

Climate Finance Advisory Service



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Daily Briefing

12th Standing Committee on Finance Meeting (6 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 April 2016

On Wednesday, 6 April 2016, the Standing Committee on Finance (SCF) convened for its 12th 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 re-appointed and will again chair the SCF until the end of this year.

Consideration of the long-term finance issues referred to in decision 3/CP.19, paragraph 12

Members were invited to consider the background paper on the Committee's response to the invitation by COP 20 regarding long-term finance, as well as the nature of its possible inputs into the in-session workshop. Before the discussion in the plenary, the secretariat updated the SCF on the preparation of the in-session workshop, which is planned to take place during the SBI in May 2016. The secretariat mentioned that two co-facilitators for the full-day workshop were already appointed. The workshop will deal with adaptation finance, the needs for support to developing country Parties and the cooperation on enhanced enabling environments and support for readiness activities. In addition, the secretariat also indicated that a webinar for all stakeholders would take place in the upcoming weeks.

In the discussion several issues were brought forward such as how to use the workshop to get more insight on the preparation of strategies and approaches by developed countries on long term finance in due time before the COP. Some members also made suggestions on how to organise the high level ministerial at COP22, as to ensure that more quantitative and qualitative information are provided to the COP.

Coherence and coordination: Financing for forests, taking into account different policy approaches

On coherence and coordination for financing for forests, taking into account different policy approaches, the SCF was invited to consider the background paper on its approach to follow-up activities in 2016. The co-chair pointed out that building upon the rich discussions that took place at the 2015 SCF forum and the momentum generated, the SCF at its eleventh meeting agreed to provide an overview of forest finance flows in the 2016 biennial assessment and overview of climate finance flows (BA); as well as to organise a side event this year. He also reminded at the outset that the two committee members, who were co-facilitating the issue have resigned and requested members to appoint two new champions, who will coordinate the work of the committee on forest finance.

Afterwards in the discussion, the Committee first reflected on the concept note for a SCF side event that is also planned during the SBI session in May. Accordingly, the discussion went around how entities providing forest finance will be involved in the workshop. The representative of the GCF updated the Committee on the work of the GCF on results-based financing. She also informed the Committee about the willingness of the Fund to actively participate in the workshop.

2016 Forum of the Standing Committee on Finance

The COP in Lima approved an initial two-year workplan of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts (ExCom), which includes an invitation to the SCF to dedicate its 2016 Forum to financial instruments that address the risks of loss and damage associated with the adverse effects of climate change. In the plenary, the SCF members were invited to consider the background paper prepared by the Secretariat and the submissions received, with a view to finalising the concept note for the forum as well as to agreeing on its outreach strategy for the 2016 forum, and to agree on the partner organisation / the venue for the 2016 forum.

The discussion in the breakout group was held in two blocks, one focussing on the objective, scope and expected outcomes of the Forum and one on the potential Forum venue. Based on the draft concept note included in the background document prepared for this meeting, SCF members engaged in discussing the Forum's objective. Generally, SCF members and observers welcomed the draft objectives presented, which will aim to provide a platform for discussing and sharing information, knowledge and good practices on financial instruments and tools to tackle risks of loss and damage, inter alia taking stock of existing instruments, discussing how they are designed and operate across types and different aspects of L&D, understanding how to share and learn from country experiences, as well as exploring new and innovative instruments. Members highlighted that in doing so, it was important to consider both the perspective of countries receiving financial resources, as well as the financial institutions that provide them. Furthermore, members and observers emphasised that besides identifying gaps and challenges, it was crucial to also outline new opportunities to tackle L&D and define next steps.

On the Forum venue, the background document highlighted some options for partnering the SCF forum with a related event, as well as organising it as a stand-alone event. Options for linking the Forum to another event included the 6th International Disaster Risk Conference in Davos, the Climate Week at the UN Headquarters in New York, and the Asia-Pacific Climate Change Adaptation Forum in Colombo, Sri Lanka. As a stand-alone event, options included a SCF Forum in Manila in collaboration with the Asian Development Bank, and a back-to-back event in conjunction with UNFCCC events in Bonn, such as the ExCom meeting in September.

Before engaging in deeper discussions, the UNFCCC Secretariat highlighted the budgetary and administrative advantages of partnering the Forum with a related event. Furthermore, it was pointed out that holding the SCF forum in the UN Headquarters in New York could result in practical barriers due to the lack of granting usual privileges and immunities to participants. Reflecting on the options presented, SCF members stressed that a decision should be based on the audience the Forum on L&D intends to target. Many members highlighted that - as in the past - SCF Fora should first and foremost targeted technical experts and practioners, rather than high-level decision-makers. Some members were also of the view, that holding a Forum on the margins of a conference on DRR would undermine the role and importance of L&D.

Taking the views expressed into account, the breakout group will resume its work tomorrow, in order to come up with a decision on the way forward.

Draft Guidance to the Operating Entities of the Financial Mechanism

The breakout group on the Draft Guidance to the Operating Entities (OE) briefly discussed how it aims to prepare draft guidance for the consideration by the Conference of the Parties (COP) in Marrakesh. Reflecting on the practice from last year, SCF members felt that it should maintain a similar approach, 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. Furthermore, members discussed that besides guidance based on the annual reports of the GCF and the GEF, it could also formulate strategic guidance on other important issues, such as the replenishment processes of both OEs, and on the 6th review of the Financial Mechanism due in 2017. Here, one observer highlighted the need to take into account the recommendations of the previous reviews, especially on the issue of enhancing complementarity between the GEF and the GCF.

Tomorrow, the breakout group will resume its work addressing both the issues of identifying a draft set core guidance, as well as discussing how frequently guidance should be provided.

2016 Biennial Assessment and Overview of Climate Finance Flows

The 2016 Biennial Assessment's (BA) mandate, scope and timeline were introduced in the plenary in the morning session, where members and observers exchanged initial views on the process and expected outcomes of the assessment. Before closing the discussion in the morning session a hard copy of the zero draft BA was handed out to observers.

As expected, a more substantial discussion took place in the breakout group in the afternoon. The session started with a presentation by the consultants in charge of the different chapters of the assessment. They mentioned that one of the new features of this year's BA will be a range of tables that will provide more detailed information on the different diagrams across the document. This should help for instance to make the famous 'onion diagram' easily understandable for interested stakeholders, as well as provide information on the source of data that has been used for the diagrams. In addition, the BA will also include available information on methodologies used to assess

progress towards the goal of developed countries to jointly mobilise USD 100 billion per year by 2020. In doing so the assessment will look at the extent to which different pledges have been turned into disbursements. The BA will also outline new developments on issues covered by the recommendations in the 2014 BA, as well as information relevant to the assessment of climate finance impacts in the context of limiting the increase in the global average temperature.

After the presentation, group participants were invited to make general comments on the approach as well as raise general questions to the consultants on how different data as well as financial instruments will be collected and aggregated in the report. Some members welcomed the integration of developing countries perspective as well as their needs into the document. A technical meeting is planned on Friday with data collectors, during which more in-depth technical discussion are expected to take place. The co-facilitator will make a report to the SCF tomorrow morning in the plenary.

MRV of support beyond the Biennial Assessment

On this agenda item, the SCF was invited to consider the background document with a view to identify activities in its work plan on MRV of support beyond the BA that it wishes to undertake in 2016, in light of requests from COP 21, particularly decision 1/CP.21. In the breakout group, SCF members discussed the scope of activities that could be undertaken this year bearing in mind the work around the Biennial Assessment. One member pointed out that the SCF should adopt a pragmatic approach considering that the new transparency framework under the Paris agreement will build on the existing regime of MRV. Another member indicated that the SCF still needs to clarify the purpose of the MRV of support, as the goal of MRV will determine the set of data that needs to be collected. Further, it was also mentioned that in undertaking the work on MRV, a clear distinction needs to be made between the different elements such as measurement (M), Reporting (R) and verification (V). It became also clear in the discussion that submissions of information on climate finance are needed in order to set clear rules for the regime. One member also mentioned that MRV of support goes beyond the tracking of international flows, but should also inform the design of the MRV regime at the national level.

The discussions will resume tomorrow.

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The Climate Finance Advisory Service (CFAS) is an initiative which is delivered by a consortium of experts led by Germanwatch e.V. and funded by the Climate and Development Knowledge Network (CDKN).

CDKN is funded by the UK Department for International Development (DFID) and the Netherlands Directorate-General for International Cooperation (DGIS) for the benefit of developing countries. However, the views expressed and information contained in it are not necessarily those of or endorsed by DFID, DGIS or the entities managing the delivery of CDKN which can accept no responsibility or liability for such views, completeness or accuracy of the information or for any reliance placed on them.

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