

**Ninth meeting of the Standing Committee on Finance
Bonn, Germany, 10–11 March 2015**

**Background paper on measurement, reporting and verification
beyond the biennial assessment and overview of climate finance flows**

Proposed actions for consideration by the SCF

- The SCF will be invited to consider the background document with a view to agreeing on an elaborated 2015 work plan for the work on MRV of support beyond the BA included in the Annex.
- The SCF may also wish to discuss and agree the modalities for the joint in-session technical workshop

I. Background

1. At COP 19, Parties invited the SCF to consider ways to increase its work on MRV of support beyond the biennial assessment and overview of climate finance flows (BA) in accordance with its work plan for 2014–2015.¹ In 2014, the SCF initiated work at the sixth meeting, followed by preliminary discussions on developments relating to MRV at the seventh and eighth meetings,² and discussions on possible activities.³
2. A working group, facilitated by Mr. Seyni Nafo and Ms. Outi Honkatuka, was established to take the matter forward.
3. The COP, by decision 11/CP.20, decided on a joint in-session technical workshop under the auspices of the SBSTA, the SBI and the SCF. The secretariat was requested to organize the joint in-session technical workshop in conjunction with the forty-second sessions of the subsidiary bodies (SBs), drawing on the information referred to in paragraphs 2 and 3 of that decision, so as to inform the work of SBSTA in the context of decision 2/CP.17, paragraph 19. The SCF is requested to include its recommendations on the methodologies for the reporting of financial information, in its annual report to COP21, taking into consideration the outcomes of the workshop. The COP also requested the SCF to present an update on its work on this matter at SBSTA 43.
4. In decision 6/CP.20, the SCF, as part of its on-going work on measurement, reporting and verification of support, and with a view to recommending improvements to the methodologies for reporting financial information, was requested to consider the findings and recommendations of the biennial assessment in its annual report to the Conference of the Parties for its consideration at its twenty-first session. In the same decision, COP also requested the SCF, in the context of its on-going work, including the preparation of the BA, to further explore how it can enhance its work on the MRV of support, based on the best available information on the mobilization of various resources, including private and alternative resources, through public interventions.

II. The work plan

1. The SCF agreed to develop an elaborated work plan building on the possible activities discussed at the eighth meeting, and based on COP20 outcomes.
2. The SCF is invited to consider the draft action plan included in the Annex.

¹ As contained in FCCC/CP/2013/8, annex VIII.

² SCF/2014/8/8

³ SCF/2014/8/9, Annex VII

III. Working modalities with SBSTA and SBI

1. In line with decision 11/CP.20, the in-sessional technical workshop referred to in paragraph 3 above will be jointly organised with SBSTA and SBI. The SCF may wish to consider the following options for its engagement with SBSTA and SBI:

Option I: Invite the chairs of SBSTA and SBI to discuss the arrangements of the in-session technical workshop with the co-chairs of the SCF; and

Option II: Mandate the co-facilitators to interact with the chairs of SBSTA and SBI to discuss the arrangements for the in-session technical workshop.

Standing Committee on Finance

Work plan on measurement, reporting, and verification of support beyond the Biennial Assessment and Overview of Climate Finance Flows

I. Background

One of the core functions of the Standing Committee on Finance (SCF) is to assist the Conference of the Parties (COP) in exercising its function in relation to the Financial Mechanism with respect to measurement, reporting, and verification (MRV) of support provided to developing country Parties¹.

To fulfil this function, the SCF conducts its work in three important ways: *firstly*, it has the mandate from the Conference of the Parties (COP) to prepare Biennial Assessment and Overview of Climate Finance Flows (BAs)²; *secondly*, it undertakes technical work beyond the BA on topics relating to MRV of support/finance with specific mandates given by the COP³, and/or as contribution to the progressive improvement of the compilation of climate finance information and data for the BAs⁴; and, *thirdly*, through its activities in the area of MRV of support/finance it promotes improvements in the quality and coverage of climate finance data. To this end, it encourages cooperation within the data producers and aggregators community (i.e. contributors to the BA such as MDBs, DFIs, IOs, think-tanks and research organizations that collect data on public and private climate finance flows) and encourages their alignment with the evolving system of MRV of support of the Convention.

At the Convention level, significant progress has been achieved on the broader MRV issues, including those relating to MRV of support since COP16 (See annex I), notably:

- Introduction of the Biennial Report to enhance National Communications of the developed country Parties, including the possibility to review the guidelines (2/CP.17), and the introduction of the Biennial Updated Reports (2/CP.17) for developing country Parties
- International Assessment and Review (IAR) and the International Consultations and Analysis (ICA)
- Methodologies for reporting financial information by A1 Parties (7.CP/19, paragraph 19, and the work on guidelines for the National Communications of non-A1 and the work to facilitate their preparation
- The establishment of the SCF with the MRV of support embedded in its core functions, including the mandate to prepare the BAs (2/CP.17, paragraph 121, (f))

With the successful completion of the first BA in 2014, the SCF has demonstrated its capability to carry out technical work and advise/make recommendations to the COP on ways to enhance transparency of support through further improvements on the three pillar of the evolving system of MRV of support – ‘M’, ‘R’, and ‘V’ respectively.

Consequently, the SCF is increasingly playing a significant role and is becoming an authoritative thematic body of the Convention on issues relating to the MRV of support/finance. It is also gradually becoming an important bridge between the international climate policy community (i.e., UNFCCC) and the climate finance data producers and aggregators community (i.e., MDBs, DFIs, IOs, research organizations and thinks tanks that track and report public and private climate finance flows).

This draft work plan builds on the discussions of the working group on MRV of support beyond the BA in the SCF6, SCF7, and SCF8, with consideration to relevant elements from decisions 6/CP.20 (SCF), 11/CP.20 (SBSTA) included in Annex III, as well as the findings and recommendations of the 2014 BA. It outlines relevant mandates, scope and some initial considerations, followed by operational aspects of the work in 2015.

¹ Decision 2/CP.17, paragraph 121

² Decision 2/CP.17, paragraph 121, sub-paragraph (f)

³ Decision 7/CP.19, paragraph 9

⁴ Recommendations by the Standing Committee on Finance on the 2014 biennial assessment and overview of climate finance flows

II. Mandate(s) and objectives(s)

At COP 19, Parties invited the SCF to consider ways to increase its work on MRV of support beyond the BA⁵ in accordance with its work plan for 2014/2015⁶. SCF initiated discussions on the matter in 2014. First, it took stock of on-going work on MRV of support, followed by discussions on possible activities. The summary of the discussions is included in Annex VII of the report of SCF8.

Specific elements for consideration were included in decisions 6/CP.20 (SCF) and 11/CP.20⁷ (SBSTA), these include:

- Decision on a joint in-session technical workshop (hereinafter the workshop) under the auspices of the SBSTA, the SBI and the SCF so as to inform the work of SBSTA in the context of decision 2/CP.17, paragraph 19 (11/CP.20, para. 4-5);
- Request to the secretariat to prepare a technical paper prior to SB42 summarizing existing international methodologies drawing from various sources, and invitation to Parties and observers to submit views specifically on methodologies for reporting financial information, which will inform the workshop (11/CP.20, para. 2-3);
- Request to SCF to include its recommendations on the methodologies for the reporting of financial information, in its annual report to COP21, taking into consideration the outcomes of the workshop (11/CP.20, para. 6);
- Request to SCF, as part of its on-going work on MRV of support, and with a view to recommending improvements to the methodologies for reporting financial information, to consider the findings and recommendations of the 2014 BA, for consideration at COP21 (6/CP.20, para. 10)
- Request to SCF, in the context of its on-going work, including the preparation of the (next) BA, to further explore how it can enhance its work on MRV of support, based on best available information on the mobilization of various resources, including private and alternative resources, through public interventions (6/CP.20, para. 11)

Given the mandates above, the main objective is to provide to COP21 a set of recommendations on how to improve methodologies for reporting information – as referred to in decision 2/CP.17 paragraph 19 – that are informed by robust technical work.

A second important objective is to take forward work relating to ‘measurement’ and ‘reporting’ from the findings and recommendations of the 2014 BA that would also supplement work relating to reporting methodologies.

While the BA s are expected to benefit from the work on MRV of support/finance in 2015, work for the preparation of the 2016 BA will be considered separately.

III.Scope and initial considerations

The scope and the depth of and the interrelationships between elements from the COP20 mandates and the objectives outlined above necessitate a holistic approach to organizing and implementing work in the area of MRV of support/finance in 2015.

A sound MRV system/framework ensures information flows effectively from ‘measurement’ to ‘reporting’. Likewise, improved quality of reporting relies on tracking and data collection capabilities of the reporting entities along the key stages of support/financing cycle (e.g., commitment, disbursement) and availability of underlying data (e.g., activity-, project -, and/or sub-component level data). Therefore, the ‘M’ and the ‘R’ pillars of an MRV system/framework are clearly interlinked, and do not exist in isolation.

The request to SCF to consider findings and recommendations of the 2014 BA and the request to further explore how it can enhance its work on MRV of support, based on best available information on the mobilization of various resources, including private and alternative resources, through public interventions concern both the ‘R’

⁵ Decision 7/CP.19, paragraph 9

⁶ FCCC/CP/2014/5, annex VIII

⁷ Note that all elements in decision 11/CP.20 (SBSTA) are with reference to and in the context of decision 2/CP.17, paragraph 19

and the 'M' – and , therefore, with implications on the aggregation processes and capabilities as well as availability for underlying data on 'mobilized private finance' in the future. Likewise, improved quality of reporting relies on improved data aggregation through, for instance, better use of common definitions in the case of public flows and ability to estimate/measure mobilized private finance according to desired attributes such as causality, attribution, etc. As such, it is proposed that the follow-up work from the findings and recommendations of the 2014 BA with respect to 'reporting' issues and work in the area of 'mobilized private finance' be considered as part of the operational work plan on the MRV beyond the BA.

Given the above, initial considerations for scoping the work on MRV beyond the BA can be grouped in two clusters as follows:

CLUSTER A – Work on methodologies for reporting financial information confined to decision 11/CP.20:

This would involve work that aims to generate insights from approaches used for reporting information on climate finance flows. Work in this area could focus on three sets of activities:

- *Analytical work:* this would be a synthesis of methodologies and systems used to measure and report climate finance (public and private), including insights from current tracking and reporting practices of Parties, international methodologies for measuring/aggregating and reporting climate finance, and on-going processes that aim to improve tracking and reporting systems. The work will draw from various sources, including submissions by Parties and observers, and 2014 BA as described in decision 11/CP.20;
- Exchange of information at the joint in-session technical workshop involving Parties and climate finance tracking and reporting community (e.g., MDBs, DFIs, IOs, think-tanks and research organizations that collect data on public and private climate finance flows, NGOs, etc.). The objective would be to take stock of the array of current reporting methodological approaches and practices, efforts underway to improve the quality and coverage of the data, and identify areas where improvements can be made in the reporting to the Convention in the short- and long-term.
- Recommendations on how to *improve methodologies for reporting financial information:* this includes consideration of the outcomes of the workshop at SCF11 in September (tentatively), and a set of recommendations that SCF would include in its annual report to COP21 in Paris.

CLUSTER B – Work relating to 'reporting' and 'measurement' in the context of the on-going work of the SCF, including findings and recommendations of the 2014 BA: This would involve technical work on the underpinnings of approaches used for measuring/aggregating and reporting information and data on both public and private climate finance flows (at the international and national levels). This may include:

- A comprehensive overview of the current MRV system of the Convention. This would be a high-level analysis/summary of the evolving MRV system of the Convention and the on-going work under the three pillars – 'M', 'R' and V'. The objective is to identify gaps, areas of improvements, and strengthening of linkages and synergies with relevant processes and bodies under the Convention.
- Identification [and assessment] of emerging methodological approaches for measuring 'mobilized private finance' through public interventions, including estimation methods. This would involve a literature review summarized in a Research Note, and cooperation with institutions and experts that are working in this area – e.g. OECD Research Collaborative, Low-Carbon Assets Registry of institutional investor networks, Climate Bonds Initiative, Climate Policy Initiative, IEA, UNEP FI, etc. This work would generate insights on: (i) prospects of data availability on private finance flows for the BAs; and (ii) insights on (feasible) approaches towards measuring and reporting mobilized private finance through public finance interventions. Insights on the later would feed into Cluster A. The goal is to identify ways to increase transparency of information on mobilized private finance flows. This may necessitate deeper engagement and a more structured dialogue between the SCF and the relevant institutions, experts, and stakeholder groups.
- Explore options for strengthening of domestic climate finance tracking and reporting systems and tools in developed and developing countries: This would be an overview of available information on country systems and tools for monitoring, tracking, and reporting climate finance received and provided as well as climate finance mobilized domestically more generally. This would be summarized in a Research Note. This work would generate insights on: (i) existing monitoring and systems in developed and developing countries, including emerging practices and tools (e.g. CPEIR, etc.); and (i) prospects of data availability for domestic

public and private climate finance flows for the BAs. This may necessitate interaction with public entities, preferably finance ministers from developing countries, to encourage allocation of resources through national budgets and to obtain insights from country experiences with regards to domestic MRV systems and tools and how these efforts help to build a better understanding on mobilized private finance through public interventions.

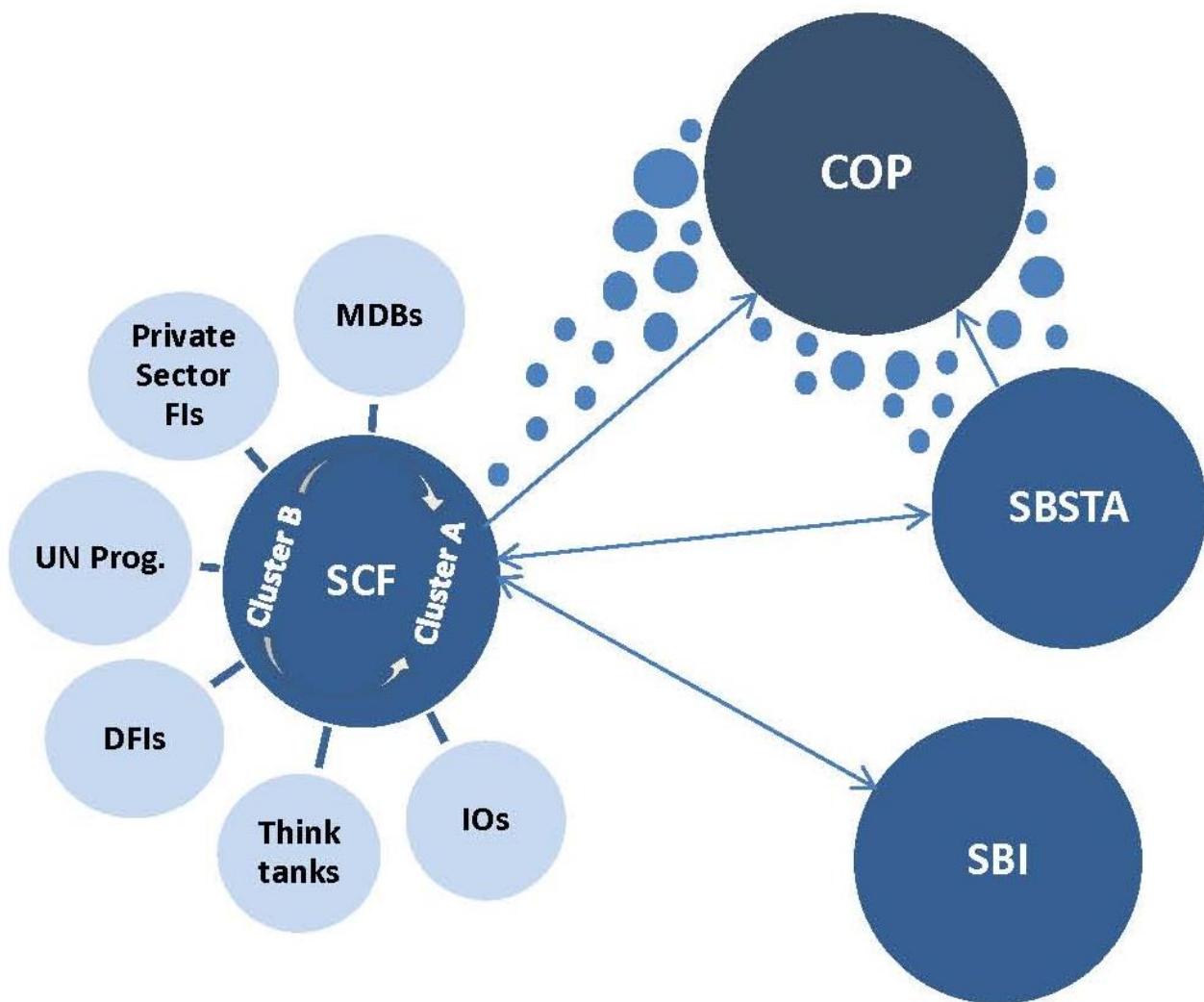
It is expected that work relating to the 'R' will enhance transparency through improvement in the quality (and coverage) of financial information reported to the Convention. In turn, this should lead to improved data availability and aggregation capability for the 2016 BA and the subsequent ones. Another expected benefit would be the better alignment of the tracking and reporting methodologies used by producers and aggregators of the underlying data with reporting of financial information to the Convention as well as aggregation methods used for the preparation of the BAs. This would improve the ability to analyse qualitative and a quantitative information of climate finance provided and received as well as generate insights on the impact of climate finance flows associated with mitigation and adaptation activities.

The technical work relating to 'mobilized private finance' will inform SCF on emerging reporting approaches for climate related private finance. Hence, it would benefit its work on reporting methodologies (*Cluster A*). Furthermore, the work on the 'M' can be expected to encourage (enhanced) cooperation among data producers and aggregators, including on estimation methods for mobilized private finance.

IV.Approach

The SCF took a hubs-and-spokes approach for the organization and implementation of the work for the first BA through which it was able to gather data and information from various internal and external sources. While the work plan on MRV of support beyond the BA is not demanding on data collection, information gathering and active engagement with external stakeholders working in the area of MRV of support/finance remain relevant, particularly for *Cluster B*.

At the same time, work on the reporting methodologies, but also work following the findings and recommendations of the 2014 BA, necessitate interaction with different types of stakeholders (i.e., internal stakeholders such as SBSTA, SBI; Parties; and, external stakeholders that have developed tracking and reporting methodologies and are undergoing improvements) at different stages of the work plan, particularly for *Cluster A*. As such, it is proposed to take a 'multi-stakeholder' approach in activities involving exchange of information and the 'hub-and spokes' approach in activities involving information gathering. Figure 1 shows both approaches.

Figure 1: Hub-and-spokes and multi-stakeholder approaches

The technical work would combine analytical work – mainly stock taking and some analysis of available information – with active engagement with a wide variety of institutions in developed and developing countries working on issues relating to the MRV of support/finance. The technical work would underpin SCF's work on reporting methodologies in the context of the work plan and, therefore, would inform its deliberations on the topic.

V. Modalities

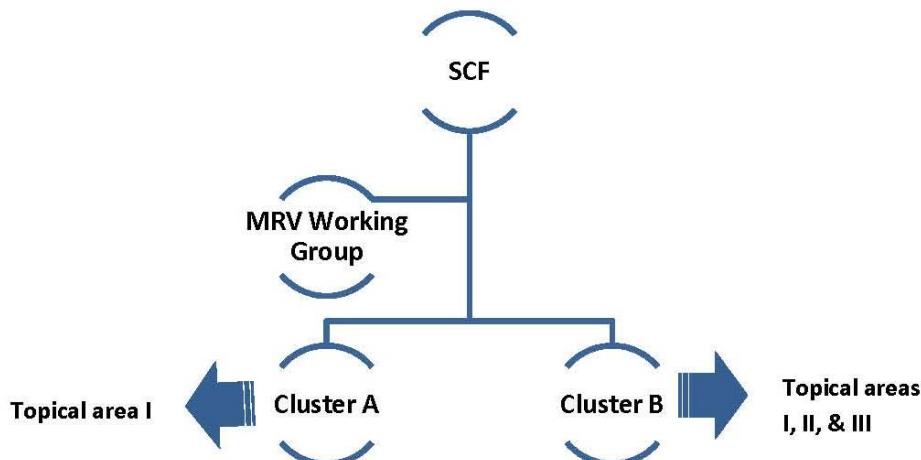
Given the scope, the depth and the interrelationships between the different but related elements described in section III, and to ensure that the technical work is conducted with sufficient rigor, the work would be organized around *Clusters A* and *B*. Each *Cluster* would involve focused analytical work and continued interaction with internal and external stakeholders throughout. The focused analytical work would cover specific topical areas, which are described in Table 1.

Table1: Clusters and Focus Areas

	Topical Area I: This will focus on existing reporting methodologies and systems, and improvements underway.
Cluster A	It will also support SCF's involvement in co-hosting the in-session technical workshop and inform the recommendations thereafter.
	Topical Area I: This will take stock of the progress made under each of the three pillars of the MRV system of the Convention, and will support SCF in identifying gaps, areas of improvements, and linkages and synergies. This will also benefit <i>Cluster A</i>
Cluster B	Topical Area II: This area will reach out [Parties and] external stakeholders with the objective to identify and collate relevant information on emerging methodological approaches for measuring and reporting mobilized private climate finance. It will support SCF's work on <i>Cluster A</i> as well as the 2016 BA.
	Topical Area III: This focus area will take stock of the current systems and tools used to track and report domestic climate finance from public and private sources. Initially, the focus will be in developing countries.

The information and insights generated from the *Topical Areas* of the two *Clusters* feeds into the SCF Working Group (see Annex II). The Working Group is facilitated by two co-facilitators appointed by the SCF, and supported by the secretariat. It is active in achieving the objectives and disseminates the results of the work to the broader SCF membership for consideration. External expertise may be utilized, and coordinated by the secretariat, to assist the co-facilitators and the Working Group carry out analytical work in specific focus areas.

The work will be organized in three tiers. First tier involves analytical work under the two *Clusters* through *Topical Areas*, and interaction with external stakeholders. Second tier involves discussions of deliverables and review of progress by the Working Group, facilitated by the two co-facilitators, including interactions with SBSTA and SBI. The third tier involves discussions on recommendations by the SCF, including interactions with chairs of SBSAT and SBI. This is shown in Figure 2.

Figure 2: The three-tier approach to organizing internal work

Activities and timeline

Because of the interrelationships between the issues relating to ‘reporting’ and ‘measurement’, the work plan on MRV beyond the BA will provide means to consider these issues holistically through *Clusters* and *Topical Areas*. It will also provide new opportunities for drawing together analytical information on measurement and reporting methodologies, experiences as well as on-going changes to existing tracking and reporting systems in 2015.

The mandated joint in-session technical workshop will be complemented with analytical work. In addition, three types of supplementary activities would benefit the work:

- A **technical** meeting involving institutions and experts (public and private) working on methodological approaches/frameworks for measuring and reporting mobilised private finance. This meeting would generate insights for Cluster B/Topical Area II.
- A technical meeting to generate insights on tracking/reporting/verification from public sector finance institutions involved in allocating and channelling public finance, including uses of such information for the purposes of leveraging international; and private finance.
- Formal interaction with international processes working on issues relating to MRV of support/finance. The objective would be to exchange information about work plans, and identify complementarities. This would benefit Cluster A/Topical Area I and Cluster B/Topical Area II and III.
- Build and initiate strategic dialogue with private sector financial institutions and networks involved in tracking/aggregating and reporting private climate finance flows. This would benefit Cluster B/Topical Area II and the 2014 BA.

The work plan will have several milestones that represent specific deliverables, each involving multiple steps over several months, and with possible overlaps. Table 2 shows the milestones over the period March–October.

Table 2: Indicative timeline for the implementation of the work plan in 2015

Key events Milestones	SCF9								SBs session, SCF10								Additional ADP session				SCF 11				Additional ADP session							
	Mar-15				Apr-15				May-15				Jun-15				Jul-15				Aug-15				Sep-15				Oct-15			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1. MRV Workplan																																
2. Technical Paper																																
3. In-session workshop																																
4. Technical meeting																																
5. Research Note 1																																
6. Research Note 2																																
7. Overview of MRV																																
8. Recommendations																																

VI. Expected output(s) and deliverable(s)

The outputs will be both analytical and procedural, these would include:

- The **programme** for the workshop and **session briefs** to guide panel discussions;
- A **short summary** of the outcomes of the workshop and **recommendations** by SCF for inclusion in the SCF report to COP21;
- A **Research Note** providing insights on the emerging methodological approaches/frameworks towards measuring and reporting mobilized private finance from public interventions;
- A **Research Note** providing an overview of existing domestic MRV systems and tools with a focus on developing countries; and
- An **overview on the MRV system** of the Convention that also identify gaps, areas of improvements, and strengthening of linkages and synergies with relevant processes and bodies under the Convention.

Additional deliverables will include:

- An action plan and a timeline;
- Briefing notes on specific topics and background notes for SCF meetings ;
- Background papers for technical meetings, including meeting agenda
- Presentations and **updates** on the progress

VII. Internal and external collaborations

The nature and the scope of the work necessitate both internal and external collaborations. *Cluster A* will cover activities with a joint mandate with SBSTA and SBI. Hence, it will require continued interaction with internal stakeholders. Two types of internal interactions are envisaged:

- **Coordination** with the Chairs of SBSTA and SBI on matters relating to the organization of the in-session technical workshop
- Interaction with subsidiary bodies, specifically SBSTA to update and communicate the results of the work as well as other process as the case may be (e.g., ADP)

The activities under *Cluster B* will also provide scope for enhanced external collaborations, – including sustaining current collaborations and initiating new collaborations with private sector financial institutions and their networks as well as institutions operating in developing countries. Two types of external collaborations are envisaged for *Cluster B*:

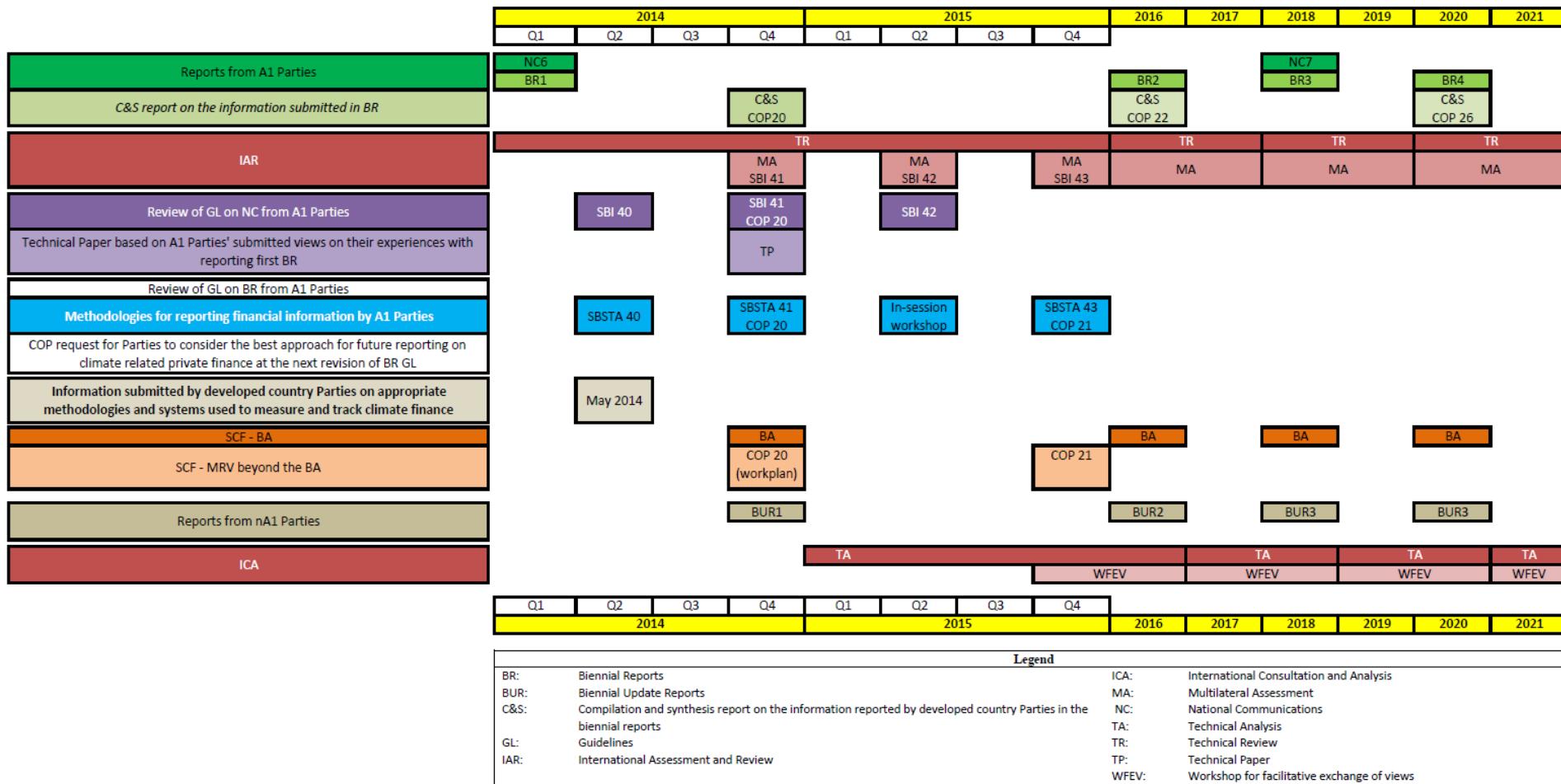
- **Continued interaction with climate finance data producers** and aggregators community. The focus would be on two types of external collaborations:
 - Collaborations with institutions that are working on climate public expenditures and institutional reviews in developing country Parties (e.g. UNDP)
 - Collaborations with initiatives that produce and aggregate data on private climate finance flows (e.g., OECD RC.)
- **Structured dialogue with institutions and experts working on methodological approaches/frameworks for measuring and reporting mobilized private finance** (e.g., OECD Research Collaborative, Low-Carbon Assets Registry, CPI, UNEP FI)

Strengthening external collaborations will be an important part of the work, particularly for *Cluster B*.

Specifically, it is proposed to set up an informal experts group drawing expertise from institutions and experts working on issues relating to ‘mobilized private finance’. This would include external collaborators such as MDBs, IDFC, OECD, CPI, Climate Bonds Initiative, UNEP FI, BNEF, IEA, IRENA etc. The experts group could be invited to contribute to *Cluster B*/Topical Area II, especially the Research Note.

VIII. Outreach

To ensure transparency and promote the work plan on MRV of support/finance, the SCF could provide updates to internal and external stakeholders on the progress made in implementing the work plan. These updates could either be incorporated in future side events which SCF may organise for Parties and observer organisations on the side lines of SBs sessions and/or additional sessions of the ADP in August/October.

Annex I***List and timelines of on-going activities related to MRV of support under the Convention (as at March 2015)***

Annex II***Composition of the Open-Ended Working Group on the MRV of support/beyond the BA***

Members	Country /Affiliation
Outi Honkatukia (co-facilitator)	Ministry of Finance, Finland
Seyni Nafo (co-facilitator)	Environment and Sustainable Development Agency , Mali
Kyekyeku Yaw Oppong-Boadi	Environmental Protection Agency, Ghana
Inka Gnittke	Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, Germany
Sarah Conway	U.S. State Department
Paul Oquist	Minister and Private Secretary of National Policies, Nicaragua
Suzanty Sitorus	National Council on Climate Change, Indonesia
Stefan Agne	European Commission
Yorio Ito	Ministry of Foreign Affairs, Japan
other	

Annex III

Compilation of elements from COP decisions relating to the workplan on MRV beyond the BA

COP decision on SCF annual report (6/CP.20)

Requests relevant technical bodies to consider the recommendations contained in the report of the 2014 biennial assessment and overview of climate finance flows as part of their on-going deliberations related to climate finance (para. 9)

Also requests the Standing Committee on Finance, as part of its on-going work on measurement, reporting and verification of support, and with a view to recommending improvements to the methodologies for reporting financial information, to consider the findings and recommendations of the biennial assessment in its annual report to the Conference of the Parties for its consideration at its twenty-first session (November–December 2015) (para. 10)

Further requests the Standing Committee on Finance, in the context of its on-going work, including the preparation of the biennial assessment and overview of climate finance flows, to further explore how it can enhance its work on the measurement, reporting and verification of support, based on best available information on the mobilization of various resources, including private and alternative resources, through public interventions (para. 11)

Requests the Standing Committee on Finance to include, in its report to the

Conference of the Parties at its twenty-first session, information on progress made in the implementation of its 2015 workplan, taking into account paragraphs 4–7 of the draft decision on methodologies for the reporting of financial information by Parties included in Annex I to the Convention [FCCC/SBSTA/2014/L.26] (para. 12)

SBSTA decision on methodologies for reporting of financial information by Parties included in Annex I to the Convention (11/CP.20)

In Cancun, COP adopted guidelines for the preparation of biennial reports (BR) by developed country Parties (2/CP.17, Annex I). It also requests the SBSTA to develop, taking into account existing international methodologies, and based on the experiences gained in preparing the first biennial reports, methodologies for reporting financial information with a view to recommending a decision on this matter to the Conference of the Parties at its twentieth session (para.19) ;

In Lima, COP extended by one year the deadline of the mandate given to SBSTA (2/CP.17, para. 19). The decision also included the following elements for the work in 2015:

- **Submissions** from Parties and observer organizations with their views on the methodologies for the reporting of financial information;
- **A technical paper** to be prepared by the secretariat prior to SB42, summarizing existing international methodologies and drawing upon information listed in decision -/CP.20 paragraphs 3⁸; and
- **A joint in-session technical workshop** to be organized by the secretariat in conjunction with the SB 42, informed by the submissions and technical paper mentioned above, so as to inform the work of the SBSTA.

The COP requested the SCF, as a part of its work on measurement, reporting and verification of support beyond the BA, to include its recommendations on the methodologies for the reporting of financial information in its annual report to COP 21, taking into consideration the outcomes of the joint in-session technical workshop.

The COP also requested the SCF to present an update on its work on this matter at SBSTA 43.

2016 BA: Loss and damage (2/CP.20)

⁸ (i) relevant information contained in submissions from Parties included in Annex I to the Convention, as referred to in decision 2/CP.17, paragraph 17, on their experience with reporting the first biennial reports, the submissions referred to in paragraph 2 above, (ii) information submitted by Parties on appropriate methodologies and systems used to measure and track climate finance , as referred to in decision 5/CP.18, paragraph 10; and (iii) the work of the Standing Committee on Finance on the 2014 biennial assessment and overview of climate finance flows.

Initial two-year workplan of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts in accordance with decisions 3/CP.18 and 2/CP.19⁹

Action area7: Encourage comprehensive risk management by the diffusion of information related to financial instruments and tools that address the risks of loss and damage associated with the adverse effects of climate change to facilitate finance in loss and damage situations in accordance with the policies of each developing country and region, taking into account the necessary national efforts to establish enabling environments. These financial instruments and tools may include: comprehensive risk management capacity with risk pooling and transfer; catastrophe risk insurance; contingency finance; climate-themed bonds and their certification; catastrophe bonds; and financing approaches to making development climate resilient, among other innovative financial instruments and tools (b).

Activities

- (a) Encourage public bilateral and multilateral institutions and funds and private investors to incorporate climate risk and resilience into development projects and into investment criteria and decisions (January-June 2015)
- (b) Encourage, promote and coordinate with research and development processes on financial instruments and tools that address the risks of loss and damage associated with the adverse effects of climate change (January-June 2016)
- (c) Invite the SCF, in its next biennial assessment and overview of climate finance flows, to include information on financial instruments that address the risks of loss and damage associated with the adverse effects of climate change (January-June 2016)
- (d) Invite Parties and relevant organizations to provide information on best practices, challenges and lessons learned from existing financial instruments at all levels that address the risk of loss and damage associated with the adverse effects of climate change (July-December 2015)
- (e) Facilitate diffusion of comprehensive information through a section of the UNFCCC website, reports of the Executive Committee to the COP, side event(s) and an invitation to the SCF to dedicate its 2016 Forum to financial instruments that address the risks of loss and damage associated with the adverse effects of climate change (Continues)

Expected results

Improved understanding by public bilateral and multilateral institutions and funds, private financial institutions and developed and developing countries on the range of financial instruments and tools to enhance action and support, including finance, technology and capacity-building, to address loss and damage associated with the adverse effects of climate change

COP decision on common tabular format for UNFCCC biennial reporting guidelines for developed country Parties (19/CP.18)

Requests Parties to consider the best approach for future reporting on climate related private finance at the next revision of the reporting guidelines (paragraph 6).

⁹ Report of the Executive Committee of the Warsaw International Mechanism for Loss and Damage Associated with Climate Change Impacts (FCCC/SB/2014/4), ANNEX III