

# Climate Finance Advisory Service



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## Daily Briefing

### 12th Standing Committee on Finance Meeting

(7 April 2016)

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 7 April 2016

On Thursday, 7 April 2016, the Standing Committee on Finance (SCF) concluded its 12th meeting, by bringing together the work conducted in the various breakout groups over the course of the last two days.

#### 2016 Forum of the Standing Committee on Finance

The breakout group on the 2016 SCF Forum reported back to the plenary on the progress achieved over the last two days. The group facilitator highlighted that Committee members and observers had a constructive discussion and that the draft concept note for the Forum had received positive feedback. Based on inputs received by group participants the objectives of the Forum were revised, e.g. by streamlining the specific objectives and merging overlapping concepts, strengthening the focus on vulnerable people and communities, adding the notion of capturing opportunities and challenges for finance providers, as well as including a more forward looking perspective by referring to potential next steps. While SCF members generally welcome the draft, a brief discussion emerged on widening the scope of the Forum, in order to also consider a posteriori losses and damages. Ultimately, the SCF decided to re-reference action area 7 of the two-year work plan of the Executive Committee of the Warsaw International Mechanism for Loss and Damage, in which the SCF Forum is addressed and which also capture the element of a posteriori losses and damages.

On the Forum venue, SCF members agreed to further explore and assess the Forum venue options described in the background paper intersessionally, taking into account the views expressed by SCF members and observers during the breakout group sessions. A final decision is expected by the end of

April 2016. In the meantime, the Forum working group will also commence work on a draft programme for the Forum, in order to expedite organisation of the event, with the view of providing a first draft programme to SCF members by 30 April 2016.

### **Draft Guidance to the Operating Entities of the Financial Mechanism**

Presenting the work of the breakout group on Draft Guidance to the Operating Entities (OE) of the Financial Mechanism, the co-facilitator reported that SCF members felt that a similar approach for providing guidance should be maintained as last year, which consisted in preparing guidance in the form of draft decisions based on, inter alia inputs by SCF members and other thematic bodies of the Convention, in particular the Technology Executive Committee and the Adaptation Committee. However, the breakout group concluded that the SCF should be more ambitious this year and also provide strategic guidance on other elements, such as the next replenishment cycle of the GEF and on synchronizing replenishments cycles between the different OEs.

Regarding frequency of guidance, the working group encourages SCF members to reflect upon the timeline and advantages/disadvantages of different frequencies of guidance, and to continue discussions on the matter at the next SCF meeting.

In order to prepare a draft set of core guidance, the group's facilitators will work intersessionally on analysing past guidance, with the view to extract elements that could form core guidance and making a recommendation to the SCF for consideration at the 13th meeting.

Finally, following its mandate to improve coherence, effectiveness and efficiency of the OEs of the Financial Mechanism, the SCF will suggest a brainstorming on coherence and complementarity, in response to a letter that had been received by the co-chairs of the GCF Board on the issue. This could also form the basis for the SCF's expert input into the Sixth Review of the Financial Mechanism, which is set to be concluded by COP23.

### **2016 Biennial Assessment and Overview of Climate Finance Flows**

The discussion on the BA resumed this morning with a round of questions and answers along the different chapters of the report.

On methodological issues, the consultant indicated that the objective of the chapter was to provide insights on methodologies that are used by institutions that produce and aggregate financial information to report the various categories of climate finance flows, as well as the measurement and verification issues relating to this reporting. A specific aim of the chapter is to highlight developments in methods, definitions, and related issues since the release of the 2014 BA. After the presentation, there was a discussion on how the BA could provide more granular data on the different channels, and

instruments used in providing climate finance. A member asked whether the BA could also provide more insights into the effectiveness and impacts achieved through the use of climate support. The consultant made the point that the BA was not meant to provide information on the use of climate finance provided and its effectiveness.

On the overview chapter, the consultant reminded that the chapter would summarize the climate finance data available from major data producers. The 'onion diagram' that was introduced in the first BA in the final assessment chapter to summarize the information on overall climate finance flows, will be also included in the second BA. One member regretted that in the first BA the relationship between the figures in the diagram and sources of data in the overview chapter was not clear to the range of interested readers. Another member suggested that the overview could also contain information on fossil fuel subsidies and how global financial flows are being consistent with the temperature goal, as requested in the Paris Agreement in Article 2. One participant emphasized the need for an overview to provide information on the net amount channelled from developed to developing countries. The consultant, in responding to the questions, indicated that for the second BA, there is much more information available from developing countries. Particularly issues related to ownership and needs are addressed in some Biennial Update Report, which could help to provide more information on climate finance from the developing countries' perspectives.

With regard to the chapter on assessment, the consultant mentioned that the chapter would consider the implications of methodologies and approaches for tracking climate finance, and the overview of climate finance flows, with respect to major issues of interest in the context of the UNFCCC, including levels of finance for various purposes and policy considerations. The approach will substantially build on the work done in the first BA, while the structure will remain largely the same. It seeks to reflect major new developments in the international landscape including relevant elements of the Paris Agreement on climate finance, including Article 2 which sets the goal that all finance flows should be consistent with a pathway towards low emission and climate resilient development.

A draft outline of the summary and recommendations will now be prepared by the working group facilitators for consideration by the SCF at its 13th meeting. In the meantime, SCF members and observers are invited to submit additional inputs on the zero draft BA to the Secretariat.

Furthermore, a technical meeting on the BA will be held on Friday, 8 April 2016, in order to continue discussions on the zero draft and to bring together the SCF with external contributors and experts for an informal exchange on issues relating to data availability and gaps, latest developments on methodologies for tracking and reporting climate finance, and issues relating to assessment of climate finance flows.

## MRV of support beyond the Biennial Assessment

On the issue of MRV beyond the Biennial Assessment, the working group updated the plenary on the proceedings of the last two days. By reflecting on the SCF's work plan on MRV of support, it was reported that members felt it was not necessary to amend the current work plan on MRV. Furthermore, it was highlighted that activities by the SCF should not pre-empt the implementation of mandates by the Ad-Hoc Working Group on the Paris Agreement (APA) and the Subsidiary Body for Scientific and Technological Advice (SBSTA), as per decision 1/CP.21 paragraphs 57 and 91. However, SCF members agreed that new developments deriving from the Paris Agreement and decision 1/CP.21 could be explored in the 2016 BA.

## Other matters

Further consultations will be undertaken to find a suitable date for the 13th SCF meeting, which will be decided intersessionally on a no objection basis.

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