

# Climate Finance Advisory Service

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Daily Briefing

8<sup>th</sup> Standing Committee on Finance Meeting

(1 October 2014, 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 1 October 2014

On Wednesday, October 1st 2014, the Standing Committee on Finance (SCF) convened for its eighth meeting in Bonn, Germany. Being the final meeting before the Conference of the Parties (COP) to the UNFCCC in Lima in December, the agenda for the session is packed with several items that will need to be addressed during the course of the next three days.

As usual, following the opening by the co-chairs, the Committee started taking up its work in the morning by having an introductory plenary session, in which initial reflections and deliberations on all agenda items were exchanged by SCF members, also highlighting possible outcomes and deliverables for each of the issues. The core work of the meeting would then be undertaken in several working groups, before coming back to the plenary for final adoption by the Committee on Friday.

The afternoon session encompassed two parallel working groups - one on the Biennial Assessment (BA) and overview of climate finance flows and one on the Fifth Review of the Financial Mechanism, the two main deliverables for the SCF this year.

### **Biennial Assessment and overview of climate finance flows**

In the working group on the BA, the co-facilitators explained the approach of the work on the BA: They proposed to first provide general comments on the executive summary before the members would start looking at the summary paragraph by paragraph.

Following the co-chairs proposals, some members at the outset expressed the need to include some disclaimers that will explain challenges, gaps and limitations encountered when doing the BA, with the view of preventing any misinterpretation of the report. The members were of the view that, given the above outlined constraints as well as the level of quality of data, the SCF should not bear any responsibility in relation to the findings of the report. Currently, it was expressed, there is substantial uncertainty around the global figures, due to the lack of information on domestic public spending on adaptation and mitigation in developing and developed countries as well as uncertainty about the range of estimates and the completeness of the information on private finance, particularly for sectors other than renewable energy and clean technologies. Furthermore members discussed about the

relationship of the BA with the US\$100 bn goal by 2020. It came out that the BA is not meant to inform the mobilization of the climate finance commitment under the Convention, but rather provides an overview of climate flows from 2010 to 2012.

In the discussion later, Committee members engaged on textual amendment of the executive summary. One of the key elements that emerged out of the discussion was related to the consistency of the numbers outlined in the document. There was also agreement among members that some headings and wordings throughout the executive summary should be carefully chosen in order to avoid any misinterpretation upfront and to put things in the right context. Furthermore, Committee members spent some thoughts on the Figure II "The Onion diagram" of the executive summary, which portrays indicative levels of certainty of data along the scale of climate finance flows. The issue is that there is uncertainty about the figures as well as on how the data was collected. In other words, there is a relationship between the levels of confidence and the type of data related to climate specific transaction: the broader the definition and purpose for collecting the data, the higher is the range of uncertainty.

The co-facilitators promised to work on a revised on summary and conclusion that they would circulate to the Committee in the morning. Based on this, the working group will meet again in the morning to consider the new version with the goal of concluding the issue.

### **Fifth review of the Financial Mechanism**

The working group on the Fifth Review delved into extensive discussions on the executive summary of the draft technical paper prepared by the secretariat to inform the mandated expert input by the SCF to be forwarded to the COP in Lima. SCF members were provided the opportunity to share their views on the text and propose textual amendments where felt necessary. Generally, members emphasized that recommendation concerning the GCF should not be made in a way that would pre-empt decisions to be taken by the GCF Board in the course of concluding its operationalization at subsequent meetings.

The first part of the discussion focussed on the transparency of decision-making processes of the operating entities, in particular that of the GEF. In concrete, SCF members elaborated on information disclosure and accountability within the GEF Agencies, as referenced in one of the paragraphs of the executive summary. While members were of the view that transparency and accountability in regard to the implementing agencies of the GEF could be improved, it was perceived as not addressing an issue of 'decision-making' unlike the respective heading in the text suggests. On the level of stakeholder engagement, gender sensitive approaches, environmental and social safeguards and fiduciary standards, the SCF members were of the view that the GEF has performed well in putting corresponding policies in place, and that the GCF should take note of these experiences. The responsiveness of the GEF to COP guidance was generally recognized as satisfactory, in particular given the amount of guidance the GEF has received since its existence.

Controversial discussions evolved around the 'adequacy, predictability and sustainability of funds'. Some members emphasized that an assessment of the adequacy of funds could not be undertaken in general, as a comprehensive needs assessment has not been conducted. Others highlighted the fact

that the recent 5th Assessment Report of the IPCC does provide a scientific basis of the needs, e.g. for adaptation. SCF members concluded the debate by noting, that while the GEF Trust Fund has exhibited predictable and sustainable funds, the LDCF and SCCF had indeed problems to fulfil their mandate, because of an inadequate, unpredictable and unsustainable resource generation.

The working group managed to finalize the review of the executive summary by the end of the day. The appointed co-chair, with support by the secretariat, will incorporate the views and statements expressed by the SCF members of the working group and revise the document accordingly, before work on this agenda item continues on Thursday.

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