

# Climate Finance Advisory Service

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## Daily Briefing

### 11th Standing Committee on Finance Meeting (26 October 2015)

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 26 October 2015

On Monday 26 October 2015, the Standing Committee on Finance (SCF) convened for its 11th meeting in Bonn, Germany. Coming from an intense week of negotiations under the Ad-hoc Working Group on the Durban Platform for Enhanced Action (ADP) to prepare the Paris climate agreement, committee members engaged directly in substantive discussions, after adopting the agenda and agreeing on the organization of work. At the outset, SCF members reported on meetings attended in the intersessional period, while SCF breakout group facilitators gave an update on discussions and progress made since the last SCF meeting. As usual, work then resumed in the different breakout groups.

#### **Draft Guidance to the Operating Entities of the Financial Mechanism**

The breakout group on the Draft Guidance to the Operating Entities of the Financial Mechanism engaged in discussions on a draft decision text to be proposed to the Conference of the Parties (COP) in December on guidance to both the Global Environment Facility (GEF) and the Green Climate Fund (GCF), which was prepared by the groups' co-facilitators taking into account submissions made by SCF members, the Adaptation Committee (AC) and the Technology Executive Committee (TEC). Following a brief introduction by the co-facilitators, SCF members and observers were given the opportunity to react to the proposed draft decision, as well as asking questions of clarification to proponents and representatives of both the GEF and GCF, in order to understand the rationale and implications behind the various submissions.

On the guidance to the GEF for instance, one submission referred to the exploration of additional resources for the Least Developed Countries Fund (LDCF). In this regards, SCF members sought clarity on the status of financial resources and the pipeline of proposals of the LDCF. The GEF representative highlighted that currently 36 proposals had received technical clearance by the secretariat and were ready to be recommended for GEF Council approval. However, available resources had not been sufficient to implement these proposals. On the guidance to the GCF, some SCF members pointed out that certain paragraphs in the draft decision currently make reference to issues, which could potentially be taken up or resolved at the upcoming GCF Board meeting in early November. It was therefore proposed to either including a footnote highlighting the paragraphs to which this could apply or simply leaving it as an input to the COP, which could then revise the guidance accordingly.

Generally, questions arose whether submissions for draft guidance should be taken verbatim as received from stakeholders or rather revised and modified in order to reflect adequate technical "guidance language". Along this line, it was also elaborated on how to deal with overlapping paragraphs and duplications, as well as inserting subtitles to give the guidance text a clearer structure.

### **MRV of support beyond the Biennial Assessment**

SCF members engaged in discussions on two separate issues: methodologies for reporting climate finance information as well as a work plan on measurement, reporting and verification (MRV) of support beyond the Biennial Assessment (BA). With regard to methodologies, the co-facilitator reminded participants that the COP had requested the SCF to include its recommendations related to methodologies for the reporting of financial information in its annual report to the COP, taking into consideration the outcomes of the joint in-session technical workshop held during the meeting of the Subsidiary Bodies in Bonn in June. The secretariat had prepared draft recommendations building on the outcomes of the workshop as well as inputs provided by Parties in their submissions. Issues raised in the discussion included necessary improvement to the software for submitting information in the common tabular format (CTF) as well as ways to better reflect recipient countries' perspectives in the reporting of financial information by encouraging Annex I Parties, where possible, to consult with recipient Parties to informally cross-reference data on the "status" of support before the submission of CTF data. In addition, a member pointed out the necessity to broaden the mandate of the multilateral assessment in order to include a public discussion on financial information provided by donors. The discussion will continue tomorrow based on revised recommendations to be prepared based on oral and written inputs from participants.

The draft work plan on MRV beyond BA identifies a number of gaps and areas for improvement in the current arrangements for MRV of support. In the discussion, there was agreement that the verification part of the MRV regime is lagging behind measurement and reporting. In addition, attendees reflected on the options for cross-checking of financial information reported under the Convention on support provided and received. It was highlighted that there is a need to work on developing countries' common reporting methods for needs and climate finance received. An SCF member pointed out that work on MRV of finance is the key input by the SCF to the new agreement and should help to enhance transparency in the post 2020 agreement. Discussions will continue tomorrow.

## **2016 Biennial Assessment**

On the 2016 Biennial Assessment and Overview of Climate Finance Flows (BA), SCF members exchanged views on the outline for the second BA to be prepared next year. The facilitator provided the group with some initial questions for consideration: (i) how to reflect on recommendations from the first BA; (ii) how to include data on climate finance flows from the recipient side, namely from Biennial Update Reports (BURs) and Climate Public Expenditure and Institutional Reviews (CPEIR); and (iii) how to include past and future information from the SCF forums. Some members highlighted that while the first BA presented a status quo of climate finance flows, the second BA could also explore ways to look ahead, e.g. by analysing the potential of different financial instruments. Members felt that the second BA should make improvements regarding the identified shortcomings of the first BA, such as expanding the type of financial flows considered or reducing the range provided as the overall figures for public and private flows. Some group participants alluded to the need to ensure comparability, in order to understand developments made since the first BA, which might be difficult if the methodology of the second BA is changed considerably. In reference to the recent OECD/CPI report on the status of the USD 100 billion, it was proposed that the second BA could also include an analysis to determine the "mobilized" climate finance, which was seen as a valuable contribution emanating from the OECD/CPI report. On a more general note, several group participants felt that the SCF should build on its work in regards to definitional work, in particular in developing a common understanding for what "climate finance" constitutes.

## **Institutional linkages and relation between the Adaptation Fund and other thematic bodies**

With regard to institutional linkages and relations between the Adaptation Fund (AF) and other thematic bodies of the convention as well as the operating entities of the financial mechanism, including the GCF, the discussion considered draft recommendations prepared by the Secretariat on this issue, taking into consideration the revised working paper on possible future institutional linkages

prepared by the secretariat. At the outset, the co-facilitator requested participants to reflect on these recommendations and proposed additions and amendments. A member proposed that the SCF should also prepare guidance to the AF as it does for the two operating entities of the financial mechanism. This might be seen as difficult as the AF sits under the Kyoto Protocol (KP), but it was pointed out that the SCF has considered issues related to the KP in the past. For instance, the BA included issues related to the Clean Development Mechanism (CDM). Another participant advised to postpone the discussion on this issue, until there is clarity with regard to the role of the AF in the new agreement.

### **Outcomes of the 2015 Forum**

Participants considered the draft executive summary report of this years' forum, which had focused on forest financing, with a view to agreeing on conclusions from the forum. The facilitator asked what elements needed to be considered by the SCF in order to inform its work on policy coherence and complementarity across different sectors and drivers of deforestation. In addition, attendees discussed additional steps needed to redirect funding to forest, taking into account the expectation on the GCF to provide funding for REDD+ in accordance with the Warsaw Framework.

Furthermore, the breakout group also discussed and SCF recommendations to the COP and possible activities that the SCF may undertake in 2016 on improving coherence and coordination for forest finance, including REDD+ finance. It was noted that coherence and coordination should be enhanced among entities providing finance for REDD+. Participants highlighted the necessity for the SCF and the Warsaw Framework for REDD+ to work closely together in order to maximize coherence. Requirements for accessing results-based finance related to forests should be aligned with the Warsaw Framework. In addition, participants discussed the roles of public and private finance in forest finance. Participants identified a need to provide guidance to the GCF with regard to result based finance for REDD+.

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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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