

Climate Finance Advisory Service

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Daily Briefing

9th Standing Committee on Finance Meeting (10 March 2015, Bonn)

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 10 March 2015

On Tuesday, March 10th 2015, the members of the Standing Committee on Finance (SCF) convened for their 9th meeting in Bonn, Germany. As usual at the first meeting of the year, the session started with procedural matters such as the election of the co-chairs. At that, Mr. Seyni Nafo (Mali) and Ms. Outi Honkatukia (Finland) were appointed and will chair the SCF until the end of this year. With regard to the organisation of the work, it was decided that each agenda item would be discussed in the plenary first, before taken up for in-depth discussion into breakout groups.

Work plan of the SCF in 2015: Consideration of Long-Term Finance issues

The first item on the agenda addressed the SCF work plan for 2015, particularly the consideration of long-term finance issues in frame of the mandated annual in-session workshops during the SB-meetings in June. The COP in Lima requested the thematic bodies under the Convention – inter alia the SCF – to provide input for these in-session workshops which will focus on the issues of adaptation finance, enhanced enabling environments, support for readiness activities and needs for support to developing countries. The Committee agreed that input provided should be based on the substantive work the SCF has done in the past, such as the Biennial Assessment and Overview of Climate Flows, the technical paper on the 5th Review of the Financial Mechanism and in particular the insights and experiences drawn from the 2014 SCF Forum, which had the theme of 'adaptation finance'.

2015 SCF Forum: Issues related to Finance for Forests

The second agenda item of the day considered the 2015 SCF Forum, which will feature the theme of 'finance for forests'. The facilitator of the working group updated the Committee members on the progress that has been made on this item since the last meeting of the SCF in October 2014.

Accordingly, the 2015 Forum could be held in conjuncture with the 14th World Forestry Congress (WFC), organized by the Food and Agriculture Organization (FAO) of the UN and hosted by the city of Durban, South Africa. The central theme of the congress, to be held 7-11 September 2015, is '*Forests and People: Investing in a Sustainable Future*' and aims to show that investment in forestry is an investment in people and, in turn, an investment in sustainable development. The proposed date for the SCF Forum is 8-9 September, in order to feed the deliberations of the SCF Forum into the 'Innovation and Investment Forum' that is part of the WFC programme on 10 September. The SCF members welcomed the proposal of a partnership with the FAO; they also encouraged other actors

who had expressed their interest for collaborating on the Forum (e.g. the Center for International Forestry Research and the CIF's Forest Investment Programme), to provide their inputs during the envisaged two-day event.

Draft Guidance to the Operating Entities

The third agenda item of the day addressed the draft guidance to the operating entities (OEs) of the financial mechanism (FM) of the UNFCCC (i.e. GEF and GCF), a standard item and task in the mandate of the SCF each year. Building on the discussions the Committee had on this issue previously, the members discussed on how to improve consistency and practicality of guidance to the GEF and the GCF. As a first step, also reflecting deliberations that were made last year, the SCF agreed on compiling an analysis of past guidance to the OEs in order to identify redundancies and repetitions, aiming at defining a set of core guidance to both entities that would not need to be renewed each year. In addition, the collaboration between the SCF and the other thematic bodies of the UNFCCC, e.g. the Adaptation Committee (AC) and the Technology Executive Committee (TEC) was discussed, which are also called upon to provide draft guidance to the OEs. While the AC and TEC have done so in the past, the SCF members also highlighted the need to consult with the Least Developed Countries Expert Group (LEG) and the Executive Committee of the Warsaw International Mechanism on Loss and Damage (ExCom). The draft guidance will be based on the report from the GEF and the GCF, which presumably are set to be concluded by August 2015.

MRV of Support beyond the Biennial Assessment and Overview of Climate Finance Flows

Following its discussions on the draft guidance to the OEs, the SCF attended to the issue of MRV of support beyond the Biennial Assessment and overview of climate finance flows. In its work on MRV the SCF will have to deal with three distinct issues: the elaborated work-plan on MRV of support; the specific agenda item coming from the Subsidiary Body for Scientific and Technological Advice (SBSTA), dealing with methodologies for reporting financial information; and the SCF's role in organizing a joint in-session workshop in June on these issues. After exchanging some initial views, SCF members agreed to continue discussions in detail in the scheduled afternoon breakout session.

Adaptation Fund: Institutional linkages and relations with other bodies of the Convention

The last agenda item of the morning addressed the SCF mandate from Lima, which requests the SCF to consider issues related to possible future institutional linkages and relation between the Adaptation Fund with other institutions under the Convention. SCF members argued that a common understanding had to be developed of what 'institutional linkages and relations' actually means, also highlighting the legal and political implications that could arise besides the technical perspective. Furthermore, the Committee briefly discussed what possible outcomes of this exercise could be (e.g. technical inputs, mapping out issues with concrete recommendations, developing scenarios, etc.). Without going into too much detail, the discussion was deferred to the corresponding breakout group in the afternoon.

Breakout Groups

In the afternoon the SCF members engaged in some in-depth discussions on the various agenda items. The breakout group on the **Adaptation Fund** continued its discussion on possible future institutional linkages and relations between the Adaptation Fund and other institutions under the

Convention. The discussion centred on defining the scope, the process and the deliverables for this issue at COP21. As was mentioned during the morning session, the Adaptation Fund Board (AFB) has already identified some options on how to link up with the GCF. However, while there was agreement that what the AFB has been doing is encouraging, the SCF members felt the need to address the question from the SCF's own perspective based on its function and mandate. After a long debate, it was decided to issue a call of submissions based on specific questions the SCF will develop, as to guide parties and stakeholders in their submissions. The discussion will be resumed tomorrow in the plenary.

On the **2015 Forum**, members of the working group discussed the objective and structure of the two-day event in more detail. As was done in the SCF Forum last year, members proposed to have the first day of the Forum to feature a general approach by providing an overview of the overall landscape of forest financing. The second day could then be used to tackle concrete issues, such as results-based payments and alternative approaches, looking at what countries have been doing, sharing some concrete experiences, as well as involving the private sector and exploring incentives and opportunities for investments in forestry. The CIF's Forest Investment Programme as well as the UN Forum on Forests (UNFF) indicated their interest to share some experiences during the event. The discussion will resume in another breakout session tomorrow.

The group also discussed a background paper on **coherence and coordination regarding the issue of financing for forests**, which complements the SCF's work on this topic. Work on this paper already began last year and the document, following a call by the SCF, has now been updated based on inputs and submissions from stakeholders. After a brief exchange of views among the group, the Climate Policy Initiative (CPI) gave a short presentation to the breakout group on a research study they are conducting, which develops a conceptual framework for sustainable land-use finance. The UNFF also informed the group members on the work that has been undertaken on the topic. Other stakeholders are invited to provide their input to the background document, which will then be further revised until end of April 2015.

On **MRV**, the SCF concluded that it will not be able to answer all the questions related to MRV of climate finance provision this year. Rather, the SCF will aim to focus on things that are achievable in 2015. With that in mind, SCF members and observers discussed how the arrangements of the in-session technical workshop with the co-chairs of the SBSTA and SBI should be organized. In tackling that question, the breakout group discussed among other issues: the role of the Committee with respect to the agenda, its inputs to the joint in-session workshop and how the outcomes of the workshop will feed back into the SCF work on MRV. The breakout group could not conclude its work and will resume tomorrow.

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