



Daily Briefing
20th Standing Committee on Finance Meeting
22 March 2019

Dear friends of the Climate Finance Advisory Service (CFAS),

This is the CFAS Daily Briefing. Produced at key meetings and negotiations by the CFAS expert team, the Summary Briefing tries to provide a concise, informative update on key discussions that have taken place at each 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 or the UNFCCC Secretariat.

During the meetings, CFAS experts are available to provide advise to and answer specific questions for Board Members, Alternates and their advisers from developing countries. The CFAS team can be reached via cfas@germanwatch.org.

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The CFAS Team

Summary from 22 March 2019

On Friday 22 March 2019, the Standing Committee on Finance (SCF) concluded its 20th meeting, continuing discussions on the several agenda items and agreeing on next steps to move the work of the Committee forward.

First report on the determination of the needs of developing countries

Based on the discussions held on the first day, the Co-Facilitators for this work stream, Mr. Mattias Frumerie (Sweden) and Mr. Zaheer Fakir (South Africa) presented a draft note, compiling some of the preliminary views expressed by SCF members during their deliberations on the first day of the meeting, in particular on the overall approach and context; specific content; objective and scope; as well as some of the related activities. As a working paper, the note also includes some of the open questions for further discussions. These center around three different areas: (i) the output, i.e. whether the report explores the process of determining developing country needs or is rather focussed on the actual needs in a quantified manner, or potentially both; (ii) the level of ambition, whether striving to implement the objectives of the Convention, the Paris Agreement, or limiting global warming to 1.5°C; and (iii) the issue of having an inaugural report as sort of a foundational document which evolves over time or that aims at addressing every element from the beginning.

SCF members welcomed the note, sharing some further views on the proposed approach and open questions. Some members stressed that analogous to the Biennial Assessment and Overview of Climate Finance Flows (BA), a solid report on the determination of needs would not only focus on methodologies, but clearly also include analyses on policies and quantified numbers. One member highlighted that in regards to exploring needs in the

context of implementing the Convention and/or the Paris Agreement, having 1.5°C as a reference point should inherently be included. At the same time, she pointed out that focussing exclusively on the 1.5°C target would blend out some of the adaptation needs in different scenarios. The importance of Biennial Update Reports (BURs) was also highlighted by some members as an existing channel for reporting needs of developing countries in the UNFCCC and potential primary source of information for the report. Another member emphasized that the choice of methodologies should not prejudice the results of the report.

After a constructive but intense debate the SCF agreed to initiate preparatory work on the matter. The note by the Co-Facilitators was further revised, taking into account some of the additional views expressed today. Moving forward, the SCF agreed to develop a draft outline of the determination of needs report, with a view of finalizing it by the next SCF meeting, including a work plan and strategy to conduct further outreach. This will include reaching out to developing country Parties, organizations and other stakeholders that have undertaken work on methodological issues related to assessing needs. A call for inputs on views and suggestions for further sources of input will also be issued. In addition, a workshop on methodologies and processes for determining and assessing the needs of developing countries will be held on 11-12 July 2019 in Manila, Philippines. Last but not least, dedicated events will be held at both the 50th session of the Subsidiary Bodies (June 2019) and COP25 (December 2019).

2019 SCF Forum

The Co-Facilitator, Mr. Pieter Terpstra (Netherlands) updated SCF members on the discussions undertaken by the breakout group on the 2019 SCF Forum. The group deliberated on timing, possible venue and options for co-hosting the 2019 SCF Forum with a partner organization, as well as on the content of the programme. The list of possible options for venues and dates was narrowed down to three: (i) a standalone SCF Forum hosted by the United Nations Economic and Social Commission for Western Asia (UNESCWA) in Beirut, Lebanon; (ii) a joint event with the 3rd Global Partnership for Sustainable Cities (GPSC) meeting, organized by the Global Environment Facility (GEF) and World Bank in Sao Paulo, Brazil; and (iii) a joint event with the 2nd annual meeting of the Malaga Coalition of Municipal Investment Finance, organized by the United Nations Capital Development Fund (UNCDF) in Malaga, Spain. Besides shortlisting these events, cost implications for the three identified options were also outlined.

On possible venues, many SCF members voiced their preference of conducting the SCF Forum in conjuncture with other relevant events, rather than organizing a standalone event. Other members stressed the need to resolve some of the outstanding issues related to each of the three options, including enquiring further details on funding possibilities, in order to proceed with the organization and preparation of the 2019 SCF Forum in an expedited manner. One member stressed that depending on which option would be selected, the implications for the programme and interests of the target audience and potential participants would differ.

Reacting on the proposed draft programme, SCF members agreed to utilize a sectoral approach, taking into account strategies and approaches for mainstreaming climate considerations into cities' broader economic, social, and environmental development priorities. Some SCF members also emphasized the need to explore the complementarity between climate-related actions and achieving the relevant Sustainable Development Goals (SDGs) and other UN targets and commitments related to sustainable cities.

2020 Biennial Assessment and Overview of Climate Flows

Building on the discussions held on the previous day, the Co-Facilitator for the issue, Ms. Vicky Noens (Belgium), updated SCF members on the proposed way forward for elaborating the 2020 Biennial Assessment and Overview of Climate Finance Flows (BA). SCF members provided additional views, e.g. related to following up on the recommendations provided in previous BAs, the usage of the words "committed and

disbursed" instead of "pledged" when referring to finance flows and on ways of incorporating considerations on Article 2.1c of the Paris Agreement (e.g. either as a separate chapter or mainstreamed throughout the BA). Some members highlighted the need to also include "brown investments", in order to have a better picture of overall flows. Others cautioned against categorizing finance flows as "aligned" or "not-aligned" with the Paris Agreement, as this was not adequately reflecting available science, which for instance also includes the use of certain fossil fuels for certain countries even in the most ambitious scenarios.

At some prolonged deliberations, the SCF reached general agreement on following the approach taken in the 2018 BA and on how to treat the additional mandates emanating from the COP24 outcomes. It also agreed on a preliminary outline for the 2020 BA. In regards to next steps, the Co-Facilitators will develop an advanced draft of the outline for consideration and finalization by the next SCF meeting. The Secretariat will develop a work plan, including on outreach activities, following the guidance from the Co-Facilitators. In terms of timing, SCF members agreed on initiating technical work and outreach early on, including exploring the possibility of conducting a technical meeting on the 2020 BA in 2019.

Draft Guidance to the Operating Entities of the Financial Mechanism

Reporting back from the breakout group focussed on developing draft guidance to the Operating Entities of the Financial Mechanism (i.e. the GEF and GCF), the Co-Facilitator Mr. Toru Sugio (Japan) presented the outcome of the deliberations of the group over the past two days. Accordingly, the group focussed on two specific topics: (i) the approach to prepare the draft guidance for consideration by the Conference of the Parties to the UNFCCC (COP) and the Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement (CMA); and (ii) possible ways to further improve the quality of the draft guidance to the operating entities. Regarding the approach to prepare guidance, the SCF agreed that a common set of draft guidance should be prepared for consideration by both the COP and the CMA. If there is any draft guidance that specifically needs to be considered by the COP or the CMA, it will be included under a distinct heading within the common set of draft guidance. On possible ways to improve the quality of guidance, the SCF agreed to encourage the providers of draft guidance (e.g. other constituted bodies of the UNFCCC, such as the Adaptation Committee, Technology Executive Committee, etc.) to submit their proposed draft text in advance of the meeting of the SCF and within a certain deadline, including a clear rationale of the proposed inputs. The providers will also be invited to engage with the SCF for any clarifications that may be required on the inputs. Furthermore, the SCF will continue utilizing the database of previous guidance, as well as the criteria it has established to technically screen the inputs received.

Other matters

In addition to these agenda items, SCF members also deliberated on some other issues and agreed on next steps going forward. The agenda item on enhancing stakeholder engagement was deferred to the next meeting

On MRV of support beyond the BA, members agreed that the work stream on the BA will be the main vehicle for having discussions on methodologies and all aspects of Measuring, Reporting and Verification (MRV), also in light of no additional mandates given to the SCF by the COP. Nevertheless, the SCF could potentially play a role in providing input to the ongoing work on implementing the modalities, procedures and guidelines (MPGs) for transparency of action and support approved at COP24 in Katowice.

An updated 2019 Work Plan of the SCF was presented to SCF members and approved, accommodating some of the views expressed on day one of the meeting.

The SCF also agreed on specific input to be provided to a technical paper prepared by the Executive Committee of the Warsaw International Mechanism for Loss and Damage (ExCom), which includes some clarifications on typologies of financial instruments and a list of potential financial sources for loss and damage.

Regarding dates of upcoming SCF meetings, the SCF agreed to determine a suitable date

intersessionally, with a tendency to holding the 21st meeting of the SCF in early October 2019.

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