

# Climate Finance Advisory Service

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## Daily Briefing

### 11th Standing Committee on Finance Meeting (27 October 2015)

This is the Climate Finance Advisory Service (CFAS) Daily Briefing. Produced at key meetings and negotiations by the CFAS expert team, the Daily Briefings try to provide a concise, informative update on key discussions that have taken place at each day of the meeting and give an overview of substantive points of action or progress. Please note that this is an independent summary by CFAS and not officially mandated by the SCF.

#### Summary from 27 October 2015

On Tuesday 27 October 2015, the Standing Committee on Finance (SCF) resumed its 11th meeting for the second day. Before continuing work in parallel breakout groups, the meeting started with a stock-taking session in the plenary, in which yesterday's progress was presented.

#### **Stock-taking of yesterday's progress**

On methodologies for reporting climate finance information, the co-facilitator reported that the discussions ranged from potential adjustment of the Common Tabular Format, to specific recommendations to bodies under the UNFCCC, in order to enhance consistency in terms of climate information.

On MRV, the lack of guidelines for reporting climate finance received by developing countries has been identified as the big impediment for the MRV regime. In addition, the facilitator also mentioned the imbalance between the different elements of the MRV framework. For instance, it was recognized that the part of "verification" has gotten less consideration in the process.

On the Biennial Assessment (BA), it was pointed out that finance for loss and damage, as well as forest finance would feature in the upcoming BA.

On the Forum, breakout group participants discussed how to organize next year's forum, which will focus on loss damage. It was reported that the breakout group is still considering the recommendations and conclusion for this year's forum on forest finance.

In the discussions on the linkages between the AF and bodies of the Convention, including the GCF, the co-facilitator reported that a working paper revised by the UNFCCC secretariat would be discussed in the breakout group. This background paper will not be attached to the report to the COP, but rather the SCF members are invited to summarize a couple of clear options for the COP.

In terms of Guidance to the Operating Entities of the Financial Mechanism, the co-facilitator emphasized the fact that the draft decision was already a step ahead compared to last year. He presented two options: a) to keep the draft decision as a non-negotiated compilation and reference the lack of consensus; or b) to present a more narrowed version which has been agreed on.

### **2015 Forum of the SCF**

In the breakout group, SCF members engaged in specific amendments of the proposed conclusion of the 2015 SCF Forum, including recommendations by the SCF on forest finance, as well as potential follow-up activities of the SCF in 2016. On the conclusions from the 2015 SCF Forum, the discussion centered on international support for forest finance, and concluded with the recognition that support was an important enabler for the preparation and implementation of REDD+ strategies. The group also recommended a balanced funding approach in the implementation across the three phases of results-based financing. The conclusions also spoke to the gaps in terms of data and information for forest finance. Further, the report encourages the GCF to consider, in its work under the Private Sector Facility, to enhance coordination and exchange of information on the provision of results-based payments.

### **Draft Guidance to the Operating Entities of the Financial Mechanism**

On the basis of a revised document capturing the initial reactions that SCF members and observers provided in yesterday's breakout group, participant resumed their work on the draft guidance to the operating entities of the financial mechanism. Starting with the guidance to the Green Climate Fund (GCF), SCF members provided textual amendments and suggestions to the draft decision text, and identified options to streamline some of the overlapping paragraphs. An annex was proposed to capture verbatim submissions from stakeholders, where a clear rationale for an inclusion was not perceived as being sufficiently straight-forward, but were members felt that it should nevertheless serve as an input for consideration of the COP in Paris. One SCF member suggested including language on specifically requesting the GCF to consider how to support developing countries in the implementation of their intended nationally determined contributions (INDCs). Furthermore, guidance to the GCF was proposed that reflects the outcomes of the SCF Forum and the SCF work on coherence and coordination regarding forest financing. On the guidance to the Global Environment Facility (GEF) language was suggested that requested carrying out a technical review of the Least Developed Countries Fund (LDCF) with a view of identifying possible alternative roles for the LDCF in the evolving climate finance architecture. As with the GCF, guidance was included that requests the GEF to explore ways of how to support developing countries with the implementation of their INDCs.

The SCF will continue to consider the agenda item on draft guidance tomorrow in plenary, on the basis of a new streamlined text, taking into account views expressed in today's session.

### **MRV of support beyond the Biennial Assessment**

In the afternoon the discussion on MRV was resumed by a discussion on the different inputs provided by SCF members on the workplan prepared by the secretariat. The outcome expected from this discussion was to outline activities and processes required for the design of a robust MRV system for support. In the discussion, participants also deliberated on the sequences of those activities. For instance, in terms of "measurement", one member pointed out that there was no aggregation process of the information provided. This was due to the lack of guidelines by developing countries for reporting. Furthermore, it became clear that there is a need of having an agreed operational definition of climate finance. In terms of "verification", the issue of extending the mandate of the Multilateral Assessment (MA) to include also issues on finance provided in Biennial Reports (BRs) by developed countries was highlighted as a critical step. Currently, the MA covers only the mitigation part of the BRs. Last but not least, participants discussed ways of considering options for cross-checking financial information reported under the Convention. The discussion will continue tomorrow, based on a revised paper to be prepared by the Secretariat.

### **Institutional linkages and relations between the Adaptation Fund and other thematic bodies**

Building on the work in yesterday's session the breakout group resumed its task with deliberating on the recommendations that the SCF intends to convey to the COP in Paris on this agenda item. Taking note on the background working paper, SCF members acknowledged the number of ongoing process that deal with this matter, such as the negotiations under the ADP or the discussions at the AF Board level, which could be further elaborated by the SCF in the future through a refinement of the SCF 2016-2017 workplan. Consequently, SCF members agreed that the COP should prolong its mandate to the SCF to continue its work on linkages and relations between the AF and other thematic bodies of the Convention. No agreement was reached amongst SCF members of the group regarding a recommendation to the COP which would have prompted the SCF to provide input to the guidance of the AF Board. Some members felt that being a body under the COP the SCF was not in a position to provide guidance to an entity that is formally established by the CMP of the Kyoto Protocol. Similarly, consensus could not be found on whether the COP should consider designating the AF as an operating entity of the financial mechanism, as this could entail some legal implications and barriers. Discussion will continue tomorrow, when the agenda item is brought back in plenary for consideration by the rest of the SCF members.

### **2016 Biennial Assessment**

Building on yesterday's discussion, views expressed were integrated into a new version of the document, which was then streamlined through comments by different participants in the afternoon session. The draft outline is a skeleton consisting of a set of information that describe where the data has been sourced from, time periods considered, data coverage, geographical and thematic balance and how needs of developing countries have been met. Compared to the previous BA, members expressed their wish to go a step further in the second BA, by including information on loss and damage, as well as forest finance. Lessons learnt from the first BA will also be included, by providing not only succinct numbers on overall climate finance flows, but also addressing challenges and difficulties encountered with gathering information.

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