GUIDE

CFAS Climate Finance Advisory Service

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About this guide

This guide provides negotiators and observers with an overview of the key issues related to climate finance that will be discussed at the 22nd Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), to be held from 7 to 18 November 2016 in Marrakech, Morocco. It is structured along the main items of the agenda of the different bodies that will meet in Marrakech, namely the COP itself, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), the subsidiary bodies (SBI and SBSTA) and the Ad-hoc Working Group on the Paris Agreement (APA). It should be noted that due to the early entry into force of the Paris Agreement, there will also be a first meeting of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) in Marrakech. However, the CMA is not covered in a separate section of this guide as no concrete decisions relating to climate finance are expected. A table at the end of the document provides a simple synopsis of all the items discussed in this guide.

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CFAS Climate Finance Guide: COP 22 Marrakech

1 Introduction

Many UNFCCC stakeholders see climate finance as one of the linchpins holding together the entire international climate policy process, for several reasons. First, the provision of climate finance to developing countries is an obligation developed countries have both under the UNFCCC and the Paris Agreement. Fulfilling this obligation builds trust that the international system is working and Parties are taking their commitments seriously. Second, climate finance is key to enabling the fulfilment of existing commitments, it is a "means of implementation" allowing poorer countries to report their emissions, adapt to the impacts of climate change and reduce their emissions in line with their national climate plans known as nationally determined contributions (NDCs). Third, climate finance can trigger higher ambition, leading to the highest possible efforts, which are needed to close remaining gaps. As far as the mitigation of climate change is concerned, current commitments are far from putting global emissions on a pathway that would allow achieving the objective of the Agreement to limit temperature raise to well below 2°C or even 1.5°C. Additional incentives are needed for more ambitious action - climate finance can be one such incentive. Much more resources are also needed to fill the adaptation gap, i.e. fulfil the objective of the Agreement to enable climate-resilient development everywhere, particularly for the most vulnerable.

In this context, the COP in Marrakech is a critical opportunity to provide a framework for transparency regarding climate finance, discuss the roadmap describing how the envisaged annual USD 100 billion of climate finance by 2020 are to be reached, and to ensure the aspired balance of mitigation and adaptation finance.

2 COP

The COP is the ultimate decision-making body of the Convention in which all Parties to the Convention are represented. During the COP, Parties review the implementation of the Convention and any other legal instrument that the COP adopts with the aim to take decisions necessary to promote the effective implementation of the Convention.[1]

[1] See UNFCCC website, http://unfccc.int/bodies/body/6383.php

Content

2.1 Long-Term Climate Finance

The agenda item referred to as "Long-Term Climate Finance" (LTF) is formally housed under the COP.[2] The LTF work process dates back to COP 15 in Copenhagen in 2009. Initially the debate focused on the mobilisation of resources by 2020 in the context of the USD 100 billion commitment by developed countries. Specific LTF workshops emerged as a key modality under the UNFCCC to advance the debate. The LTF workshops over the last years took place basically in two phases. The first phase between 2012 and 2013, following the COP 17 decisions, was a relatively intense one, with two workshops in 2012, an in-session workshop in 2013 and three additional expert meetings between July and September 2013. The official LTF work programme was formally concluded in 2013 at COP 19. Key outcomes included the establishment of the biennial submissions on updated strategies and approaches for scaling up climate finance by developed countries and a call on the Standing Committee on Finance (SCF) to continue work on operational definitions of climate finance. Furthermore COP 19 decided to continue between 2014 and 2020 with annual in-session workshops which would inform the newly created biannual high-level ministerial dialogues on climate finance. At COP 22, governments are invited to consider the summary report on the workshop held earlier this year, and take necessary action. This may include guidance on the organisation of future workshops on LTF.[3]

2016 LTF Workshop

On 18 May, during the 44th session of the subsidiary bodies in Bonn, the most recent in-session workshop on LTF was held. It focused on matters related to adaptation finance, needs for support to developing country Parties and cooperation on enhanced enabling environments as well as support for readiness activities, based on considerations of previous workshops and COP debates. The UNFCCC Secretariat released a summary report of that workshop highlighting the following key messages:[4]

[2] See COP 22 agenda, "Matters relating to finance", http://unfccc.int/resource/docs/2016/cop22/eng/01.pdf
[3] Ibid.
[4] UNFCCC (2016): In-session workshop on long-term climate finance in 2016. Summary report by the secretariat, http://unfccc.int/resource/docs/2016/cop22/eng/05.pdf

- Country-driven processes for the assessment of adaptation needs in developing countries are fundamental for scaling up adaptation finance.
- The NDCs could constitute a good opportunity for supporting the scaling up of adaptation finance.
- The role of the private sector in adaptation finance needs to be further enhanced.
- Access to adaptation finance remains a challenge, particularly for Small Island Developing States (SIDS) and Least Developed Countries (LDCs).
- Better information needs to be generated for more efficient planning, including through enhanced tracking of adaptation flows.
- The strengthening of national public financing management systems is vital to support countries to effectively manage, track and monitor climate finance.
- Maximizing the effectiveness of adaptation finance is important for ensuring that limited financial resources achieve the greatest possible impact.

High-Level Ministerial Dialogue on Climate Finance

An outcome of the original LTF work programme was the decision to hold regular ministerial dialogues on climate finance every two years.

Regarding the first High-Level Dialogue held at COP 20 in Lima in 2014, the UNFCCC summarized that "the dialogue provided a clear political signal on the need to enable the successful mobilization, deployment, and use of climate finance for the pre-2020 and post-2020 period. Ministers then agreed on the need to strengthen the instruments to provide predictability, accessibility and clarity in the use of climate financial flows, and particularly, to measure, report and verify funding. Ministers also called for improving how the Convention deals with these issues."[5]

The second High-Level Ministerial Dialogue on Climate Finance will be held in Marrakech, informed by the 2016 Biennial Assessment and Overview of Climate Finance Flows (BA) of the SCF (see Chapter 2.2), and will pick up on the themes of the in-session workshop. The draft programme for the dialogue indicates two discussion tracks followed by a discussion session among Parties:[6]

1. Financial policies for climate action: This will discuss approaches to NDC implementation through financial support and capacities, and will focus particularly on (i) the alignment of national financial and budgetary policies to accelerate the delivery of effective climate action, and (ii) the role of ministers of finance in climate action.

2. Scaling-up climate finance and widening the field. The second track will focus on the leveraging and catalysing of public and private climate finance for climate action to meet the USD 100 billion goal per year by 2020, and the mobilization of the necessary long-term climate finance to enable the transformation of the global economy towards sustainable development and climate resilience post-2020.

It can be expected that the recently released USD 100 billion roadmap[7] (see Box 1), prepared by developed country governments, will be subject to discussion and may potentially inspire critical questions from various countries. Initial reactions by various observers have shown a mixed response, indicating appreciation of an intended increase of finance in the next years, also for adaptation finance, but have also brought a number of critical observations.[8] Given that adaptation finance will likely receive a strong focus, governments might also refer to reports such as the most recent edition of the UNEP Adaptation Gap Report. It indicates the enormous economic costs to adapt to climate change, even at lower levels of warming, is in the order of up to USD 300 billion per year by 2030, leaving a huge adaptation finance gap compared to current support levels.[9]

The specific outcome on which the COP is expected to agree remains open, but will likely materialise in another LTF COP decision.

[5] See UNFCCC website, http://unfccc.int/cooperation_and_support/financial_mechanism/items/9984.php

[6] See http://tinyurl.com/ng8yhrv

[7] See http://tinyurl.com/oqu45q8

[8] See e.g. http://tinyurl.com/nhugaut, http://tinyurl.com/oqep6p3 or http://tinyurl.com/pbndlxu

[9] UNEP (2016): Adaptation Gap Report, http://web.unep.org/adaptationgapreport/2016

Box 1: The USD 100 Billion Roadmap

At COP 21 in Paris, developed countries were urged to significantly scale-up their support for climate change mitigation and adaptation action in developing countries. Furthermore, the Paris outcome requests developing countries to elaborate a roadmap with detailed information on how to achieve the goal of jointly mobilizing USD 100 billion per year by 2020 for concrete climate action.[10]

In the course of 2016, developed countries have made a collective effort - including through consultations with developing countries - to create this roadmap, which was published in October 2016 just before COP 22 in Marrakech. Basically, the roadmap builds on the methodology employed by the Organisation of Economic Cooperation and Development (OECD) and the Climate Policy Initiative (CPI) in a 2015 report[11] and an analysis made by the OECD in 2016[12] that takes into account the announcements made by many developed countries and current trends of climate finance pledges. In concrete, the roadmap indicates that the total amount of public finance in 2020 is expected to amount to USD 66.8 billion, out of which USD 37.3 billion will be channelled through bilateral public finance and USD 29.5 billion through multilateral public finance. With the addition of private finance, based on assumptions about increased leverage ratios, the projected overall finance levels in 2020 would amount to above USD 100 billion. Public adaptation finance is supposed to double between 2013-14 and 2020.

The roadmap outlines a set of actions that developed countries strive to undertake to fulfil their commitment of mobilizing USD 100 billion annually by 2020 for climate action. These actions to be taken by developed countries comprise four dimensions:

[10] See Decision 1/CP.21, para 114

[11] OECD/CPI (2015): Climate Finance in 2013-14 and the USD 100 billion goal, http://www.oecd.org/environment/cc/OECD-CPI-Climate-Finance-Report.htm

[12] OECD (2016): 2020 Projections of Climate Finance Towards the USD 100 Billion Goal, http://www.oecd.org/environment/cc/oecd-climate-finance-projection.htm

2.2 Report of the SCF

At COP 16 in 2010, Parties decided to establish a Standing Committee (Decision 1/CP.16, para 112), which was later renamed the SCF, to support the COP in relation to the Financial Mechanism of the UNFCCC. This includes "improving coherence and coordination in the delivery of climate change financing, rationalisation of the financial mechanism, mobilisation of financial resources and measurement, reporting and verification of support provided to developing country Parties." As per decision 1/CP.21, para 63, the SCF will also serve the Paris Agreement with its functions and responsibilities, which have been specified by COP 17 in Durban in 2011 (Decision 1/CP.17, para 121) as follows[13]:

- The organisation of a Forum for communication and the continued exchange of information among bodies and entities dealing with climate change finance
- Maintaining linkages with the Subsidiary Body for Implementation (SBI) and the thematic bodies of the UNFCCC
- The provision of draft guidance to the operating entities of the Financial Mechanisms, i.e. the Global Environment Facility (GEF) and the Green Climate Fund (GCF)
- The provision of expert input into the preparation and conduct of the periodic review of the Financial Mechanism
- Preparation of a Biennial Assessment and Overview of Climate Finance Flows

The SCF is meant to provide expert technical input on finance relevant matters that are being dealt with - from a more political angle - by the COP. As the SCF outcomes are only agreed by the members of the Committee (consisting of 10 members each from developed and developing countries), its recommendations and inputs forwarded to the COP need to be decided and endorsed by all Parties.

In 2016, the SCF met three times in Bonn and deliberated on different issues as outlined in its work plan, as well as addressed specific requests by the last COP. The two key deliverables of the work of the SCF this year were the second BA, as well as the fourth SCF Forum.

Biennial Assessment and Overview of Climate Finance Flows

One of the SCF's core functions is related to the measurement, reporting and verification (MRV) of the support provided from developed to developing country Parties, including the preparation of the BA.

The BA process was established in Durban in 2011 (2/CP.17 para 121(f)), with the primary objective to biennially provide the COP with existing information on financial flows against the background of the objectives of the Convention, starting in 2014. It also has a number of secondary purposes such as: contributing to the work on transparency of action and support, identifying methodological issues, data gaps, and potential for future research, and establishing a framework that can serve as a basis for future reports. Lastly, the outcomes of the BA are meant to include recommendations for improvements in the MRV system both inside and outside of the scope of the Convention. The BA's scope was gradually extended at subsequent COPs in Doha (COP 18), Warsaw (COP 19) and Lima (COP 20): to include information on relevant work by other bodies and entities on the MRV of support and the tracking of climate finance (Decision 1/CP.18, para 71); to include information on how to strengthen methodologies for reporting climate finance (Decision 5/CP.18, para 11); to work on operational definitions of climate finance, including private finance mobilized by public interventions, to assess how adaptation and mitigation needs can most effectively be met by climate finance (Decision 3/CP19, para 11); and to further explore how it can enhance its work on MRV of support, based on the best available information on the mobilization of various resources, including private and alternative resources, through public interventions (Decision 6/CP.20, para 11).

Upon release of the 1st BA in 2014, the SCF started preparations for the 2nd BA in early 2015, e.g. agreeing on the general outline. An approach similar to that employed for the 1st BA was taken, building on the guidance provided through the relevant decisions listed above. In addition, with regards to the Paris Agreement, the 2nd BA also aims to inform the work of the Ad Hoc Working Group on the Paris Agreement in relation to the development of modalities, procedures

[13] In Marrakech, the COP will initiate a review of the functions of the SCF (see Chapter 4.1)

and guidelines for a broader transparency framework of support and action.[14] Furthermore, it also took into consideration a recommendation by the Executive Committee of the Warsaw International Mechanism for Loss and Damage to include information on financial instruments that address the risks of loss and damage associated with the adverse effects of climate change.

The second BA outlines improvements made and identifies areas for further improvements in the UNFCCC reporting guidelines and formats for developed and developing countries and for improvements in climate finance tracking and reporting of data producers and aggregators. The BA presents estimates of flows from developed to developing countries, available information on domestic climate finance and South-South cooperation, as well as the other climate-related flows that constitute global total climate finance flows (see Box 2 and Table 1). Furthermore, it also considers the implications of these flows, including composition, purpose and emergent trends relevant to the UNFCCC objectives, including the new goals set out in the Paris Agreement.[15] Last but not least, it features a set of recommendations to the COP, inter alia to consider the 2nd BA and its key findings in order to improve guidelines for the preparation and reporting of financial information; to encourage international organizations and the private sector to enhance availability of granular country-level data; to encourage developing countries to make us of the resources available to strengthen institutional capacity to track and report climate finance; and to request the SCF to incorporate and assess available information on investment needs and plans related to National Determined Contributions (NDCs) and National Adaptation Plans (NAPs) when preparing future BAs.

Box 2: Climate Finance Flows in 2013-2014 (as estimated in the 2nd BA)

Global Climate Finance Flows

- According to the 2016 BA, global total climate finance has increased by almost 15% since 2011-2012, increasing from a high bound USD 650 billion for 2011-2012 to USD 687 billion for 2013 and USD 741 billion for 2014 (with private investment in renewable energy and energy efficiency representing the largest share).

Financial Flows to Developing Countries

- As reported in developed country Biennial Reports (BR), USD 23.1 billion in 2013 and USD 23.9 billion in 2014 of climate-specific finance was channelled to developing countries through bilateral, regional and other channels, while USD 1.9 billion in 2013 and USD 2.5 billion in 2014 was channelled through the UNFCCC funds and multilateral climate funds.

- Climate finance provided by MDBs to developing countries from their own resources was reported as USD 20.8 billion in 2013 and USD 25.7 billion in 2014. The BA suggests that USD 14.9 billion in 2013 and USD 16.6 billion in 2014 can be attributed to developed countries.

- Following the BA, the major source of uncertainty relates to the amount of private finance provided. OECD and CPI compiled an estimate of private finance mobilized by developed countries and identified USD 12.8 billion in 2013 and USD 16.7 billion in 2014 of private co-finance.

[14] As outlined in Article 13, para 13 of the Paris Agreement
[15] See Report of the Standing Committee, Annex II, para 3, http://unfccc.int/resource/docs/2016/cop22/eng/08.pdf

Table 1: Climate Finance Flows in 2013-2014, as estimated in the second BA[16]

		2013 (USD billion face value)	2014 (USD billion face value)
Flows to developing countries **2013-2014 average total** **Public**: USD 41 billion **Private**: USD 2 billion renewables USD 24 billion FDI USD 14.8 billion mobilized	**UNFCCC funds**[a]	0.6	0.8
	Multilateral climate funds (including UNFCCC funds)	1.9	2.5
	Climate-specific finance through bilateral, regional and other channels	23.1	23.9
	Of which grants and concessional loans	*11.7*	*12.4*
	MDB climate finance attributed to developed countries (own resources only)[b]	14.9	16.6
	Renewable energy projects[c]	1.8	2.1
	FDI in greenfield alternative and renewable energy	26.4	21.6
	Mobilized private finance[d]	12.8	16.7
Global total flows (inclusive of flows to developing countries above) 2013-2014 average total USD 714 billion	**Public and private investment excluding renewables (CPI)**	95-102	102-112
	Public and private investment for renewables (CPI)	244	285
	Private energy efficiency	334	337
	Private sustainable transport	Not available	Not available
	Private climate-relevant land use	5	5
	Private adaptation	1.5	1.5
	Domestic climate-related public investment	192	192

a) Includes commitments approved during 2013 and 2014. Almost all contributions are contributed by Parties included in Annex II to the Convention (Annex II Parties). The values do not reflect pledges to the Green Climate Fund amounting to USD 10.2 billion by the end of 2014.
b) From Annex II Parties to Parties not included in Annex I to the Convention (non-Annex I Parties). Values are derived by excluding climate finance to Parties included in Annex I to the Convention from the total climate finance provided by MDBs from their own resources to arrive at climate finance provided to non-Annex I Parties, and by attributing 85 per cent of this to Annex II Parties.
c) From Annex II Parties to non-Annex I Parties.
d) From Annex II Parties as well as Czechia, Poland, Slovakia and Slovenia.

[16] Ibid.

Forum of the SCF

The SCF is in charge of organizing a Forum for the communication and continued exchange of information among bodies and entities dealing with climate change finance in order to promote linkages and coherence (Decision 2/CP.17 para 121(a).

The fourth Forum of the SCF took place on September 5th and 6th 2016 at the headquarters of the Asian Development Bank in Manila, the Philippines. Following an invitation and recommendation from the Executive Committee of the Warsaw International Mechanism for Loss and Damage (ExCom), the Forum was titled "Financial instruments that address the risks of Loss and Damage associated with the adverse effects of climate change". The Forum's objective was to understand and take stock of existing financial instrument across different levels and sectors (see Figure 1); share and learn from country experiences and case studies on benefits, limits gaps and good practices from the different financial instruments; explore ways for scaling up and replicating practices and potential innovative instruments; and contribute to developing recommendations on actions and next steps for the design and effective deployment of instruments and on steps to address existing gaps and limits.

As a result of the Forum, the SCF invites the COP to encourage the ExCom to take the outcomes of the Forum into account in its future work and promote further discussion with Parties, international organizations and expert institutions on innovative financing options and instruments to address risks of Loss and Damage; to invite stakeholders working in humanitarian assistance and disaster risk management to share knowledge in order to better integrate approaches and enhance scaling up and replication of good practices; to encourage relevant actors, e.g. the insurance industry to advance discussions on suitable solutions to address slow-onset events; and to encourage Parties and institutions providing technical assistance to continue capacity-building activities to countries, in particular for assessing risks and risk management.

Figure 1: Overview of existing financial instruments to address risks of loss and damage discussed during the 2016 SCF Forum.[17]

Risk transfer schemes

- **Description**: Schemes where an individual or organization pays a premium to transfer their risk to another party, usually in the form of an insurance contract.

- **Examples**:
- African Risk Capacity
- Caribbean Catastrophe Risk Insurance Facility
- Sahel Crop Insurance scheme

Social protection schemes

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

- **Example**:
- Red Cross Haiyan livelihoods programme

Catastrophe and resilience bonds

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

- **Example**:
- Mexico's MultiCat Bond

Contigency finance

- **Description**: Finance in the form of a line of credit or a fund that a government can draw on in the case of an emergency to allow for early response and early recovery measures.

- **Examples**:
- African Risk Capacity
- Nicaragua contingency loan from the Inter-American Development Bank
- Japan International Cooperation Agency contingency credit programme

[17] Ibid.

2.3 Report of the GCF

The GCF, established at COP 16 in Cancun in 2010, is an operating entity of the Financial Mechanism of the Convention. It is established to support climate projects, programmes, policies and other activities in developing countries. The GCF reports annually to the COP.

Throughout the year 2016, the GCF Board convened three times (with a fourth meeting to be held in Samoa in December) and has addressed matters related to the implementation of the Paris Agreement and related COP decisions. COP 21 in Paris provided in its decisions guidance to the GCF Board and requested the Board to act on several issues like for example: to agree on the arrangements for the first formal replenishment process of the GCF; to adopt a simplified process for approval of proposals for certain activities, in particular for small-scale activities; to prioritize the development of its initial risk management framework and to enhance transparency and stakeholder engagement amongst others.

In the course of the last year, the GCF has endorsed a Strategic Plan outlining the strategic vision for the Fund that centres on promoting a paradigm shift towards low-emission and climate-resilient development pathways.[18] The purpose of the Strategic Plan is to guide the Board in addressing policy gaps and in programming GCF resources at scale.

Currently, the total amount pledged to the GCF is about USD 10.3 billion, out of which resources amounting to USD 9.9 billion have been formally signed through contribution agreements.[19] Fifty countries received approval for support under the Readiness and Preparatory Support Programme for strengthening their National Designated Authority (NDA) and to develop projects and programmes in line with national climate priorities and in accordance with the GCF mandate. Additionally, the GCF decided on measures to improve and simplify the process to access readiness support. Those measures include a simplification of the readiness grant agreements, and the approval of further readiness programme activities for direct access entities. The GCF Board also established a separate activity area under the Readiness and Preparatory Support Programme to support the formulation of NAPs and other national adaptation planning processes, and delegated authority to its Executive Director to approve up to USD 3 million per country for these activities. The GCF further defined the scope and operational modalities of the Project Preparation Facility (PPF), which received an initial allocation of USD 40 million and will assist Accredited Entities in the development of project proposals.[20]

In 2016, the GCF issued a request for proposals (RfP) to further enhance direct access, valued at up to USD 200 million. Similarly, it also issued an RfP to support micro, small and medium-sized enterprises (MSMEs), valued at up to US$ 100 million.[21] The COP 21 encouraged the Board to improve complementarity and coherence with other institutions and relevant bodies of the Convention. Correspondingly, the GCF will continue to engage with the Chairs of the UNFCCC thematic bodies and other climate finance delivery channels for effective coordination and cooperation.

The GCF conducted its 14th Board meeting in Songdo, South Korea in October.[22] The Board decided to appoint Mr. Howard Bamsey from Australia as the new Executive Director of the GCF for a 4-year term. Prior to his selection, Mr. Bamsey served as the Deputy Secretary of Australia's Department of Climate Change and Energy Efficiency, as well as Australia's Special Envoy on Climate Change. Additionally, the Board accredited 8 new agencies to the Fund at its 14th meeting. So far, the GCF has accredited a total of 41 entities out of which 23 are international entities, 10 are national and 8 are regional entities. The Board also decided at its last meeting to approve 10 funding proposals requesting USD 745 million in GCF funding. This brings the total amount of funding committed by the GCF to USD 1.2 billion for 27 projects and programmes.

In the upcoming 15th meeting in Apia, Samoa, the Board plans to consider several other important agenda items including accreditation strategy with

[18] Report of the Green Climate Fund (2016), http://unfccc.int/resource/docs/2016/cop22/eng/07r01.pdf
[19] Ibid.
[20] Ibid.
[21] Ibid.
[22] Report of the Green Climate Fund (Addendum, 2016) http://unfccc.int/resource/docs/2016/cop22/eng/07r01a01.pdf

prioritization of entities applying for accreditation in 2016 and 2017, in particular from developing counties. At the last meeting, the Board discussed the progress under the "Readiness and Preparatory Support Programme" and further discussions were held on the development of "Country Ownership Guidelines" with a view of adopting the guidelines at the upcoming Board meeting. The Board will also take stock of the progress on the RfP for REDD+ results-based payments, and discuss further guidance to support efforts by NDAs and focal points to engage with GCF at the 15th meeting. The Board is also expected to consider additional funding proposals as well as accreditation proposals.

2.4 Report of the GEF

The relationship between the GEF and the UNFCCC was established at COP12 through a memorandum of understanding. The GEF is another operating entity of the Financial Mechanism of the Convention, reporting annually to the COP, and the COP provides regular guidance on policies, programme priorities and eligibility criteria for funding. The Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) continue to be administered by the GEF. The Paris Agreement and its decision have affirmed the role of the GEF to address climate change as part of the Financial Mechanism.

The Paris Agreement agreed to establish the Capacity-Building Initiative for Transparency (CBIT) that aims to strengthen the institutional and technical capacities of developing countries to meet the enhanced transparency requirements in the Paris Agreement. The GEF was requested to support the establishment and operation of CBIT as a priority, including through voluntary contributions during the current funding phase, known as the sixth replenishment (GEF-6). In response to the request, the GEF Council approved arrangements for the establishment of a CBIT Trust Fund along with programming and implementation modalities and this effort will be an integral part of GEF's climate change support for the upcoming 7th replenishment (GEF-7), financed by the GEF Trust Fund under regular replenishment.[23]

At COP 21, the GEF was also requested to consider, starting in 2016, how to support developing countries in formulating policies, strategies and projects to implement activities that advance priorities identified in their Intended Nationally Determined Contributions (INDCs). As part of its response, the GEF is encouraging governments to align the GEF programming for GEF-6 with INDC priorities.[24] The GEF had also made resources available for the preparation of INDCs and approved support for 46 countries.

The GEF in its report mentions that given the growing significance of climate change influence on all areas of its interventions, the GEF-6 Climate Change Mitigation Strategy seeks to enhance synergies across focal areas and to enhance complementarity with other climate financing options, including the GCF. The GEF continues to support pilots and innovative projects for technology transfer and financing, including the Climate Technology Centre and Network (CTCN) and four Regional Climate Technology Transfer and Financing Centres. Within the Long-Term Implementation of the Poznan Strategic Program, 31 projects with technology transfer objectives were approved worth USD 188.7 million of GEF funding.[25] Similarly, during this reporting period, the GEF allocated USD 554 million to 59 climate change mitigation stand-alone and multi-focal area projects.[26]

Regarding climate change adaptation, the GEF has funded projects through its strategic priority on adaptation, the LDCF and the SCCF. Currently, new projects and programs are financed only through the LDCF and the SCCF. Since inception, the GEF, through the LDCF, has approved USD 1.0 billion in grant funding for adaptation projects and programs, as well as enabling activities. In 2016, USD 74.2 million was approved for 9 projects. The GEF, through the LDCF, has also provided USD 7.0 million towards the global project "Expanding the Ongoing Support to LDCs with Country-Driven Processes to NAPs".

The GEF continues to work with the Least Developed Countries Expert Group, the Adaptation Committee and other relevant bodies to enhance the effectiveness of the support provided through the LDCF and the SCCF to developing country Parties towards the

[23] Report of the Global Environment Facility (2016), http://unfccc.int/resource/docs/2016/cop22/eng/06.pdf

[24] Ibid.
[25] Ibid.
[26] Ibid.

preparation of their NAP processes. Though the LDCF has seen considerable growth over recent years it needs additional contributions to fund the full cost of National Adaptation Programmes of Actions that cost USD 2 billion.

COP 21 requested the GEF to carry out a Technical Review of the program priorities of the LDCF and the report has been prepared. Through the SCCF, the GEF continues to fund adaptation programmes, technology transfer, enabling activities, national communications and Biennial Update Reports (BURs). Under GEF-6, integrated approach pilots are also being applied in deforestation, sustainable cities and food security in Sub-Saharan Africa.

2.5 Sixth Review of the Financial Mechanism

To facilitate the provision of financial resources from developed country Parties (Annex II Parties) to assist developing country Parties in implementing the Convention, the Financial Mechanism was established. The Financial Mechanism is accountable to the COP, which decides on its policies, programme priorities and eligibility criteria for funding. As a rule, the Convention states that there can be one or more existing international entities entrusted with the operation of the Financial Mechanism of the Convention. While the GEF has been entrusted with the operation of the Financial Mechanism for many years already, at COP 17 Parties decided that the GCF should also serve as an operating entity of the Financial Mechanism.

In response to Article 11.4 of the Convention, at COP 4 Parties agreed to review the Financial Mechanism of the Convention every four years. The fifth review of the Financial Mechanism was concluded at COP 20 in Lima and at the same session Parties agreed on a concrete timeline for the sixth review to be initiated at COP 22 in Marrakech, with a view to completing the review at COP 23. Hence, in Marrakech the Terms of Reference for the sixth review will need to be agreed. Moreover, COP 20 also decided that the sixth review of Financial Mechanism should be conducted in accordance with the criteria contained in the updated guidelines annexed to Decision 8/CP.19 on the fifth review of the Financial Mechanism, or as these guidelines may be subsequently amended. Those guidelines include the objectives of the review in accordance with Article 11.4 of the Convention, the sources of information the review shall draw upon and the criteria taking into account for assessing the effectiveness of the Financial Mechanism (see Box 3).

Box 3: Criteria for reviewing the effectiveness of the Financial Mechanism of the Convention.[27]

The effectiveness of the Financial Mechanism of the Convention will be assessed taking into account the following criteria:

(a) The transparency of decision-making processes of the operating entities of the financial mechanism;

(b) The level of stakeholder involvement;

(c) The extent to which the Financial Mechanism is contributing to gender-sensitive approaches;

(d) The adequacy, predictability, accessibility and timely disbursement of funds for activities in developing country Parties;

(e) The responsiveness and efficiency of the GEF project cycle and expedited procedures, including its operational strategy, as they relate to climate change;

(f) The amount of resources provided to developing country Parties, including financing for technical assistance and investment projects, and the mechanisms for country allocation, as well as the results and impacts achieved by the resources provided;

(g) The amount of finance leveraged and modalities of co-financing when applicable;

(h) The extent to which the resources provided are contributing to achieving the objectives of the Convention;

(i) The sustainability of funded programmes, projects and operations in developing country Parties;

(j) The extent to which the financial mechanism is contributing to country ownership of programmes and projects.

[27] See "Updated guidelines for the fifth review of the Financial Mechanism", Annex to Decision 8/CP.19

2.6 Initiation of a process to identify the information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement

Through paragraph 55 of the decision adopted by COP 21 in Paris, Parties decided to initiate a "process to identify the information to be provided by Parties, in accordance with Article 9, paragraph 5, of the Agreement with a view to providing a recommendation for consideration and adoption by the first CMA".

The respective Article 9.5 of the Paris Agreement stipulates that developed country Parties shall biennially communicate indicative quantitative and qualitative information related to providing and mobilizing financial support, including projected levels of public financial resources to be provided to developing country Parties. Other Parties are encouraged to do the same.

This request is linked to Article 9.7 that defines the accounting modalities of support as well as Article 13 that frames the MRV and transparency framework of the Agreement. Besides reiterating that developed Parties shall provide information about their historic contributions, the interesting part of Article 9.5 is the projection. It means that developed Parties will communicate forward-looking finance information; the precise content is to be determined in the negotiation process.

Some challenges and contentious issues can be expected in the upcoming negotiations. Domestic budgets of developed countries are depending on many parameters, making precise forecasts difficult. Thus, predicting the financial contributions for several years in advance might be a hurdle. Despite limitations on information available, multi-year commitments for UNFCCC-related funds such as the GEF or GCF suggest that it is possible to provide indicative information several years into the future, or at least to clarify contributions within defined replenishment cycles.

Regarding operational responsibility for this new process, the COP shall make recommendations for the first CMA to consider and adopt. The elaboration could be undertaken by the APA, which is already mandated to develop recommendations to the CMA on the MRV and transparency framework (see chapter 6 of this guide), including historic finance reporting, or by the SBSTA, which is mandated to develop accounting modalities for climate finance (see chapter 5).

3 CMP

All states that are Parties to the Kyoto Protocol are represented at the CMP, while states that are not Parties to the Kyoto Protocol may only participate as observers. The CMP oversees the implementation of the Kyoto Protocol and its members take decisions to promote the effective implementation of the Protocol.[28] In Marrakech, the 12th CMP will be held (CMP 12).

3.1 Report of the Adaptation Fund

The Adaptation Fund, formally established under the Kyoto Protocol in 2001, has been promoting concrete adaptation projects and programmes in developing countries that are particularly vulnerable to the adverse effects of climate change since its official operationalization in 2010. Since its inception, the Adaptation Fund has received considerable attention from developing countries because of its distinctive features. This is also reflected by the record high amount of requested funding that was considered at the 28th Adaptation Fund Board meeting in October. Its distinctive features comprise, on the one hand, its unique form of capitalization, which includes a 2% levy on the proceeds (Certified Emission Reductions) of the Clean Development Mechanism, in addition to traditional contributions by developed countries. On the other hand, the Adaptation Fund is a pioneer in terms of its access modalities, being the first financial institution providing direct access to its resources to the countries' own National Implementing Entities. Further, the Adaptation Fund features a balanced governance system, where the majority of its Board members come from developing countries. Since coming into operation in 2010, the Adaptation Fund has accredited 42 Implementing Entities (including 24 National Implementing Entities) that have been implementing 55 adaptation projects in 48 developing countries. The Fund has also implemented a Pilot Program for Regional Projects and given the high demand for this Pilot the Fund's Board decided at its

[28] See UNFCCC website, http://unfccc.int/bodies/body/6397.php

last meeting in October to continue financing regional projects beyond the Pilot Program.

Despite these achievements, the Adaptation Fund is facing serious financial constraints due to a decline in the carbon market in recent years. These financial constraints mean the Adaptation Fund has been increasingly dependent on contributions from developed countries to maintain its work. Last year in Paris during COP 21, the Adaptation Fund received new pledges amounting to USD 75 million from Sweden, Germany, the Wallonia region of Belgium and Italy. The Fund is aiming to raise USD 80 million as a minimum target in new pledges at COP 22 by the end of the calendar year.

Another highly debated topic in the course of the last year has been the Adaptation Fund's linkages with the GCF. At their last meeting, Adaptation Fund Board members decided to increase the Fund's linkages with the GCF by attending an annual dialogue. It is important to continue discussions on ways to enhance cohesion and complementarity between the two funds. However, in order to define the respective roles of the two funds it is of utmost importance to clarify the role that the Adaptation Fund will assume under the Paris Agreement. COP 21 recognized that the Adaptation Fund may serve the Paris Agreement. Still this is subject to relevant decisions by the CMP and the CMA. Subsequently, the COP invited the CMP to consider this issue that the Adaptation Fund may serve the Agreement and make a recommendation to the first meeting of the CMA. As a first step to be taken in Marrakech, the COP 22 will consider to request the APA to continue this process and draft a recommendation to the CMP.

3.2 Third Review of the Adaptation Fund

With a view to ensure effectiveness, sustainability and adequacy of the Fund, the CMP decided to undertake a review of the Fund every three years. Accordingly, the SBI at its 44th session in May 2016 initiated the 3rd review of the Adaptation Fund and recommended a draft decision for consideration and adoption by the CMP in November 2016.

This draft decisions includes the following issues:

- The Terms of Reference for the 3rd review including its objective and scope - covering the progress made to date and the lessons learned in the operationalization and implementation of the Fund - as well as the sources of information the review shall draw upon.
- A request to the Adaptation Fund Board to make information on the financial status of the Fund available in its report to CMP 13 in November 2017 with a view to finalizing the 3rd review of the Fund at the same session.
- An invitation to Parties, observer organizations and other interested stakeholders involved in the Fund's activities to submit their views on the 3rd review of the Adaptation Fund based on the Terms of Reference by the 30th of April 2017.
- A request to the UNFCCC secretariat to prepare a technical paper on the review in collaboration with the Adaptation Fund secretariat and in accordance with the Terms of Reference and the deliberations and conclusions of SBI 46 in May 2017 as well as the views of Parties, observer organizations and other interested stakeholders referred to above. This technical paper should be submitted for consideration by SBI 47 in November 2017.
- A request to the SBI to complete the 3rd review of the Adaptation Fund at its 47th session with a view to recommending a draft decision on the matter for consideration and adoption by CMP 13 in November 2017.

This year in Marrakech, CMP 12 is expected to adopt the draft decisions on the 3rd review of the Adaptation Fund prepared by SBI 44. However, before adopting the decision there might be discussions on the specific wording of the Terms of Reference.

4 SBI

The SBI is one of two permanent subsidiary bodies to the Convention established by the COP. It supports the work of the COP, the CMP and the CMA through the assessment and review of the effective implementation of the Convention, its Kyoto Protocol and also the Paris Agreement.[29] On adaptation, finance and technology transfer, the challenge is finding the best way to manage relevant issues in the SBI agenda while making the best use of the specialized bodies and institutions that have been created (e.g. Adaptation Committee, SCF and the Technology Mechanism) to deal with the relevant issues. While the technical discussions are now being taken up under these constituted bodies, the SBI has the responsibility of maintaining the political momentum and ensuring transparency on these matters.[30]

4.1 Terms of reference for the review of the functions of the SCF

In the process of establishing the SCF and adopting its work modalities, COP 17 in Durban in 2011 also decided to conduct a review of SCF functions in 2015. Accordingly, COP 21 in Paris decided to initiate a review at COP 22, requesting the SBI to prepare draft terms of reference for the review, on the basis of submissions by SCF members, Parties and observer organizations.[31] To date, two Parties (Japan and the EU) have submitted their inputs[32], with the common view that a review of SCF functions should take into account how effectively and efficiently it has responded to the mandates provided to the COP; whether the composition and working modalities of the SCF were appropriate for delivering assigned functions and how the SCF can contribute to the implementation of the Paris Agreement. In order to facilitate the work of the SBI, the SCF has compiled a list of its delivered outputs in response to the mandates received from the COP during the period 2011-2015.[33]

[29] See UNFCCC website, http://unfccc.int/bodies/body/6406.php#c
[30] Ibid.
[31] See Decision 6/CP.21, para 9-11
[32] To be found on the UNFCCC submission portal under http://unfccc.int/documentation/submissions_from_parties/items/5900.php
[33] See Report of the Standing Committee, para 54 and Annex VII, http://unfccc.int/resource/docs/2016/cop22/eng/08.pdf

5 SBSTA

The Subsidiary Body for Scientific and Technological Advice (SBSTA) is the other permanent subsidiary body established by the COP. It supports the work of the COP, the CMP and the CMA through the provision of timely information and advice on scientific and technological matters as they relate to the Convention, the Kyoto Protocol and the Paris Agreement. The main task of SBSTA is to carry out methodological work under the Convention, the Kyoto Protocol and the Agreement, and to promote collaboration in the field of research and systematic observation of the climate system.[34]

5.1 Modalities for the accounting of financial resources provided and mobilized through public interventions

In the context of the adoption of the Paris Agreement, COP 21 requested SBSTA to develop modalities for the accounting of financial resources provided and mobilized through public interventions in accordance with Article 9.7 of the Paris Agreement for consideration by COP 24 in 2018, with the view of making a recommendation for consideration and adoption by CMA 1.

Article 9, paragraph 7, Paris Agreement: Developed country Parties shall provide transparent and consistent information on support for developing country Parties provided and mobilized through public interventions biennially in accordance with the modalities, procedures and guidelines to be adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement, at its first session, as stipulated in Article 13, paragraph 13. Other Parties are encouraged to do so.

Source: UNFCCC, Paris Agreement, December 2015.

SBSTA initiated its consideration of this matter at its 44th session in Bonn, in May 2016. As a result of the meeting, SBSTA invited Parties and observer organizations to submit their views on the development of financial accounting modalities by 29

[34] See UNFCCC website, http://unfccc.int/bodies/body/6399.php#c

August 2016, for compilation into a miscellaneous document, considering the following aspects:[35]

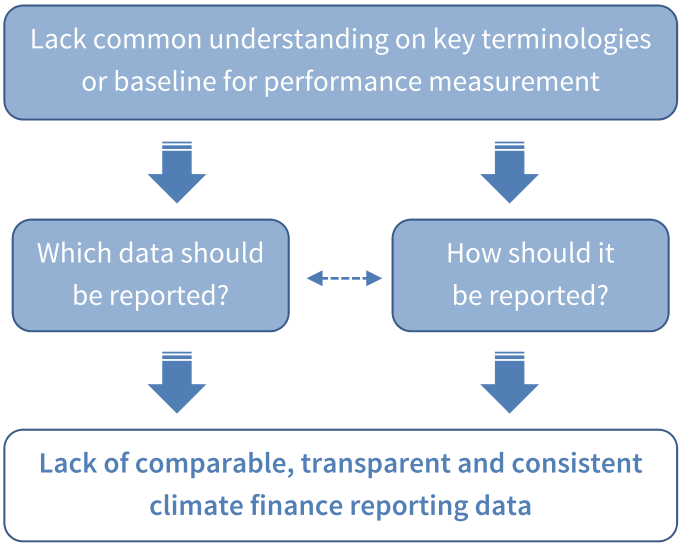
- *What do existing accounting modalities look like and what are inherent challenges and information gaps?*
- *What accounting modalities still need to be developed? What may be challenges in doing so and how can these be addressed?*
- *How can the timely development of accounting modalities be insured, in order to integrate them into the transparency framework that will be published under the Paris Agreement?*

As of 21 October 2016, 16 Parties and four non-party stakeholders submitted their comments on the accounting modalities.[36] Below, the submissions are summarized, structured around the first two, more technical, guiding questions indicated by SBSTA 44.

Existing Accounting modalities within the UNFCCC, challenges & information gaps

Comparability across countries, institutions, finance instruments etc. and across time is important in order to be able to develop meaningful aggregates and monitor overall trends. The main messages of many submissions (see Figure 2), is that consistency, comparability and transparency of reporting continue to be lacking due to a lack of common understanding on several key terminologies or baselines. The debate on definitions for climate finance is highly politicized and might take several years to be resolved. Nonetheless, some agreement on a common understanding of key terminologies would be necessary. Likewise, a common understanding of baselines would be very helpful to be able to assess newness and additionality.

Figure 2: Summary of main problems identified in submissions on existing reporting modalities (own illustration)



Within the UNFCCC and the Kyoto Protocol reporting and reviewing processes of climate finance provided have evolved over time, including National Communications, BRs for developed country Parties and BURs for developing country Parties, as per the current MRV framework (for a more detailed description (see recent CFAS factsheet).[37]

In spite of progress made over the recent years, the majority of the submissions acknowledge that the reporting on public climate finance provided still lacks the desirable level of consistency, comparability and transparency. The current UNFCCC guidelines leave much room for interpretation to developed countries regarding climate finance accounting.

As one consequence, contributing countries have applied a large variety of accounting practices on climate finance making it difficult to compare their performance in the provision of climate finance and to avoid double-counting.[38]

Some submissions call for an "aggregate overview" of all climate finance and not just a partial picture of

[35] See SBSTA's draft conclusions, http://unfccc.int/resource/docs/2016/sbsta/eng/l05.pdf

[36] The SBSTA informs about the work related to this topic at an in-session workshop at COP 22 in Marrakech on the 8th November 2016, 10:00-13:00. See http://unfccc.int/cooperation_and_support/financial_mech-anism/items/8892.php.

[37] See CFAS (2016): Reporting climate finance under the UN-FCCC, http://www.cfas.info/en/publication/reporting-climate-finance-under-unfccc

[38] For a detailed overview about reporting guideline applied by different countries see the submission by Brown University's Climate and Development Lab on behalf of Adaptation-Watch, July 2016.

climate finance flows, which would require reporting by all Parties.[39] A different position is to "limit reporting to support provided to developing countries: Only such finance that is directly (bilaterally) or indirectly (via multilateral funds or institutions) assisting developing countries in the context of obligations under Article 9.1 of the Paris Agreement should be reported."[40] This points to different views on the roles of different Parties in reporting, which will need to be resolved

Granularity and accounting modalities

Operationalizing the definitions around climate finance for an accounting methodology raises the issues a) which data should be captured (granularity of the reporting) and b) how it should be reported. Suggestions from the submissions are summarized in Box 4. In addition, recommendations provided in the BA should be considered.

Box 4: Suggestions on granularity and reporting modalities contained in the submissions

I. Suggestions on granularity of the reporting

Differentiate between funds specifically targeted at climate action versus funds where climate considerations have been taken into account but climate is not the main objective.[41]

Recognize difference between finance provided and finance mobilized[42]

Provide project-level information, i.e. highly disaggregated information, ideally with project-level data, spending on overhead costs/transactions and resources in effect transferred to recipient, generally building upon the IATI (International Aid Transparency Initiative) standard[43]

Consistently report in grant equivalent and elaborate on how finance has been determined to be concessional or non-concessional.

Differentiate by stage and timing of investment, i.e. between finance committed, provided and finally disbursed.[44]

Differentiate between gross and net expenditure, a gross flow being the amount a contributor actually spends in a given year, while the net flow takes into account repayments of loan principal (but not interest) made in prior years. Additionally, backflows, e.g. interest should be reflected.[45]

Differentiate between total capital costs and incremental cost.[46]

II. Suggestions on how to report

Guiding principles: The development of accounting modalities should aim to be transparent and consistent, reflecting principles like no double counting, environmental integrity, and flexibility in light of developing countries' capacities. Accounting modalities should be consistent over time and between countries.

Validation of the data: An assessment on a regular basis by an independent body could introduce a system of triple validation, besides the process being open for inputs from civil society.

Data provision: Electronic live-reporting for the data could be used, as opposed to the current practice where reporting happens ex-post, with up to two years between a funding decision and the relevant report.[47]

Improved common tabular format (CTF): The current CTF could be further improved or a new reporting system for better efficiency and comparability could be developed, elaborated from best practice.

APA and SBSTA: The work of APA and SBSTA are interlinked and therefore should be sequenced in order to ensure a proper integration. Joint meetings are suggested to take place from SBSTA47 in 2018.

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[39] See submission of the USA.
[40] See submission of the Climate Action Network, July 2016.
[41] Ibid
[42] See the submission by Brown University's Climate and Development Lab on behalf of AdaptationWatch, July 2016.
[43] See e.g. submission from Brazil and CAN.
[44] See submission by World Resources Institute, August 2016.
[45] Ibid.
[46] Ibid.
[47] See Submission of the Climate Action Network, July 2016.

6 APA

The Ad Hoc Working Group on the Paris Agreement (APA) was established by decision 1/CP.21 to prepare for the entry into force of the Paris Agreement. The mandate of the APA is to elaborate draft decisions to be recommended to the CMA for consideration and adoption. In order to build mutual confidence and promote effective implementation of the Agreement, the APA inter alia discusses the modalities, procedures and guidelines for the establishment of an enhanced transparency framework.

6.1 Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement

For the Paris Agreement to function effectively, it needs a robust mechanism that allows individual Parties and the COP to assess whether Parties are on track to meeting the overall objective of the Agreement. Transparent tracking of progress is a precondition for adjusting and increasing ambition. This concerns both the progress of Parties in meeting their nationally determined climate change mitigation and adaptation objectives, as well as the adequacy of support that is required to achieve the goals. Article 13 of the Agreement specifies such an “enhanced transparency framework for action and support” that will provide and assess information on climate action, available climate finance, technology transfer and capacity-building support.

Article 13 stipulates that developed Parties shall provide information on support provided to developing Parties under e.g. Article 9 (see Chapter 5 of this guide). Developing Parties should provide information on support needed and received. Developing countries with limited capacities are assured flexibility and support for implementation of this Article. With regard to the “verification” element, Article 13 defines a two-step review and consideration process. The first step consists of a technical expert review of the information on mitigation and support provided. The second step is a "facilitative, multilateral consideration of progress".

It can be expected that the modalities, procedures and guidelines will mainly be built on existing transparency arrangements under the Convention such as the BR by developed countries and their International Assessment and Review (IAR) as well as the BURs by developing countries and their International Consultation and Analysis (ICA). Further they will likely be linked with other Articles of the Agreement such as Article 4 dealing with NDCs, Article 7 on adaptation, Article 9 on finance and Article 14 on the global stocktake.

The APA is mandated to develop the recommendations for modalities, procedures and guidelines for the enhanced transparency framework, to be considered at COP 24 in 2018 with a view to forwarding them to CMA 1, taking into account first elements that have been elaborated by the subsidiary bodies during 2016. Party submissions on the matter will be considered at COP 22.[48]

7 Conclusions

Climate finance is a necessary element to enable the successful implementation of the Paris Agreement. It will feature prominently at Marrakech and at future COPs. At COP22, the issues of adaptation finance and the future of the Adaptation Fund, the roadmap towards USD 100 billion and the modalities for accounting and transparency will be the crucial agenda items relating to finance. While some of these issues will require multi-year discussion and negotiation processes, it is possible to make significant progress on these issues already in Marrakech. This would send a strong signal that negotiators are taking the necessary steps to move into a successful implementation phase of the Paris Agreement.

[48] See http://unfccc.int/resource/docs/2016/apa/eng/inf03.pdf

Table: Finance Agenda Items in Marrakech

Agenda Item	Relevant Mandates and Decisions	Discussions in the course of 2016 and what to expect in Marrakech
	COP	
Long-term climate finance	At COP 21, Parties decided, • That the second biennial high-level ministerial dialogue on climate finance [...] will focus on the issues of adaptation finance, needs for support to developing country Parties, and cooperation on enhanced enabling environments and support for readiness activities, and that it will be informed by the report of the in-session workshop on long-term climate finance in 2016 and the second biennial assessment and overview of climate finance flows; *Decision 5/CP.21, para 4* • To requests the Presidency of the Conference of the Parties, with the support of the secretariat, to prepare a summary of the second biennial high-level ministerial dialogue on climate finance for consideration by the Conference of the Parties at its twenty-third session (November 2017); *Decision 5/CP.21, para 5*	During the SBs in May 2016, the UNFCCC Secretariat organized an in-session workshop focussing on matters related to adaptation finance, needs for support to developing country Parties and cooperation on enhanced enabling environments as well as support for readiness activities. At COP 22, governments are invited to consider the summary report on the workshop and take necessary action. This may include guidance on the organisation of future workshops on LTF. The second biennial High-Level Ministerial Dialogue on Climate Finance will be informed by the 2016 Biennial Assessment and overview of climate finance flows of the SCF, and will pick up the themes of the in-session workshop. It can be expected that the recently released USD 100 billion roadmap, prepared by developed country governments, will be subject to discussion. Given that adaptation finance will likely receive a strong focus during the dialogue, governments might also refer to reports such as the most recent edition of the UNEP Adaptation Gap Report. The specific outcome that the COP is expected to conclude remains open, but will likely materialise in another LTF COP decision.
Report of the Standing Committee on Finance	At COP 21, Parties requested • The Standing Committee on Finance to continue to strengthen its engagement with all relevant stakeholders and bodies under the Convention; *Decision 6/CP.21, para 2* • The Standing Committee on Finance, in implementing its workplan on the measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows, to continue to engage with relevant bodies under the Convention, multilateral and bilateral agencies, and international institutions; *Decision 6/CP.21, para 4* • The Standing Committee on Finance to report to the Conference of the Parties at its twenty-second session (November 2016) on the progress made in the implementation of its workplan; *Decision 6/CP.21, para 8*	COP 22 will be invited to consider the Report of the SCF, including the outputs produced while implementing the received mandates, for instance the SCF's 2nd Biennial Assessment and Overview of Climate Finance Flows (BA); and the conduction of the 4th SCF Forum, focussing on financial instruments to address the risks of loss and damage. It can be expected that the COP will provide additional guidance to the SCF for the preparation of the 3rd BA, presumably taking into account discussions under the LTF agenda item and the deliberations under SBSTA regarding modalities for accounting climate finance. In addition, it seems likely that the COP decides on the topic for the SCF's 5th Forum, building on the discussions of the SCF throughout the year. On the issues of Measurement, Reporting and Verification beyond the Biennial Assessment, it can be expected that the COP will provide further guidance on how the SCF shall continue addressing the topic in accordance with its workplan.

Report of the Green Climate Fund	* *Standard agenda item under the COP*	The COP is expected to provide guidance to the GCF on policies, programme priorities and eligibility criteria, taking into consideration the reports of the Board of the GCF and the SCF as well as the annual report to the COP on the operation of the registry of NAMAs.
Report of the Global Environment Facility	* *Standard agenda item under the COP*	The COP is expected to provide guidance to the GEF on policies, programme priorities and eligibility criteria, taking into consideration the reports of the GEF and the SCF, as well as the fourth annual report to the COP on the operation of the registry of NAMAs.
Sixth Review of the Financial Mechanism	At COP 20^, Parties requested • to initiate the sixth review of the Financial Mechanism at its twenty-second session (November 2016), in accordance with the criteria contained in the guidelines annexed to decision 8/CP.19, or as these guidelines may be subsequently amended; *Decision 9/CP.20, para 8*	The COP will be invited to initiate the sixth review of the Financial Mechanism and agree on the terms of reference for the sixth review, taking into account the criteria contained in the annex to decision 8/CP.19.
Initiation of a process to identify the information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement	At COP 21, Parties decided • To initiate a process to identify information to be provided under Article 9.5 in 2016 (COP 22), to be adopted by CMA 1; *Decision 1/CP.21, para 55*	The process referred to in decision 1/CP.21 has not been initiated yet, but the definition of information to be provided ex-ante might be challenging. Process steps could be undertaken by the APA, which is already mandated to develop recommendations to the CMA on the MRV and transparency framework, including historic finance reporting, or by the SBSTA.
CMP		
Report of the Adaptation Fund	**Standard agenda item under the CMP*	The CMP will be invited to take note of the report of the Adaptation Fund Board, provide guidance to the Adaptation Fund Board and take any action it deems appropriate. Furthermore, the CMP will also be invited to elect members and alternate members of the Adaptation Fund Board.
Third Review of the Adaptation Fund	At CMP 10, Parties requested • the Subsidiary Body for Implementation, at its forty-fourth session (May 2016), to initiate the third review of the Adaptation Fund, in accordance with the terms of reference contained in the annex to decision 2/CMP.9, or as they may be subsequently amended, and to report back to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its twelfth session (November–December 2016), with a view to the review being undertaken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its thirteenth session (November–December 2017); *Decision 2/CMP.10, para 9*	In Marrakech, CMP 12 is expected to adopt the draft decision on the 3rd review of the Adaptation Fund prepared by SBI 44.

SBI		
Terms of reference for the review of the functions of the Standing Committee on Finance	At COP 21, Parties decided • To initiate the review of the functions of the Standing Committee on Finance referred to in decision 6/CP.20, paragraph 23, at the twenty-second session of the Conference of the Parties; *Decision 6/CP.21, para 9* • To requests the Subsidiary Body for Implementation, at its forty-fifth session (November 2016), to prepare draft terms of reference for the review referred to in paragraph 9 above, on the basis of the submissions referred to in paragraph 11 below, for consideration by the Conference of the Parties at its twenty-second session; *Decision 6/CP.21, para 10* • To also request the members of the Standing Committee on Finance and invites Parties and observer organizations to submit their views on the terms of reference for the review of the functions of the Standing Committee on Finance by 21 September 2016,4 for compilation by the secretariat into a miscellaneous document; *Decision 6/CP.21, para 11*	COP 22 is expected to consider and adopt the draft terms of reference for the review of the functions of the SCF, prepared by the SBI on the basis of views submitted by SCF members, Parties and observer organizations. Furthermore, it can be expected that the SBI will be requested to conduct and conclude the review by COP 23.
SBSTA		
Modalities for the accounting of financial resources provided and mobilized through public interventions in accordance with Article 9, paragraph 7, of the Paris Agreement	At COP 21, Parties requested • the Subsidiary Body for Scientific and Technological Advice to develop modalities for the accounting of financial resources provided and mobilized through public interventions in accordance with Article 9, paragraph 7, of the Agreement for consideration by the Conference of the Parties at its twenty-fourth session (November 2018), with a view to making 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; *Decision 1/CP.21, para 57*	In the course of 2016, many Parties have submitted their views on the modalities for accounting o financial resources. SBSTA is expected to present a summary of the submissions and to reflect them.
APA		
Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement	At COP 21, Parties requested • The APA to develop to develop recommendations for modalities, procedures and guidelines in accordance with Article 13, paragraph 13, of the Agreement, and to define the year of their first and subsequent review and update, as appropriate, at regular intervals, for consideration by the Conference of the Parties, at its twenty-fourth session, with a view to forwarding them to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement for consideration and adoption at its first session; *Decision 1/CP.21, para 91*	In the course of 2016, many Parties have submitted their views on modalities, procedures and guidelines for the enhanced transparency framework. They will be reflected in the negotiations at COP22. As APA is mandated to develop the recommendations for modalities, procedures and guidelines for the enhanced transparency framework for CMA1, it can be expected that draft decisions on the matter are presented.

Abbreviations

APA	Ad Hoc Working Group on the Paris Agreement
BA	Biennial Assessment and Overview of Climate Finance Flows
BRs	Biennial Reports
BURs	Biennial Update Reports
CBIT	Capacity-Building Initiative for Transparency
CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
CMP	Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
COP	Conference of the Parties
CTCN	Climate Technology Centre and Network
CTF	Common Tabular Format
ExCom	Executive Committee of the Warsaw International Mechanism for Loss and Damage
GCF	Green Climate Fund
GEF	Global Environmental Facility
GEF-6	The Sixth replenishment of the GEF
IAR	International Assessment and Review
ICR	International Consultation and Analysis
INDCs	Intended Nationally Determined Contributions
LDCF	Least Developed Countries Fund
LDCs	Least Developed Countries
LTF	Long-Term Finance
MRV	Measuring, Reporting and Verification
MSMEs	Micro, small and medium-sized enterprises
NAPs	National Adaptation Plans
NDAs	National Designated Authorities
NDCs	Nationally Determined Contributions
PA	Paris Agreement
Parties	Parties to the UNFCCC
PPF	Project Preparation Facility
REDD+	Reducing Emissions from Deforestation and Forest Degradation
RfP	Request for proposals
SBs	Subsidiary Bodies (SBSTA and SBI)
SBI	Subsidiary Body of Implementation
SBSTA	Subsidiary Body for Scientific and Technological Advice
SCCF	Special Climate Change Fund
SCF	Standing Committee on Finance
SIDS	Small Island Developing States
UNFCCC	United Nations Framework Convention on Climate Change

About CDKN and CFAS

The Climate Finance Advisory Service (CFAS) offers negotiators, policy makers and advisors in the poorest and most climate vulnerable countries bespoke information and guidance to help them effectively participate in complex global climate finance negotiations. It is supported by the Climate and Development Knowledge Network (CDKN).

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