial criteria for project evaluation mention "sustainability of outcomes and results beyond completion of the intervention." The GEF evaluation on sustainability found that 77% of projects from the climate change focal area cohort had satisfactory outcome and implementation ratings. Recent evaluations of GEF climate mitigation activities have found evidence of significant impacts in countries as well as evidence of transformational projects. Regarding the sustainability of adaptation results supported through the LDCF and SCCF, the GEF independent evaluation office found that over 98% of NAPA implementation projects showed a high to very high probability of delivering tangible adaptation benefits. The main concern regarding sustainability, across the GEF climate mitigation and adaptation portfolio concerns the financial sustainability of project activities beyond the duration of the project. Lack of assured financing for future phases of implementation or for upscaling remains a concern for most projects. Many terminal evaluations recommend that projects identify and implement self-funding mechanisms in order to move beyond project-based approaches.

### **D.5. Enabling environments**

46. As summary reports of workshops on the long-term climate finance note, it is primarily governments in both developed and developing countries that set the enabling environment as it related to policy and regulatory frameworks. However, most programming delivered through climate finance mechanisms aims to strengthen national capacities to achieve this objective. Readiness funding also supports an element of this enabling environment, as it relates to accessing finance. While it is too early to tell whether the GCF funded projects will make a tangible, sustained contribution to enabling environments, the GCF has

highlighted various pathways through which it expects to contribute, including for example the creation of new markets and business activities, changed incentives for market participants, and reduced costs and risks of deploying climate technologies. Furthermore, the GCF is working with countries on the enabling environments also through the funding of readiness requests and NAPs/adaptation planning. A separate activity area under the Readiness Programme for the formulation of NAPs was established by the GCF, where the Executive Director can approve up to USD 3 million to support the formulation of NAPs and other adaptation planning processes.

47. One of the key objectives of the GEF-6 CCM Focal Area is to foster enabling conditions to mainstream mitigation concerns into sustainable development strategies. Recent findings from the OPS6 point to the fact that GEF-6 projects play an important role in strengthening the enabling environment, for instance by proposing legal and regulatory measures to address constraints to mitigation and adaptation, building capacity of public and private entities, reducing information barriers and supporting market change. Furthermore, GEF support to enabling activities for National Communications and Biennial Update Reports, as well as for CBIT also contribute to building institutional and technical capacity of developing countries to meet the transparency requirements. Furthermore, GEF support through the LDCF and the SCCF, for NAP processes and GEF's country engagement, including through ECWs further strengthen enabling environments of developing countries.

## **E. Results and impacts achieved with the resources provided**

### **E.1. Mitigation results**

48. Of the funding approved by the GCF at June 2017, 41% was dedicated to mitigation, and a further 32% tackled both adaptation and mitigation. The anticipated GHG reductions for these projects totalled 981 million TCo2 eq, with the potential for 74 projects in the pipeline reaching 701 million TCo2 eq reduced or avoided over the lifetime of the proposed activities.

49. The GEF reports that, as of 30 June 2017, it has supported 867 projects on climate mitigation with over 5.3 billion GEF funding. The total cumulative emissions impact of all mitigation projects supported through the Trust Fund is estimated to be over 8,400MtCO2 eq. In the first three years of GEF-6, projects and programs were estimated to reduce more than 1.9 MtCO2 eq. In 2014, during OPS 5, the GEF evaluation office calculated that the average cost per ton of direct mitigation across all GEF project types was USD 1.2 per tCO2 eq. For the GEF-6 period, partially estimated benefits of 1,920 MtCO2 were achieved with GEF funding of USD 1,174.2 million, which would indicate an average cost of \$0.61/tCO2eq. The GEF updated its GHG mitigation calculations methodologies in 2014, coordinated with the IFI Framework for a Harmonized Approach to Greenhouse Gas Accounting Exercise.

### **E.2. Adaptation results**

50. The GCF estimates 140 million people are projected to benefit from reduced vulnerability and/or increased resilience through 55 adaptation and cross-cutting projects in its pipeline. For the GEF, from its inception until 30 June 2017, the LDCF approved USD 1.1 billion for projects, programs and enabling activities, including the preparation and implementation of NAPs and NAPAs. In addition, the SCCF provided USD 287.9 million to adaptation projects. The active portfolio under the LDCF is expected to reach 4.4 million beneficiaries and train over 34,000 people on adaptation, while also bringing over 1.1 million hectare of land under resilient management. The LDCF and SCCF have both contributed to the adoption of national policies, plans and frameworks. The 2017 evaluation of the SCCF found that the Fund had delivered significant results in terms of catalytic effect, generation of public goods and demonstration of technologies.

### **E.3. Technology transfer**

51. The GEF reports that technology transfer for adaptation and mitigation is a key cross-cutting theme for all projects. The GEF reports having supported 31 climate change projects with technology transfer objectives (USD 188.7 million), whereas 10 adaptation projects promoted the adoption of new technology (USD 79.7 million). Since 2008, the Poznan Strategic Program on Technology Transfer was also programmed with USD 35 million from the GEF Trust Fund and USD 15 million from the SCCF. This was used to support for technology needs assessments and financing priority pilot projects, as well as to support the Climate Change Technology Centres and Network. In terms of adaptation technology, the GEF recognizes that there has been a modest focus on technology transfer for adaptation.

#### **E.4. Capacity-building**

52. Capacity-building is another cross-cutting theme of both GEF and GCF programming. Capacity building and technical assistance are embedded in all GCF approved projects, beyond the in-depth capacity building that is a hallmark of the Readiness programme. As at 8th September 2017, the GCF has committed funds totalling USD 39.5 million for 118 Readiness activity requests. SIDS, LDCs or African States make up 66 per cent of the total portfolio. As for the GEF, targeted capacity building initiatives have included the National Capacity Self-Assessment, as well as enabling activities, technology needs assessments, national portfolio formulation exercises, country programming strategies and readiness support, as well as ongoing support to national focal points, constituencies and designated authorities. According to the GEF report to COP 23, in 2016 alone, the GEF Trust Fund, LDCF and SCCF supported 135 projects with various capacity building priorities. The OPS6 notes that the GEF has had success in influencing the regulatory and policy framework in countries through capacity building and enabling activities. Since the fifth review, the Capacity Building Initiative for Transparency (CBIT) was also launched and operationalized by the GEF. As at 30 June 2017, it had received pledges of USD 54.6 million, and in the last year, 11 projects were approved totalling USD 12.7 million.

#### **F. Consistency of the Financial Mechanism with the objective of the Convention**

53. Article 2 of the UNFCCC stipulates that the ultimate objective of this Convention or any legal instrument adopted by the Convention is to achieve, in accordance with the relevant provisions of the Convention, stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system, within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner. The objective of the Convention is embedded in the Governing Instrument and Strategic Plan of the GCF and the GEF programme priorities that are identified in the initial guidance from the COP and further guidance thereafter. The review finds that mitigation and adaptation objectives of the operating entities are consistent with the objectives of the Convention and programming deployed according to these objectives is also consistent with the objectives of the Convention.

#### **G. Consistency and complementarity of the Financial Mechanism**

##### **G.1. Consistency and complementarity between the operating entities of the Financial Mechanism**

54. This section summarizes the steps that the operating entities have been taking to promote consistency and complementarity between themselves at the strategic and operational levels, and the pathways for collaboration that have been identified and applied since the fifth review of the Financial Mechanism.

55. At the GCF, the issue of consistency and complementarity is inscribed in its Governing Instrument. The initial strategic plan of the GCF highlights the comparative advantages of the GCF and notes the need to operate in coherence with other climate finance institutions. The GCF operational framework on complementarity and coherence was recently adopted at the 17th Board meeting, which provides guidance on pursuing complementarity at Board/strategic level, Enhanced complementarity at the activity level, at the national programming level, and at the level of delivery of climate finance through an established dialogue.

56. The GEF also notes that each fund may play different, complementary roles that can produce higher impacts and leverage more resources, if combined strategically. During GEF-6, given the growing significance of climate change influence on all areas of GEF interventions, the GEF CCM strategy sought to enhance synergies across focal areas and to enhance complementarity with other climate financing options, including the GCF. The ongoing policy debate around GEF-7 provides a unique opportunity to further refine the comparative advantages of the GEF.

57. Beyond the definition of strategic-level comparative advantages, both operating entities have sought to operationalize their complementarity. The Executive Director of the GCF and the GEF CEO have met a number of occasions to explore potential cooperation at the operational level. At the secretariat level, the GCF and the GEF secretariats frequently communicate on a wide range of topics and activities, such as mitigation and adaptation strategies, the status of resource allocation, project cycle modalities and lessons, project preparation grant guidelines, private sector engagement, templates, co-financing policy, accreditation of agencies, financial master agreements, trustee arrangements, as well as readiness and



preparatory support. Secretariats of the two operating entities attend each other's Board/Council meetings to respond to any questions as needed, and shares information and lessons learned from their work.

58. In fact, coordination and collaboration between the two operating entities have already led to some greater consistency and convergence between the policies, strategies and programmes between the two operating entities. Some of these areas of convergence are highlighted in chapter A of this technical paper, notably in terms of governance modalities, transparency of decision-making and information disclosure policies, as well as the application of increasingly convergent environmental, gender and social standards. Of particular interest is the scheduled revision of many of the key policies of the GCF in 2017 and 2018, as well as the policy revisions which have been initiated by the GEF, including those launched by the GEF-7 replenishment discussions in the same period. As these policies are reviewed by the GCF and the GEF, lessons learned and best practices can be integrated through coordination and information sharing between the entities and their secretariats.

59. The COP has further provided specific guidance to the GCF to “enhance its collaboration with existing funds under the Convention and other climate relevant funds in order to enhance the complementarity and coherence of policies and programming at the national level. The two operating entities are working to promote complementarity at the national level through national planning exercises such as the GCF country programmes and the GEF NPFs. Funding approvals by the GCF to date show how GEF in some cases has helped paved the way for leveraging and enabling investments from the GCF. A recent report updating on the implementation of the GEF 2020 strategy noted that “Organic’ complementarity between the GEF and GCF is gradually emerging, as GCF ramps up project approvals.

60. More specifically on the national level, an overview of a country's national context, policy framework and respective climate action agenda is summarized in a GCF country programme. In this exercise, a country identifies a pipeline of projects or programmes that they would like to undertake with the GCF, aligned to GCF strategic impacts, investment criteria and operational modalities. This exercise is similar to the NPFE process undertaken in the GEF. Furthermore, the GEF country support programme supports the execution of National Dialogue initiatives, in which representatives or FPs for other climate finance mechanisms may participate. In order to harness full opportunity to enhance coordination on the national level, a WRI report suggests “countries to identify one ministry or body that serves as the national FP or authority for all the climate funds.” The same report also notes that there may be value in establishing a broader readiness hub or programme, or in combining readiness funds, that addresses overall planning and pipeline needs.

## **G.2. Consistency and complementarity between the operating entities of the Financial Mechanism and other sources of investments and financial flows**

61. As noted in the fifth Review, the global architecture of climate finance is rapidly evolving and becoming increasingly complex. Decision 11/CP.1 paragraph 2(a) states that consistency should be sought and maintained between the policies, programme priorities and eligibility criteria for activities established by the COP and the climate change activities beyond the framework of the Financial Mechanism. As the GCF has been working on becoming fully operational since the fifth review, the operating entities and other institutions have been cooperating by exchanging lessons learned and experiences in order to inform the development of the operational policies of the funds. While each fund and mechanism has a distinct comparative advantage, and aims at supporting different objectives, there is increasing convergence between the strategies, policies, eligibility criteria, processes – and as a result, projects and program – being supported by the various funds.

62. A matrix analysis was undertaken across a selected set of active multilateral funds to assess consistency and complementarity between the operating entities and other funds on adaptation and mitigation. On adaptation programming, a matrix analysis was done on the following funds: GEF (SCCF/LDCF); GCF; AF; CIF (PPCR); UN CDF LoCAL. Following observations can be made.

- (a) There is convergence in the various mechanisms' goals and objectives of either “promoting resilience”, “building adaptive capacity” or “supporting adaptation.” One mechanism specifically refers to SDGs in its objectives;
- (b) A clear observation of how the mechanisms complement each other, or the specific niche or role of each mechanism in the climate finance landscape is not possible from a review of their strategic programming directives. The articulation of these strategic directions, against which projects are often assessed, range from higher-level or more general principles (i.e. paradigm shift, awareness, country driven) to statements more specifically focused on vulnerability, resilience and adaptation. Some commonalities include addressing social, physical and economic aspects of the impacts of climate

change, alignment and integration into development and development plans. Only one of the funds described has a narrowly defined specialization in infrastructure;

- (c) The LDCF is the only fund supporting the preparation of NAPAs. The GEF, the SCCF and the LDCF, the GCF and the AF each support the implementation of NAPAs and the preparation or implementation of NAPAs. The difference in support received from each is not identified;
- (d) The LDCF, the AF and UNCDF LoCAL provide only grants while the PPCR and GCF also provide highly concessional loans and grants. The GCF also provides other non-grant financing, such as equity investments, risk guarantees, highly concessional loans, debt instruments, and is also developing a results-based payment approach for REDD+. This may be an indicator of the scope and type of projects and programmes supported by each fund.

63. On mitigation programming, a matrix analysis was done on the following multilateral and bilateral funds: GEF; GCF; CIF (CTF); UK International Climate Finance; International Climate Initiative. Following observations can be made.

- (a) There is a degree of consistency between the objectives and goals of the various mechanisms in that they seek to support countries' transitions towards low-carbon development;
- (b) A significant portion of the funds examined focus on a specific theme or sector, for example energy or forests, while the GEF and the GCF include the full spectrum of sectors in which to achieve potential emission reductions.

64. Furthermore, on technology programming, a comprehensive overview of initiatives relevant to climate technology development and transfer was undertaken by the secretariat upon request by the subsidiary bodies. Based on patterns and trends observed in the landscape of technology development and transfer, the mapping generated useful insights, including:

- (a) There are fewer adaptation technology programmes than those directed at mitigation. Yet, this may change under the GCF, in terms of allocation of funds, which would allow further implementation of adaptation technology activities and programmes;
- (b) Although support for climate technologies, including finance, is increasing, it is more prevalent at the research and development and commercial or diffusion stages, leaving a gap at the demonstration and early stages of commercialization;
- (c) There are growing numbers of international forums, partnerships, forums and networks on technology development and transfer. Yet, to gain insight into the actual level of synergy and coordination between existing activities and initiatives, additional information would have to be gathered.

65. On capacity-building programming, the GCF is undertaking efforts to provide capacity-building support, primarily through its readiness and preparatory support programme, a strategic priority for the GCF that was established to strengthen and build enabling environments to allow developing countries to access GCF resources. In particular, the GCF is strengthening its support to countries in order to build their capacity for direct access. Furthermore, the GCF is the convener and facilitator of the RCM, an initiative to coordinate institutions independently providing readiness support to enable countries to access GCF funding, with core members of the AfDB, the Commonwealth Secretariat, GIZ, KfW, the UNEP, the UNDP and the WRI, and a number of observer institutions.

66. Capacity-building efforts at the GEF included the National Capacity Self-Assessments (NCSAs), which were designed to assist countries in identifying capacity needs to implement the Rio conventions, including the UNFCCC. The GEF provides support to the priority areas identified in the capacity-building framework and enabling activities for developing countries to meet the transparency requirements under the Convention. The CBIT is the most recently established capacity-building programming at the GEF,<sup>7</sup> that aims to support the institutional and technical capacities of developing countries to meet the enhanced transparency requirements of the Paris Agreement. In addition, GEF ECW is a tool that enhance recipient country capacity and country ownership.

<sup>7</sup> Decision 1/CP.21, paragraph 84–86.

### III. Recommendations by the SCF

67. Based on the summary of the technical paper above, the SCF recommends the following to the COP for its consideration:

- (a) Requests the Board of the GCF (hereinafter referred to as the Board), after reviewing its webcast arrangement, to consider making webcasting of its meeting permanent;
- (b) Requests the Board to consider how it may enhance engagement by CSOs in its meetings and operations, with particular regard to CSOs from developing countries;
- (c) Requests the operating entities of the Financial Mechanism, as appropriate, to provide timely responses to requests by countries;
- (d) Requests the operating entities of the Financial Mechanism to continue to improve private sector engagement;
- (e) *Requests* the Board to assess the engagement of stakeholders in the meetings and operations of the GCF;
- (f) *Requests* the Board to assess the existing gaps in its interim environmental and social safeguard and develop its own environmental and social safeguard urgently;
- (g) *Requests* the Board to continue its work to improve project approval procedures in line with decisions taken at B.17;
- (h) *Requests* the Board to further enhance direct access;
- (i) *Requests* the Board to consider ways to improve availability of information on how to access GCF funding, which may include making basic information on the GCF and its processes available in official UN languages, as appropriate;
- (j) *Requests* the operating entities of the Financial Mechanism to continue to strengthen complementarity and coherence.

## Annex II

### Draft guidance to the Green Climate Fund

*[The Conference of the Parties,*

1. *Welcomes* the report of the GCF to the COP and the information contained therein and its addendum and list of actions taken by the Board of the GCF (hereinafter referred to as the Board) in response to the guidance received from the COP;
2. *Notes with appreciation* the significant scaling up of operations of the GCF in 2017, including:
  - (a) Improvements in the project proposal development and approval process;
  - (b) The increase in the number of accredited entities;
  - (c) The availability of additional financial resources for the Readiness and Preparatory Support Programme and the increased number of readiness and preparatory support projects which have been approved;
  - (d) The decision by the Board to initiate a review of the Readiness and Preparatory Support Programme;
  - (e) The decision by the Board to invite the chairs of the TEC and the CTCN Advisory Board to present options for supporting collaborative research and development;
  - (f) The issuance of the Request for Proposal to the private sector for mobilizing funds at scale;
3. *Encourages* the Board to include in its annual report to the COP information on projects approved by the Board that support the innovation and/or scaling up of climate technologies, with a view to inform the Technology Mechanism, as it undertakes further work on climate technology innovation;
4. *Encourages* the Board to continue to improve access to the readiness and preparatory support programme, including by:
  - (a) Facilitating communications relating to available support to National Designated Authorities and other relevant GCF stakeholders;
  - (b) Ensuring the continued development of guidelines relating to the preparation of readiness and preparatory support proposals, based on lessons learnt and the experience of, and input from countries, delivery partners and relevant constituted bodies under the Convention;
5. *Requests* the Board to improve the efficiency of the readiness and preparatory support approval process and to expedite related disbursements;
6. *Requests* the Board to allow for flexibility in the implementation of NAP-related readiness activities in order to enable countries to take into account evolving COP guidance on NAPs and related processes such as NDCs or adaptation reporting;
7. *Requests* the Board to continue to work to improve project approval procedures in line with the decisions taken at the 17<sup>th</sup> meeting of the Board;
8. *Requests* the Board to consider ways to improve availability of information on how to access GCF funding, which may include making basic information on the GCF and its processes available in official UN languages, as appropriate;
9. *Requests* the Board to expedite its consideration of obtaining the privileges and immunities needed for the effective and efficient operationalization of the GCF, consistent with relevant COP and the Board decisions;
10. *Requests* the Board to continue to promote the use of programmatic approaches, as appropriate, taking into account its current practices;
11. *Requests* the Board to take any necessary actions in preparation for the first replenishment process, which will be triggered in accordance with applicable Board decisions;
12. *[Placeholder on possible guidance from the COP agenda item on the sixth review of the Financial Mechanism and any other relevant agenda items];*

13. *Invites* Parties to submit to the secretariat annually, in writing, and no later than 10 weeks prior to COP 24, their views and recommendations on the elements to be taken into account in developing guidance to the GCF Board;
14. *Requests* the SCF to take into consideration the submissions referred to in paragraph 12 above when providing draft guidance to the GCF Board for consideration by the COP;
15. *Also requests* the GCF, to include, in its annual report to the COP, information on the steps that it has taken to implement the guidance provided in this decision.]

## Appendix - Other inputs considered by the SCF at its 16<sup>th</sup> meeting

### Matters that are scheduled to be considered by the Board of the Green Climate Fund at its 18<sup>th</sup> meeting

1. *Emphasizes* the importance of the operational guidelines on simplified approval procedure for micro and small scale projects, in particular for direct access entities, in accessing the resources of the GCF;
2. *Urges* the Board to prioritize developing full policies on prohibited practices, including policies addressing anti-money laundering and countering the financing of terrorism;
3. *Encourages* the Board to consider ways to ensure the alignment of the asset management by the interim trustee with the goals set in the Paris Agreement as well as with international best practice for environmental, social and governance standards;
4. *Notes* the approval of the Request for Proposals for the REDD-plus results-based payments pilot programme.

### Matters that reflect the current operations of the GCF

5. *Encourages* the GCF to initiate a review of the function of committees, panels and groups to increase their effectiveness in meeting institutional needs;
6. *Encourages* the Board to optimize the use of readiness programme to support more national implementing entities from developing countries to be accredited to the GCF and to support developing countries to formulate their country programming, in accordance to the country needs and circumstances;
7. *Reiterates* that the PSF should promote participation of private sector in developing countries, including local private sector actors and local financial intermediaries;
8. *Reiterates* that the operation of the PSF should be in accordance with the prevailing laws and regulations of the country, consistent with national policy as well as taking into full account the country-driven principle;
9. *Urges* the Board to enhance its work in facilitating result based payments for REDD-plus, including to increase the number of countries that are in a position to obtain and receive payments for results-based actions referred to in paragraph 5 of decision 9/CP.19 and taking into account paragraph 7 of the same decision;
10. *Encourages* the Board to improve continuously the complementarity and coherence with other operating entities/financial institutions, by finalizing an operational framework on complementary and coherence and to initiate dialogue on coherence in climate finance delivery with other multilateral entities;
11. *Requests* the Board to conduct regional meeting annually to gain more insights about challenges and obstacles as well as progress of implementation projects in each countries and to enable peer-learning and exchange views, experiences and lessons;
12. *Encourages* the Board to further engage with the TEC and the CTCN on support for collaborative research and development;
13. *Encourages* the Board to continue to strengthen its engagement with the private sector.

### Matters on which the SCF did not conclude its discussions

14. *Notes with concern* the low level of disbursement of funds to the projects and programmes approved by the Board;
15. *Encourages* the Board, in line with paragraph 33 of the Governing Instrument, to consider entering into appropriate arrangements with the AF to provide support to the AF in line with the efforts aiming at enhancing funding for adaptation.

## Annex III

### Draft guidance to the Global Environment Facility

*[The Conference of the Parties,*

1. *Welcomes* the GEF Council's decision to begin the process of updating its Minimum Agency Standards and Fiduciary Policies;
2. *Welcomes* the Council's approval of the Policy on Conflicts of Interest and Ethics;
3. *Requests* the GEF to enhance the consultations process with recipient countries and other stakeholders in the context of the GEF replenishment *processes*;
4. *Requests* the GEF, as appropriate, to provide timely responses to requests by countries;
5. *Invites* Parties to submit to the secretariat annually, in writing, and no later than 10 weeks prior to the COP 24, their *views* and recommendations on the elements to be taken into account in developing guidance to the GEF;
6. *Requests* the SCF to take into consideration the submissions referred to in paragraph 4 above when providing draft guidance to the GEF for consideration by the COP;
7. *Also requests* the GEF, to include, in its annual report to the COP, information on the steps that it has taken to implement the guidance *provided* in this decision.]

## Appendix - Other inputs considered by the SCF at its 16<sup>th</sup> meeting

### Matters that reflect current operations of the GEF

1. The GEF Council should enhance or at least maintain the allocation of GEF-7 fund for climate change focal areas;
2. The GEF, in its next replenishment cycle, should maintain the STAR (System for Transparent Allocation of Resources) on the understanding that it is a system for resources allocation to eligible countries that is based on transparency and reflects the performance of the respective countries as well as their potential in achieving global environmental benefits;
3. The approach in resource allocation of the GEF 7 should allow countries to be the main determinant of such allocations, and should increase the flexibility for reallocation of funds between focal areas;
4. Developed country Parties and any other Parties in a position to do so should continue and enhance their voluntary financial contribution to the GEF, to ensure a robust GEF-7 in providing adequate and predictable funding taking into consideration the Paris Agreement (also considered by decision 11/CP.22, paragraph 2);
5. The GEF should continue its efforts to deliver global environmental benefits by responding national priorities and international commitment under the three Conventions (CBD, UNCCD and UNFCCC);
6. *Encourages* the GEF to continue sharing information in its annual report on projects it approved that support the innovation and/or scaling-up of climate technologies, with the aim of informing the Technology Mechanism as it undertakes further work on climate technology innovation;
7. *Encourages* the GEF to report on the outcomes of the collaboration with the CTCN with respect to exploring new ways of supporting climate technology related requests for technical assistance as referred to in Decision 11/CP.22 and 15/CP.22;
8. *Notes* that a longer term perspective to engage private sectors in GEF technology projects is required;

### Matters on which the SCF did not conclude its discussions

9. *Encourages* both the GCF and the GEF to consider ways to ensure the alignment of the asset management by the trustee with the goals set in the Paris Agreement as well as with international best practice for environmental, social and governance standards;
10. *Requests* the GEF to continue implementing in its seventh replenishment period its established funding policies [including] [mainly] through the grant based funding instruments in support to all developing countries;
11. *Requests* the GEF to continue to implement its policies in line with the Convention provisions that relates to eligibility and avoids differentiation between developing countries;
12. To allow more direct access to the fund, Indonesia urges the GEF to begin a new round of accreditation of agencies, so that new national and regional agencies can join the current portfolio of GEF agencies;
13. To allow more incentive to local or community-based initiatives and for greater significant environmental, social and economic benefits at local community level, Indonesia urges for the continuation and strengthening the GEF Small Grants Programme;
14. [Placeholder on possible guidance from the COP / SBI agenda item on the GEF];

### Matters that require clarifications from the proponent(s) of inputs

15. *Encourages* the GEF to promote enhanced communication between executing agency, technology provider and technology recipient;
16. *Encourages* the GEF to focus on strengthening institutional capacity and transforming policy and regulatory environments to better engage the private sector.



**Annex IV****2017 forum “Mobilizing finance for climate-resilient infrastructure”*****A. Recommendations by the Standing Committee on Finance***

1. On the basis of the outcomes of its 2017 forum, the SCF submits the following recommendations for consideration by the Conference of the Parties (COP):
  - (a) Invite developing country Parties to develop policy and/or strategic planning frameworks that incorporate national climate-resilient infrastructure priorities into investment decisions in the context of NDCs and NAPs, as appropriate;
  - (b) Encourage developing countries to take advantage of the resources already available through the operating entities of the Financial Mechanism to strengthen their institutional capacities at local, subnational and national level to develop climate-resilient infrastructure projects;
  - (c) Highlight the need to ensure efficient access to climate finance from different providers, including the operating entities of the Financial Mechanism;
  - (d) Invite Parties to encourage an enhanced engagement of government agencies, including ministries of finance and planning, to further mainstream climate resilience and integrate it into infrastructure plans as well as national development strategies and budgetary processes, as appropriate;
  - (e) Encourage the continuation of the provision of technical and financial support for enhancing hydro-meteorological services in developing countries so that better climate data and information services become available to inform the process of infrastructure planning, designing, building and evaluation;
  - (f) Invite Parties, MDBs, international organizations, expert institutions and the private sector to further collaborate in the development of climate-resilient infrastructure certification systems and standards and metrics, including the valuation of social and environmental benefits;
  - (g) Invite Parties to consider means to incentivize private sector action on climate-resilient infrastructure investment and to establish and/or strengthen the dialogue with key actors at the subnational, national, regional and international levels to ensure the resilience of infrastructure;
  - (h) Request the GCF, GEF and the Adaptation Fund to continue supporting climate-resilient infrastructure projects in developing countries, while taking into account the need for coherence and complementarity among these funds and with other providers of financial support.

***B. Follow-up activities of the Standing Committee on Finance in 2018***

2. The SCF will consider undertaking the following activities in relation to the topic of its 2017 forum:
  - (a) Assess how to address the issues of climate resilience metrics in the 2018 biennial assessment and overview of climate finance flows;
  - (b) Continue to engage with relevant institutions such as MDBs, private sector, regulators, industry associations to further discuss how to enhance financing for climate-resilient infrastructure projects based on lessons learned and good practices, including considering the possibility of SCF engagement in relevant events;
  - (c) Produce outreach materials, including a publication to disseminate the outcomes of the 2017 SCF Forum, as part of a broader outreach strategy to better promote the outcomes of SCF forums.

## Annex V

### **Revised co-facilitators reflections note on the topic for the next SCF forum (agenda item: 5b)**

#### **Summary of the discussions**

1. In addition to various lessons learned from this year's forum (see paragraph 2 below), the following suggestions were raised by members to assist the SCF in coming to an agreement on its topic for the next forum:
  - (a) The SCF could further building on this year's forum topic, and further zoom into specific aspects of climate resilient infrastructure;
  - (b) The SCF could, should it accept the offer to co-host the forum with the Republic of Korea, look into possible coherence with topics of relevance to the host-country;
  - (c) The SCF could look into the issue of frequency of its forum, particularly in light of heavy workload in a year which coincides with the preparation of the BA;
  - (d) As the next high-level ministerial dialogue on climate finance will take place in 2018, the SCF may wish to consider providing relevant inputs to those deliberations through the outcomes of its 2017 and 2018 forum.

#### **Suggestions by the co-facilitators for further deliberation by the SCF**

2. In its further deliberations on the topic for the next forum, the SCF may wish to consider the following suggestions by the co-facilitators of this agenda item:
  - (a) SCF may wish to decide, should it not be able to come to an agreement on the topic of the forum during its sixteenth meeting, to seek guidance from COP 23 on this subject matter;
  - (b) SCF may wish to take note of the lessons learned from the 2017 forum:
    - i. Sufficient time should be allowed for the preparation of the forum, including to ensure that members of the SCF can attend the forum;
    - ii. Overall, an agreement by the SCF on the topic of its forum as soon as possible significantly facilitates the preparation of the forum in order to ease organizational matters, including concluding on the relevant legal instruments with host countries and to facilitate all logistical and funding aspects;
    - iii. Holding the forum back to back with another event has positive effects on the success of the forum, including by increasing the convening power of the forum and thereby ensuring the attendance of relevant experts and stakeholders, as well as by profiting from relevant synergies;
    - iv. Outreach and dissemination of the findings of the forum should be further enhanced, including by making all resources gathered in the context of the forum more accessible and user-friendly;
    - v. Engagement by SCF members in the forum, including with regard to the identification of speakers and participants, should be further enhanced;
    - vi. Clear commitment by the host country can significantly contribute to the success of the forum, including through appeal of the topic selected by the SCF;
    - vii. Setting certain criteria, including timelines, in the preparation of the forum, might be helpful, bearing in mind that the SCF should not be restricted by such criteria;
    - viii. Need to improve the geographical representation of Parties, as well as the participation of relevant stakeholders, including from the private sector, which is facilitated by timely decision by the SCF on the topic and date of its forum;
    - ix. Need to ensure efficient resource mobilization, including with regard to level of attendance;
  - (c) SCF may wish to respond to the offer by the Republic of Korea to co-host the next forum of the SCF;
  - (d) SCF may wish to agree on the topic for its next forum based on the below suggestions, noting that topics could be merged, e.g. in the form of sub-topics:

*Cluster one:* Financing climate resilient cities (a, b, c, f, g, i)

*Cluster two:* Climate finance architecture (d, e, h)

- i. Financing for reconstruction and adaptation in catastrophic situations;
- ii. Financing climate resilient cities, how to build back after climate related disasters;
- iii. How to build resilience of the private sector;
- iv. Achievements so far and future direction of climate funds, including the operating entities of the Financial Mechanism, national climate funds, etc.;
- v. Rationalization/streamlining of public climate finance architecture;
- vi. Catalyzing investments/Financing for the implementation of NDCs;
- vii. Aligning domestic policies, governance, enabling environments with nationally determined strategies;
- viii. Financing/Leveraging climate action to promote sustainable economic growth and development;
- ix. Leveraging investments in lower emission energy security;
- x. SCF may wish to request the secretariat to look into options to increase participation in the forum, including by increasing private sector engagement;
- xi. SCF may wish to request the secretariat to initiate the necessary steps to organize the next forum once an agreement has been reached by the SCF on the topic of the forum, to reaffirm the co-facilitators for this agenda item, and to establish a working group on this matter to support the co-facilitators.

## Annex VI

### Self-assessment report of the Standing Committee on Finance

#### Background

1. As per the terms of reference for the review of the functions of the Standing Committee on Finance (SCF), one of the sources of information that the review shall draw upon is a self-assessment report of the SCF and recommendations on improving its efficiency and effectiveness.<sup>1</sup> In response to that mandate, the SCF gathered various information on its areas of work, through an updated and expended overview of its mandates to date, factual information collected by the secretariat, and a survey of current and past SCF members (elected in 2014). The SCF agreed to update and expand the overview of the mandates provided to it by the Conference of the Parties (COP), building on the information provided by the SCF to COP 22 on the outputs delivered by the SCF in 2011–2015,<sup>2</sup> and to also include information on the related decisions taken by the COP in response to the respective outputs of the SCF, with a view to providing this information for consideration and further deliberation at the forty-sixth session of the Subsidiary Body for Implementation (SBI).<sup>3</sup> The summary below outlines the factual information gathered and the responses to the survey conducted.

#### Summary of information gathered

2. The SCF requested the secretariat to compile quantitative and factual information on various matters, related mainly to its meetings, such as on meeting attendance, the number of working groups of the SCF, calls for submissions issued by the SCF, and the submission of SCF reports to the COP.<sup>4</sup> The following outlines the findings derived from that information, spanning the period 2012–2017.

#### *Quantitative and factual information*

3. From the 1<sup>st</sup> to the 10<sup>th</sup> meeting of the SCF, an average of 18 out of 20 members attended each meeting, with a slight drop in participation to an average of about 16 members per meeting since the 11<sup>th</sup> meeting.

4. Overall, an average of 48 persons participate in SCF meetings, including 18 members and 30 observers. Registration information maintained by the secretariat shows a fairly even distribution of participation by observer groups, with Party observers most represented. On average, seven observers from Parties included in Annex I to the Convention and six observers from Parties not included in Annex I to the Convention attend the meetings, followed by observers from non-governmental organizations and inter-governmental organizations. The meetings are also accessible via webcast, and, where information thereon is available, webcast views suggest that on-demand use of this service is greater than live use. Between 6 and 10 SCF members participate in the annual SCF forum, which is widely attended by Party observers.

5. The SCF has increasingly made use of working groups, with an average of seven groups having been established per year in the past three years. The SCF usually submits its report to the COP two weeks prior to the COP session, owing to the last meeting of the year of the SCF being held close to the COP session.

6. Overall, the SCF has issued one open-ended call for inputs and six calls for inputs on specific issues, such as on measurement, reporting and verification (MRV) of support beyond the biennial assessment and overview of climate finance flows (BA), the SCF forum, and coherence and coordination of financing for forests, to which up to 30 responses have been received. In addition, the in-person or virtual participation of SCF representatives in meetings of the Adaptation Committee, the Technology Executive Committee (TEC), the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts and the Paris Committee on Capacity-building has also significantly increased. Furthermore, since 2013, the SCF has held information events annually during the sessions of the subsidiary bodies and/or the COP to provide an update on the status of its work as well as on specific activities such as the BA and the issue of coherence and coordination of forest finance.

<sup>1</sup> Decision 9/CP.22, annex, paragraph 4(e).

<sup>2</sup> FCCC/CP/2016/8, annex VII.

<sup>3</sup> The updated and expended overview of the SCF mandates is available at [http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/39\\_304\\_131359396103493098-SCF%20Submission%20SBI%2046.pdf](http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/39_304_131359396103493098-SCF%20Submission%20SBI%2046.pdf).

<sup>4</sup> The compiled information is available in annex II to SCF document SCF/2017/16/7.

*Survey among Standing Committee on Finance members*

7. The SCF agreed to conduct a survey among its members, including members elected in 2014. Overall, 16 current SCF members responded to the survey as well as five former members of the SCF who were elected in 2014.<sup>5</sup> The responses show a general level of satisfaction with the meetings and substantive work of the SCF and its impact in many climate finance related areas through its technical inputs such as the BA and its cooperation with various climate finance stakeholders.

8. However, the responses also show that there is room for improvement with regard to many procedural and substantive matters. SCF members provided concrete and detailed suggestions on how to improve the work of the SCF and on the need for sufficient resources to support its work. The SCF also received three submissions, two from individual SCF members and one from the TEC.<sup>6</sup> All submissions received in response to the invitation of COP 22<sup>7</sup> are available on the UNFCCC website, including one from a non-governmental organization.<sup>8</sup>

**Proposals for the further improvement and/or enhancement of specific areas of work of the Standing Committee on Finance**

9. The following is a compilation of possible suggestions from individual SCF members for further improving and/or enhancing the meetings of the SCF and specific areas of its work:

(a) *In-session and intersessional working modalities:*

- i. Improve allocation of meeting time, for example by increasing the time available for plenary sessions;
- ii. Convene at least three meetings per year and make more efficient use of intersessional work;
- iii. Prioritize the work of the SCF in order to maximize focused outcomes;
- iv. Ensure the full engagement and commitment of all members with regard to actively participating in the intersessional work of the SCF, providing clear guidelines for work and decision-making and taking into account the technical constraints on virtual means of participation;

(b) *Composition and level of participation of members:*

- i. Ensure the appropriate qualifications, expertise and skills of members nominated to the SCF, taking into account the need for balanced representation of experts from inside and outside the intergovernmental process, as well as the personal commitment of the individual members;
- ii. Introduce alternate members, ensuring that no additional costs arise in the implementation of such a modality {note: this suggestion, raised by a number of SCF members, was opposed by various members due to legal as well as practical deliberations, including the view that such a provision would fall outside the scope of the terms of reference of the review of the functions of the SCF; an informal note on the issue of membership of the SCF which included information on the current practice regarding SCF membership, as well as possible amendments to the current composition and working modalities of the SCF was considered by the SCF during its 16<sup>th</sup> meeting and has been made available on the SCF website};<sup>9</sup>
- iii. SCF members are responsible for ensuring quorum, particularly when the SCF adopts its decisions;
- iv. The schedule for SCF meetings in a given year, once agreed by the SCF, should remain as is, rescheduling of a meeting should only be considered under exceptional circumstances;
- v. Ensure participation of members in meetings of the SCF including through virtual means of participation on a case by case basis;

(c) *Engagement of relevant stakeholders* in specific areas of the work of the SCF, such as the MRV of support beyond the BA, the SCF forum and the BA:

<sup>5</sup> Annex III to SCF document SCF/2017/16/7 contains a compilation of all responses provided by SCF members.

<sup>6</sup> Available in annex I to SCF document SCF/2017/16/7.

<sup>7</sup> Decision 9/CP.22, paragraph 3.

<sup>8</sup> Available at <<http://www4.unfccc.int/submissions/SitePages/sessions.aspx?showOnlyCurrentCalls=1&populateData=1&expectedsubmissionfrom=Parties&focalBodies=SBI>> and <<http://unfccc.int/7481.php>>, respectively.

<sup>9</sup> <<http://unfccc.int/6881.php>>.

- i. Identify stakeholders whose engagement should be further enhanced, such as observers from Parties not included in Annex I to the Convention, the private sector (investment banks or fund management), research, financial and insurance entities involved in climate change finance, and initiatives aiming at transforming the financial system towards climate-smart investments (such as international financial institutions, the United Nations Environment Programme Finance Initiative, and the Climate Policy Initiative);
  - ii. Organize sessions on specific topics in order for the SCF to interact with external stakeholders;
  - iii. Improve the web-based platform for communication and exchange of information;
  - iv. Ensure that inputs provided by observers during meetings of the SCF are appropriately taken into consideration;
  - v. Incorporate formal and informal working modalities to enable more contribution from key stakeholders.
- (d) *Maintain linkages with the constituted bodies under the Convention:*
- i. Allocate more time and resources in order to develop synergies between the different bodies;
  - ii. Identify possible areas of duplication of tasks between the SCF and the constituted bodies, and in particular with the work undertaken by the Subsidiary Body for Scientific and Technological Advice (SBSTA), the SBI and the Ad Hoc Working Group on the Paris Agreement (APA);
  - iii. Provide targeted information to inform the work of other bodies, including informally;
  - iv. Enhance the understanding of other constituted bodies of the work of the SCF, in order to better manage their expectations;
  - v. Enhance the engagement of SCF members in the meetings of other constituted bodies by agreeing on the input to be provided in advance of the meeting in order to allow for an agreed SCF input rather than views expressed by members in their personal expert capacity;
  - vi. Ensure sufficient feedback to the SCF from members attending meetings of other bodies.
- (e) *Address duplication and/or overlaps between the work of the SCF and other bodies:*
- i. The SCF and the secretariat could work more collaboratively with other bodies to identify and address overlaps, in order to improve coordination;
  - ii. There is a need to emphasize with other constituted bodies the mandate of the SCF of preparing the draft guidance to the operating entities of the Financial Mechanism, in order to ensure coherence in the provision of guidance;
  - iii. Follow-up actions/recommendations on specific sectoral issues identified by the SCF may be taken forward by other constituted bodies instead of the SCF;
  - iv. There is a need for the COP to ensure that work on climate finance related matters is not duplicated across different constituted bodies;
- (f) *Improving the forum of the SCF*
- i. Develop clear recommendations for Parties, bodies and external organizations regarding the follow-up on the forum;
  - ii. Enhance the use of the findings and outputs of the forum and the integration thereof into the work of the SCF and other bodies, such as by improving the linkages with other constituted bodies and external stakeholders through the promotion of the deliverables of the forum and establishing an enhanced web-based platform;
  - iii. Link the outcomes of the forum as an activity with the promotion of the function of coherence and coordination in the delivery of climate change financing and the rationalization of the Financial Mechanism;
- (g) *Enhance the effectiveness of the provision of draft guidance to the operating entities of the Financial Mechanism, such as through a more strategic approach by the SCF and ensuring ownership of SCF members regarding the SCF outputs to the COP;*

- (h) Further *improve the expert inputs to the reviews of the Financial Mechanism* by seeking views from all constituted bodies under the Convention;
- (i) Further *work on the improvement of the coherence, effectiveness and efficiency of the operating entities of the Financial Mechanism*, including by proposing recommendations;
- (j) *MRV of support beyond the BA*:
  - i. Identify the specific role of the SCF within the currently ongoing MRV-related work conducted by other bodies, such as the SBSTA and the SBI, also in the light of limited resources;
  - ii. Ensure a focus particularly on the issues of verification and measurement of support;
- (k) *Mobilization of financial resources*, such as the need for the SCF to work towards providing detailed *guidance* to determine the mobilization of financing from a country-driven approach.

### Recommendations

On the basis of the information gathered in the context of the self-assessment and in order to improve the efficiency and effectiveness of the SCF, the SCF recommends that the COP:

- 10. Take note of the updated and expanded overview of the mandates provided by the COP to the SCF, referred to in paragraph 1 above;
- 11. Take note of this self-assessment report of the SCF;

#### *Working modalities of the SCF*

- 12. Acknowledge the transparency of the proceedings and decision-making processes of the SCF, including through the webcast of its meetings and the timely publication of its reports to the COP;
- 13. Take note that there is a need for the SCF to reconsider some of its in-session and intersessional working modalities, with the aim of further enhancing its efficiency and effectiveness, ensuring the inclusiveness and transparency of its proceedings and adequately engaging relevant stakeholders in its deliberations, including with regard to observer participation;
- 14. Encourage Parties to ensure that members nominated to the SCF possess the necessary technical background and expertise in the area of finance, in line with decision 2/CP.17, annex VI, paragraph 2;
- 15. Encourage the SCF to optimize its work by convening the appropriate number of formal and informal meetings, including at the margins of sessions of the subsidiary bodies, in light of its workload in a given year, and to ensure the maximum participation of its members;
- 16. Encourage Parties to provide financial resources to support the implementation of the workplan of the SCF;
- 17. May wish to consider appropriate modalities to ensure an enhanced participation of members, taking note of, inter alia, the suggestions included in paragraph 9(b) above;
- 18. May wish to consider the existing workplan of the SCF, and particular its workload, when providing guidance to the SCF;
- 19. May wish to take note that the SCF may need to consider to prioritize specific areas of work in light of its workload in a given year;

#### *Linkages with the SBI and the constituted bodies under the Convention*

- 20. Take note that there is a need for the SCF to further refine its approach to maintaining linkages with the constituted bodies under the Convention;

#### *Level and nature of stakeholder engagement*

- 21. Acknowledge that the level and nature of stakeholder engagement by the SCF is adequate and fit for purpose, noting that the SCF should further strengthen its engagement in the context of some activities, including by enhancing the engagement of, inter alia, representatives of:
  - (a) Developing country Parties;
  - (b) The operating entities of the Financial Mechanism;

- (c) Financial institutions and the private sector from developed and developing country Parties, including initiatives aiming at transforming the financial system towards climate-smart investments;
- (d) Research entities involved in climate change finance;

*Quality and added value of the outputs of the SCF*

22. Acknowledge the contribution of the SCF in informing and advancing the work of the COP through its outputs and/or recommendations, such as the BA, the expert input to the reviews of the Financial Mechanism, the draft guidance to the operating entities of the Financial Mechanism, the annual thematic forums, and the arrangements between the COP and the Green Climate Fund;
23. Note the need for the SCF to provide specific and targeted outputs and/or recommendations in order to effectively advance the work of the COP;

*SCF forum*

24. Acknowledge the added value of the SCF forum, including through its ability to convene key stakeholders, and the enhancement of a common understanding on various issues, noting that there is need for the SCF:
- (a) To enhance the use and ownership of the accumulated knowledge and expertise gathered at the forum;
  - (b) To provide clear recommendations to the COP and/or other bodies and external organizations, as appropriate, regarding follow-up actions of the forum;

*Coordination of climate finance work among the constituted bodies under the Convention*

25. Encourage other constituted bodies under the Convention to provide inputs to the SCF, which is mainly responsible for preparing the omnibus draft decision on guidance to the operating entities of the Financial Mechanism;
26. Ensure the coherence and coordination, and avoid duplication of climate finance related work across different constituted bodies, recognizing the mandates and competencies of the different bodies;
27. Identify the specific role of the SCF in the ongoing work related to MRV of support and transparency by other bodies such as the SBSTA, the SBI and the APA, also with a view to avoid duplication of efforts whilst respecting the respective mandates of those bodies.



## Annex VII

### Outcomes of discussion on 2018 Biennial Assessment and Overview of Climate Finance Flows

#### 1. THE 2018 BA OUTPUTS

The 2018 biennial assessment and overview of climate finance flows will consist of three products:

- A **technical report**, which will include three core chapters, namely:
  - Methodologies: methodological issues relating to measurement, reporting, verification of climate finance;
  - Overview of climate finance flows; and
  - Assessment of climate finance flows;
  - Additionally, the technical report will include an introduction with information on the process to prepare the 2018 BA. It will also include annexes, frequently asked questions, glossary, and a list of references.
- A **summary and recommendations** which will include four sections: 1. context and mandates; 2. challenges and limitations; 3. key findings; and, 4. recommendations.
- **Aggregate-level data** in a *well-structured interactive* format on a dedicated website, with easy to access weblinks to the underlying data sheets and sources, as well as information on data quality/certainty.

#### 2. THE 2018 BA OUTLINES

#### Outline of the Summary and Recommendations by the Standing Committee on Finance on the 2018 Biennial Assessment and Overview of Climate Finance Flows

- I. Context and mandates
- II. Challenges and limitations
- III. Key findings
- IV. Recommendations

#### Outline of the 2018 Biennial Assessment and Overview of Climate Finance Flows Technical Report

#### ACKNOWLEDGEMENT

**Summary and Recommendations by the Standing Committee on Finance on the 2018 Biennial Assessment and Overview of Climate Finance Flows (see section above)**

#### INTRODUCTION

- Background and objectives: set the scene – context of COP decisions.
- Scope: explicit explanation of what 2018 BA will do – i.e. a ‘meta-data analysis’ and overview/summary of existing publically available information.
- Challenges and limitations – e.g. practical difficulties in estimating domestic flows, private flows and other un-reported or underreported flows with any certainty.
- Approaches used in preparing the 2018 BA
  - Clearly outline what the BA is: describe where the data has been sourced from, time period, data coverage, and how the data was aggregated (e.g. how the different types of sub-flows are categorized in the onion diagram, how “pledged” vs “committed” vs “disbursed” are treated, etc.);
  - Clearly describe where the data on “geographical” and “thematic balance” comes from and how it is aggregated and categorized.

#### CHAPTER I – Methodological issues relating to the measurement, reporting and verification of climate finance

- Key messages.
- Brief summary/update on ongoing technical work related to MRV of finance, including on operational definitions:

- Compilation of definitions of climate finance and criteria used by various institutions and compilation of information on how Parties define mitigation and adaptation in their NCs, BRs, BURs, as well as NDCs, NAPs, and NAMAs;
- Comparison of approaches used in reporting climate finance, including sectoral based methodologies, methodologies for estimating mobilised private finance, domestic climate finance tracking systems.
- Information on emerging methodologies for measuring mitigation and adaptation finance outcomes.
- Review recommendations from 2016 and 2014 BAs.

## **CHAPTER II – Overview of current climate finance flows in 2015–2016**

- Key messages.
- Mapping of data availability and gaps by sector, geographic area, thematic distribution, and financial instrument/asset class.
- Updated onion diagram, including information on trends since the 2014 BA with respect to flows, thematic and geographic distribution and financial instruments used:
  - Estimates of global total climate finance flows, including international and domestic flows;
  - Climate finance flows from developed to developing countries:
    - UNFCCC funds.
  - South–South cooperation on climate finance;
- Evaluation of the quality of data, including clear identification of the uncertainties associated with each source of data and description of how the quality of measurement and reporting is assessed and the completeness of data – e.g. clearly outline the sources of data uncertainty, clearly describe the assessment of the quality of data “relatively certain”, “medium certain”, “relatively uncertain”, clearly present the scale the completeness of data from ‘low’ to ‘high’.
- Mapping out available datasets that integrate climate change considerations in insurance, lending, and investment decision making processes and that include the information relevant to tracking consistency with the long-term goal outlined in Article 2.1c of the Paris Agreement.
- Reflect perspectives of recipient countries.
- Identify emerging sources of data (e.g. cities).

## **CHAPTER III – Assessment of climate finance flows**

- Key messages.
- Introduction.
- Thematic objectives and geographic distribution of climate finance flows to developing countries.
  - Thematic objectives of climate finance;
  - Geographic distribution of climate finance;
  - Additionality of climate finance provided to developing countries.
- Effectiveness of climate finance: ownership, needs and impact.
  - Access to climate finance;
  - Pledges, approvals, commitments and disbursement of climate finance;
  - Ownership;
  - Alignment with needs; including inter alia in the context of NDCs and NAPs;
  - Reported results and impacts of climate finance: selected insights and experience;
  - Leverage and mobilization.
- Global total climate finance, and developing country flows in context:
  - Investment in high-carbon energy;
  - Estimates of subsidies;
  - Subsidies and financing measures affecting forests and land-use change;
  - Global finance at risk from climate change.
- Special topics/issues such as gender and climate finance, forest finance, financial instruments to address loss and damage, technology investment, climate resilient infrastructure.

**ANNEXES****FAQ****GLOSSARY****REFERENCES****LIST OF ABBREVIATIONS****BOXES / CASE STUDIES (in relevant chapters)**

- Possible examples:
  - Metrics for assessing progress in the alignment of portfolios of international financial institutions, institutional investors, etc.
  - Systems and tools used for integrating climate change considerations in investment strategies and decision making processes in the mainstream investment, lending and insurance sectors.

**3. STAKEHOLDER INVOLVEMENT AND OUTREACH**

Outreach is an important component of the BA preparation process, particularly for the data collection and review. This will be primarily achieved via the following means:

- Call for submissions immediately after endorsement of outline of 2018 BA at COP23.
- Technical meeting involving SCF members and data producers and aggregators (organised in conjunction with the SCF 17 meeting in March 2018).
- Technical meeting in conjunction with SCF 18 meeting in 2018 involving SCF members and data producers and aggregators.
- Data collection from national reports under the Convention, other reports, statistical systems, as well as data collection from institutions that provide climate finance through surveys and desktop research.

**4. ACTIVITIES AND INDICATIVE TIMELINE**

Main activities	Jun- Dec 2017	2018			
		Q1	Q2	Q3	Q4
Data availability and gaps analysis					
General outline					
Data collection, aggregation, harmonization and analysis					
1 <sup>st</sup> order draft of the technical report					
1 <sup>st</sup> BA technical meeting					
2 <sup>nd</sup> order draft of the technical report					
Technical review					
2 <sup>nd</sup> technical meeting					
1 <sup>st</sup> order draft of the Summary and Recommendations					
3 <sup>rd</sup> order and final draft of the technical report					
Technical review					
2 <sup>nd</sup> order and final draft of the Summary and Recommendations					
Editing, lay-out and production					
Development of web-based content					
Roll-out and publication					
Webinars and Launching event at COP24					

## Annex VIII

**Timeline coming out of SCF 16 until SCF 17 - Inputs to be provided by SCF members / work to be undertaken inter-sessionally**

Area of inputs / work to be undertaken	Work to be undertaken by working groups / co-facilitators / secretariat	Inputs to be provided by SCF members	Estimated timeline
2017 forum	<ul style="list-style-type: none"> <li>The 2017 SCF Forum co-facilitators and the secretariat will finalize work on the draft summary report of the 2017 SCF Forum which will contain the recommendations agreed at SCF16.</li> </ul>	<ul style="list-style-type: none"> <li>SCF members will be invited to provide comments on the draft full summary report.</li> <li>Following the incorporation of received comments, if any, into the final version of the summary report, SCF members will be invited to agree on the final report on a non-objection basis</li> </ul>	<ul style="list-style-type: none"> <li>Draft forum summary report will be included in the draft SCF report to COP23 and circulated to SCF members at COB, Thursday, 28 Sep</li> <li>SCF members to provide comments on the draft report until COB, Thursday, 5 Oct</li> <li>Final report to be circulated to SCF members on Friday, 6 Oct for agreement on a non-objection basis by Thursday, 12 Oct</li> </ul>
2018 forum	<ul style="list-style-type: none"> <li>The co-facilitators to prepare a clearly structured proposal for the topic of the 2018 forum;</li> </ul>	<ul style="list-style-type: none"> <li>Members to provide comments on the proposal;</li> <li>Revised proposal to be circulated to SCF members for approval of the topic of the 2018 forum on a non-objection basis;</li> </ul>	<ul style="list-style-type: none"> <li>21 October 2017;</li> <li>26 October 2017;</li> <li>30 October – 3 November 2017;</li> </ul>
Draft guidance to the operating entities of the Financial Mechanism	<ul style="list-style-type: none"> <li>Secretariat will refine the C&amp;A further with a view to finalize <i>Active / Inactive</i> classifications</li> </ul>		<ul style="list-style-type: none"> <li>Prior to SCF 17 meeting</li> </ul>
Sixth Review of the Financial Mechanism	<ul style="list-style-type: none"> <li>A final version of the technical paper (i.e. longer report) will be revised, based on the inputs received during the meeting, and circulated to the SCF for agreement on a non-objection basis, to be uploaded on the dedicated webpage.</li> </ul>		<ul style="list-style-type: none"> <li>End of October</li> </ul>
2018 Biennial Assessment and Overview of Climate Finance Flows	<ul style="list-style-type: none"> <li>Issue call for submission after COP23</li> <li>The BA co-facilitators, with the support of the secretariat, provide guidance to the BA team in preparing of the 1<sup>st</sup> order draft of the technical report in line with the outline and according to the indicative timeline</li> <li>Initiate preparations for the organization of the 1<sup>st</sup> BA technical meeting as soon as the dates of SCF17 are determined</li> </ul>	Provide preliminary feedback on the 1 <sup>st</sup> order draft of the technical report prior SCF17	<ul style="list-style-type: none"> <li>November-December 2017</li> <li>October 2017 – onwards</li> <li>December 2017 – onwards</li> </ul>
MRV of support	<ul style="list-style-type: none"> <li>The Co-facilitators of MRV of support beyond the BA, with the support of the secretariat, prepare technical input on matter relating to transparency of support, including from the 2016 BA, to inform the work under SBSTA47 agenda item 12 and APA1-4 agenda item 5</li> <li>The co-chairs and co-facilitators identify opportunities to engage with co-chairs / co-facilitators of the of the respective agenda items during COP23</li> </ul>	Provide comments on the written technical input	<ul style="list-style-type: none"> <li>Preparing of technical input by 13 October, followed by provision of comments.</li> </ul>

Area of inputs / work to be undertaken	Work to be undertaken by working groups / co-facilitators / secretariat	Inputs to be provided by SCF members	Estimated timeline
SCF 16 meeting report	<ul style="list-style-type: none"><li>Co-chairs, with the support of the secretariat, will write the report and make it available to SCF members on a no-objection basis</li></ul>		To be shared with members on 28 September on a non-objection basis by 6 October 2017
Meeting dates of SCF for 2018	<ul style="list-style-type: none"><li>Proposed meeting dates based on feedback received from members to be shared with members 25 September</li></ul>		Agreement on meeting dates by 6 October 2017
SCF 17 provisional agenda	<ul style="list-style-type: none"><li>Co-chairs with the support of the secretariat</li></ul>		At least 8 weeks prior to SCF 17
SCF 17 annotations to the provisional agenda	<ul style="list-style-type: none"><li>Co-chairs with the support of the secretariat</li></ul>		At least 4 weeks prior to SCF 17

**Annex IX****Background documents for the sixteenth meeting of the Standing Committee on Finance**

<i>Title</i>	<i>Symbol</i>
Background paper on the sixth review of the Financial Mechanism of the Convention	SCF/2017/16/3
Background paper on the draft guidance to the operating entities of the Financial Mechanism	SCF/2017/16/4
Background paper on the 2017 Forum of the Standing Committee on Finance	SCF/2017/16/5
Background paper on the 2018 Forum of the Standing Committee on Finance	SCF/2017/16/6
Background paper on the review of the functions of the Standing Committee on Finance	SCF/2017/16/7
Background paper on the measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows	SCF/2017/16/8
Background paper on the 2018 biennial assessment and overview of climate finance flows	SCF/2017/16/9
Background paper on the report of the report of the Standing Committee on Finance to the Conference of the Parties	SCF/2017/16/10