



CLIMATE FINANCE ADVISORY SERVICE

SUMMARY BRIEFING

25th Standing Committee on Finance Meeting

6-8 September 2021

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

This is the CFAS Summary 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 UNFCCC Secretariat.

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The CFAS Team

Summary from 6-8 September 2021

From 6-8 September 2021, the Standing Committee on Finance (SCF) convened for its 25th meeting. The meeting was conducted in a hybrid format, which means that some SCF members and observers were present in Bonn, while others participated virtually. Since the outbreak of the global COVID-19 pandemic, this has been the first time that a part of the participants has been able to meet in person. Chaired by Mr. Ismo Ulvila (European Union) and Mr. Ayman Shasly (Saudi Arabia), the meeting discussed several agenda items to define next steps in the Committee's work going forward, with a special view towards COP26 in November. The items discussed, included the Fourth Biennial Assessment and Overview of Climate Finance Flows (BA); the first report on the determination of the needs of developing countries related to the implementation of the UNFCCC and the Paris Agreement (NDR); the Draft guidance to the operating entities of the Financial Mechanism; planning for the next Forum of the SCF; as well as discussing linkages with the Subsidiary Body for Implementation and the constituted bodies of the Convention. Some days ahead of the meeting, a technical stakeholder dialogue had been conducted virtually, to present the latest updates on the BA and NDR, including a round of discussion with participants.

Opening of the Meeting Organizational Matters

Mr. Ayman Shasly (Saudi Arabia) and Mr. Ismo Ulvila (European Union) acted as Co-Chairs for SCF25. The meeting was opened with a short statement on the hybrid approach, which enabled the Co-Chairs and SCF members acting as Co-Facilitators for certain agenda items to be present in Bonn, while other members and observers

participated virtually. This was followed by welcoming Mr. Konstantin Kulikov (Russia) as a new SCF member. In addition, the Co-Chairs welcomed Ms. Traude Wollansky (Austria), who replaced Ms. Delphine Eyraud (France) for this meeting.

The opening of the meeting continued with a recorded welcome note by Ms. Patricia Espinosa, Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC). She stressed that finance was at the heart of international climate policy and that the SCF represents an important source of guidance for evidence-based decision making at the COP. She called upon the SCF members to finalize both the Fourth BA as well as the first NDR ahead of the COP, so that Parties could build their decisions on the information gathered in these comprehensive documents. She underlined that the upcoming COP would be the most important meeting following the one which led to the adoption of the Paris Agreement.

Concerning organizational matters, the Co-Chairs explained that all items would be discussed in the plenary and that there would be informal working sessions in addition, whose timing is to be announced throughout the meeting. It was once again underlined that the current draft versions of the reports should stay confidential. The Co-Chairs concluded this agenda item by stating that they support the point made by Ms. Espinosa, to effectively seek a finalization of the two reports by October 2021.

Fourth Biennial Assessment and Overview of Climate Finance Flows

The discussion on the status quo of the 2020 Biennial Assessment and Overview of Climate Finance Flows (BA) was led by the Co-Facilitators Ms. Vicky Noens (Belgium) and Mr. Hussein Alfa Nafo (Mali). The item was opened with an introduction on the status of the fourth order draft of the BA, which had been circulated in advance of the meeting. On 2 September 2021 a technical stakeholder dialogue took place, which already informed interested stakeholders on the latest draft. Further work on the technical part to be undertaken would mainly relate to the graphics and to a draft version of the summary and recommendations section. The Fourth BA had been discussed over the whole course of SCF 25.

The first day started off with a debate on accessibility of information. As the draft is quite comprehensive, the idea had been raised that additional summaries or products could help to bring forward the key messages of the BA, while the technical report could stay detailed. In general, the BA is seen as hard to understand from the perspective of certain SCF members. This would account for both the general public as well as direct stakeholders from constituencies. Therefore, the way of communicating the information should be improved. Certain elements, such as the new Chapter 4, will include a more comprehensive introductory section, to ensure accessibility. On the presentation of data, it was added to put certain numbers into perspective to strengthen the messages (e.g. pledges by institutional investors on alignment with the PA could be combined with information on global assets under management for the respective actors; add also negative investment such as fossil fuel subsidies). On the topic of 2.1c, it was stressed once again that there are no clear guidelines for what it constitutes and that the BA should indicate that this would still be up for interpretation. It was added by other members, that the current Chapter is a somewhat mapping exercise and that it will be recognized that there are no official guidelines yet. On the mapping of initiatives a comment was made that usually the focus lies on mapping climate flows of the past that already happened, while a mapping of pledges or initiatives would be information on future flows that have not yet been disbursed or implemented.

The second day focused on additional comments, on replies by the Co-facilitators to comments made the day before and on the summary and recommendations section. First of all, the floor was given to the observers to add comments, which included some remarks on the content (e.g. scarce information on gender sensitive budgeting; the desire to have a more robust investigation in Chapter 4 (2.1c) in future; missing case studies on the involvement of the youth) and questions on the timeline for the summary and recommendations section. The Co-Facilitators replied that for certain topics (e.g. youth involvement), there was no data yet available, and that it was the goal to adopt the summary and recommendations section at SCF alongside with the overall report. Related

to comments raised on the first day, the Co-facilitators replied that they will ensure that Chapter 4 (2.1c) will have an introductory section; that there is just a broad mapping for 2.1c as there is not yet a common guidance on what it constitutes; that work on the graphics is still underway; that negative flows will be included in Chapter 3 (i.e. “bubble diagram”); that the report includes data on agricultural subsidies and deforestation for the first time; that related to the working definition of climate finance it has been taken note of the different definitions around; and that information on climate finance instruments is included in Chapter 3. On the recommendations and summary section, the Co-facilitators announced to prepare a draft and initial draft summary for the next day.

On the final day, discussions on the BA concentrated on both the outreach strategy for the BA as well as on the process and nature of the summary and recommendations section. Co-facilitator Mr. Hussein Alfa Nafo (Mali) opened the meeting by outlining elements of the outreach strategy, including a launch event at COP and the preparation of dissemination packages for the SCF members (e.g. including slide decks, talking points). In addition, the BA webpage will include interactive elements; the social media channels of the UNFCCC will be used and the Secretariat will explore the dissemination potential at other events than the COP. Related to the summary and recommendations, he outlined that each chapter will have a 1-2 page infographic with the main messages, and that the summary and recommendations sections will follow the structure of previous BAs. The SCF members welcomed the initial elements of the outreach strategy, while adding that every SCF member should become active in sharing the key messages; that also short videos could be a good means of communication for social media and that certain constituencies could be offered a special information event on the report’s results. On the structure of the recommendations, it was welcomed that it aligned with previous BAs. On their contents, the debate was limited, as not all SCF members were able to review the draft in detail. It was stressed that they should be non-prescriptive, meaning that they should be a reflection of all parts of the report and that it would be up to the COP to make a decision upon those results. In addition, it was debated, whether an overview on the progress of previous recommendations could be added, on which the Co-Chairs said that they are currently elaborating on a way to present this information. Finally, the overall timeline for delivering the draft BA was touched upon, with the Co-Facilitators stating they will do their best to conclude this work at SCF26, making a publication possible on 14 October (e.g. providing updated drafts inter-sessionally). Final comments by observers addressed the accessibility of draft documents in due course and some technical difficulties in following the SCF25. They would welcome the possibility to also provide some final, written feedback, which was confirmed by the Co-Facilitators.

On this agenda item, the SCF decided to implement any amendments and to prepare a final technical report prior to SCF26. This process will be undertaken by the technical team, under the guidance of the Co-Facilitators. In addition, a draft summary and recommendations will be prepared inter-sessionally for consideration and finalization at SCF26. SCF members have been invited to submit written inputs on the draft summary and recommendations by 17 September. Finally, an updated outreach plan will also be prepared inter-sessionally by the co-facilitators, with the support of the Secretariat, for consideration at SCF26.

First report on the determination of the needs of developing country Parties

The discussion on the first report on the determination of the needs of developing country Parties (NDR) was led by the Co-Facilitators Mr. Zaheer Fakir (South Africa) and Mr. Mattias Frumerie (Sweden), and continued throughout all three days of the SCF 25.

On day 1, initially, activities since SCF 24 were briefly recaptured. In May 2021 SCF 24 agreed to undertake further technical work to prepare the final draft of the technical report and a draft executive summary. Activities undertaken since then inter-sessionally comprise the integration of comments received from members and observers, further technical work and further improving of the information basis of the report by additional analysis of national regional and global reports. The third order draft of the technical report was prepared and circulated, and a technical stakeholder dialogue was held on 2 September

2021.

In the discussion on the first day, SCF members commented on the draft technical report. A number of members perceived the technical report as too mitigation-centric. Here, the Co-Facilitators made clear that the report reflects the state of information being available. They also re-iterated on the role of the SCF, with the Committee not being mandated to conduct any analysis or interpretation of information, and the needs determination report thus being a purely technical report that gathers available information from national, regional and global reports. Moreover, views on the structure of the executive summary were exchanged.

On day 2, the Co-Facilitators gave an update on discussions held with the Secretariat on comments raised by members the previous day, including on the structure of the executive summary of the report, on which a Co-Facilitator's note was then circulated later that day.

On day 3, the Co-Facilitators thanked the SCF members and observers for inputs and comments received on the report. The following discussion centered around the executive summary of the report. A number of members expressed concerns about the Co-Facilitators note on the executive summary not being made available to observers. The Co-Facilitators asked members and observers to provide information on what the executive summary and also recommendations to Parties should highlight. It was furthermore discussed to clearly point out in the executive summary the technical, non-analytical nature of the report and the limitations regarding available information and cut-off dates (the latter with particular relevance for impacts of COVID-19 and NDC updates). In concluding, the Co-Facilitators made clear that the needs determination report must be regarded as a giant leap for the UNFCCC process, being the first attempt to gather information of this kind in the history of the Convention since 1992. Although, according to the Co-Facilitators, the importance of this achievement is not so much with the report itself, but what the international community does with it. The report must thus be regarded as a living document that is designed to be used, to make impact and identify gaps, but certainly will evolve and mature over time. Also, the Co-Facilitators highlighted that in their views the process of elaborating the report was inclusive and transparent.

Eventually, the SCF 25 agreed to implement the discussed amendments to the draft technical report and prepare the technical report prior to SCF 26. In a next step the technical team under the guidance of the Co-Facilitators will update the draft technical report, accordingly. Also, the layout for the final technical report will be edited and laid out. Moreover, a draft executive summary and recommendations, as well as an outreach plan for the report are to be prepared inter-sessionally for consideration and finalization at SCF 26. SCF members are invited to submit their written inputs and recommendations on this by 17 September 2021. The Co-Facilitators will then prepare the draft executive summary with recommendations and an updated outreach plan before the next SCF meeting.

Draft guidance to the operating entities of the Financial Mechanism

The discussions on this item were facilitated by the two Co-facilitators, Ms. Diann Black-Layne (Antigua and Barbuda) and Mr. Toru Sugio (Japan), who started their presentations by providing an overview of the intersessional work since SCF24 (i.e. availability of reports, notification to Parties, the AC, TEC and the WIM ExCOM on availability of reports and approach, status of submissions) and by presenting their desired approach for designing a draft guidance. These discussions merely focused on procedural elements, while a discussion on the contents is expected to take place at SCF26 in October, when a draft guidance will be available.

The first procedural issue to be discussed was the availability of reports by the Global Environment Facility (GEF) and the Green Climate Fund (GCF). For the GEF, reports for 2020 and 2021 are available, while the GEF representative in the meeting added that there will be an addendum submitted in early October, which outlines more updated information on support for National communications (NCs) and Biennial Update Reports (BURs). For the GCF, the 2020 report is available as a draft version. The GCF representative in the meeting referred to the upcoming 30th GCF Board Meeting (4 – 7

October 2021) and said that the draft report on the website is still open for deliberations and an official submission will take place right after the next Board Meeting. Concerning the status of submissions, three had been received at the time of SCF 25. Some comments by observers referred to the potential contents of the guidance, remarking that engagement between the financing institutions and local stakeholders should be strengthened, especially within the context of private sector projects, and there would be more support needed for adaptation at the local level.

Taking note of the availability of reports, the two Co-Chairs announced keeping 15 September 2021 as an initial deadline for submissions relating to all report information available, while additional submissions can be made following the latest updates in early October, i.e. announcing a final close of submissions for 9 October 2021. Based on this timeline, the two Co-Facilitators would have around 2 days to prepare a draft guidance for SCF26, which starts on 11 October.

Forum on Finance for Nature-based Solutions

This item was co-facilitated by Ms. Fiona Gilbert (Australia) and Mr. Mohamed Nasr (Egypt). Ms. Gilbert presented the update on the Forum's organisation, stating that Part I will be held in a hybrid format on 15 - 16 October 2021, right after the next SCF meeting. In-person participation in Bonn will be limited to key resource persons and SCF members, while other participants will join the event virtually. For Part I, a draft programme has been developed, covering two days with four hours of input per day. Concerning the participation, confirmations have already been received by certain key persons, while other confirmations are still outstanding. Ahead of the event in October, a synthesis paper shall be shared with all participants. Part II shall take place in-person in 2022 and will be informed by the outcomes of Part I.

The short round of discussion on this item included multiple compliments for the organisation of the Forum and some procedural remarks. For example, one SCF member underlined that the different time zones of all participants should be taken into consideration, which was confirmed by Co-Facilitators. Some observers remarked that they would also like to see more participation by the private sector and by the different constituencies; that there should be technical support for virtual participants; and that certain groups (e.g. indigenous peoples) should be present across all panels instead of one or two specialized panels. In addition, observers offered support in facilitating contacts to resource persons, if needed.

Linkages with the Subsidiary Body for Implementation and the constituted bodies of the Convention

Co-Chair Mr. Ismo Ulvila invited the SCF members, who act as focal points to certain constituted bodies of the Convention to report on any updates related to a cooperation with the SCF. The focal points to the Executive Committee of the Warsaw International Mechanism for Loss and Damage (ExCom), Mr. Randy Caruso (United States) and Ms. Diann Black-Layne (Antigua and Barbuda), reported that they are currently following the formation of the Action and Support Expert Group (ASEG) under this body and that this sub-group would like to provide inputs to the SCF draft guidance for the COP. The focal point to the Paris Committee on Capacity-building (PCCB), Mr. Mattias Frumerie (Sweden) reported from the first meeting of the Informal Coordination Group (ICG) for capacity building under the Convention and the Paris Agreement and that he keeps them updated on the work streams of the SCF. The focal point to the Adaptation Committee (AC) and Least Developed Countries Expert Group (LEG), Ms. Gabriela Blatter (Switzerland) said that a small sub-group has been formed, including the AC, LEG and herself to work on inputs for the COP related to measuring the adequateness and effectiveness of adaptation and support for adaptation. The inputs to be developed shall be integrated in the AC and LEG reports to the COP. The focal point to the Local Communities and Indigenous Peoples Platform (LCIPP) Facilitative Working Group, Mr. Ivan Zambrana Flores (Bolivia)

reported that the LCIPP wants to enhance the engagement with stakeholders under UNFCCC more under their next work plan. A potential point to get them more involved in the SCF process in future could also be the SCF Forum. The focal point for the Climate Technology Centre & Network (CTCN), Ms. Vicky Noens (Belgium), explained that the CTCN members were interested in the Forum and that she attends a joint CTCN and Technology Executive Committee (TEC) meeting the upcoming week.

The members took note of the reports by each focal point. One comment was made in relation to the general outreach of the SCF. It could be further elaborated how the SCF could improve its outreach to more actors than just the constituted bodies of the Convention, referring to the debate under the BA to present information in a simpler and more accessible way. This could be done, for example, in relation to the upcoming products (i.e. BA and NDR) and the Forum.

Dates and venues of future meetings

The next meeting (SCF26) will take place from 11 - 14 October, followed by Part I of the Forum on Finance for Nature-based Solutions (15 - 16 October). The next meeting shall take place in a similar manner to SCF25, meaning that all members that can travel will meet up in Bonn, while the others can take part virtually.

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