

## Climate Finance Advisory Service

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### Daily Briefing

### 5th Meeting of the Standing Committee on Finance

27 August 2013

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 during each day of discussions and substantive points of action or progress. Please note that this is an independent summary by CFAS and not officially mandated by the UNFCCC.

### Summary from 27 August 2013

Today, 27 August 2013, the members of the Standing Committee on Finance (SCF) started the fifth SCF meeting in Bonn, Germany, which is the last one before the COP 19 in Warsaw. The agenda contains eight agenda items. However at the very beginning of the meeting, the co-chairs of the SCF in their introductory remarks pointed out that given the workload, time constraints and the substance needed for some agenda items, it is important and consistent with the SCF mandate, to prioritise those items that need to be delivered and reported to the COP in Warsaw. These imminent issues are among other: the draft updated guidelines for the fifth review of the financial mechanism; the draft guidance to the operating entities of the financial mechanism, which includes the initial guidance to the Green Climate Finance and the annual guidance to the GEF; the MRV of support and biennial assessments and overview of financial mechanism; the COP and GCF arrangement; the report of the SCF to the COP; and issues related to the second forum of the SCF. The co-chair allowed the SCF members in the morning session to first brainstorm on those identified issues that need to be delivered in Warsaw, before starting substantial discussion later on.

Actually, usually each COP provides **guidance to the operating entities of the financial mechanism**. This guidance has so far been developed primarily based on the annual report of the GEF, which until the establishment of the GCF was the only operating entity (OE). The objective is to improve the consistency and practicality of the operation of the OEs with regard to their role under the Convention.

In the discussion on the guidance of the COP to the GEF, a presenter of the GEF Evaluation Office pointed out that the first draft of the most recent evaluation findings of the GEF is available. It could also be used by the SCF members, in addition to the annual report of the



GEF to the COP, to provide recommendation to the COP on further guidance to the GEF, as well as related to the amendment of the guidelines for the fifth review of the financial mechanism. The interaction between the SCF members and the presenter revealed that the GEF often faced challenges in implementing previous guidance provided by the COP. Specifically, the guidance language was perceived by the GEF Council as ambiguous, obsolete, repetitive and showing lack of prioritization. The main task for the SCF therefore seems to be to provide recommendations for more specific technical guidance which would allow the GEF to adequately respond to the COP.

An issue linked to this discussion is related to the initial guidance of the COP to the GCF. The short discussion on this matter was around the question whether the SCF has the mandate to provide recommendations to the COP for the initial guidance or not, as the Doha decision only requested Parties to provide initial guidance to the GCF at COP 19 and not specifically the SCF. The discussion on this matter will resume tomorrow. It seems, however, that the SCF will work to provide recommendations for this initial guidance to the GCF in line with its overall mandate.

The issue on the **fifth review of the FM** was also touched upon. The SCF was requested in Doha, to further amend the guidelines for the review of the FM, and to provide draft updated guidelines for consideration and adoption by COP 19, with a view to finalizing the fifth review of the FM by COP 20. At the last meeting, the SCF started discussing amendments to the guidelines. In the discussion in the next days, the SCF members have to consider the draft consolidated guidelines, based on submissions recently made by Parties and views expressed by its members. An intense debate can be expected, as on the one side some developing country SCF members see this request as an important opportunity to conduct a more meaningful review of the whole FM, while some members primarily from developed countries sense to streamline the existing guideline for the FM, and cautioned against redundancy and duplication of work. The document currently on the table is a draft paper containing options, textual amendments and additional elements coming from the submissions in a track change mode.

Last but not the least the SCF discussed on the **arrangements between the GCF and the COP**. The Doha decision requested "the SCF and the Board of the GCF to develop arrangements between the COP and the GCF, in accordance with the governing Instrument of the GCF and Article 11.3 of the Convention." This arrangement needs to be agreed by both the SCF and the GCF by COP 19. At the last meeting the SCF extensively and controversially discussed this matter. Significant progress was made on the arrangements,



building on the elements that were identified during the third meeting of the SCF and communicated to the GCF Board. However, the SCF was unable to conclude its work on this matter despite intense textual negotiations, and decided not to send a text with options to the GCF. Today, the SCF exchanged views on the textual elements identified during its fourth meeting, with a view to narrow down the divergences and come to a common ground. The discussion will be resumed tomorrow. It is important that the SCF sends to the GCF an agreed text to for consideration at its next Board meeting early October. In the corridor, some members mentioned that it would be a wrong signal if the SCF would not be able to agree on a clean text and consequently holding up the early operationalisation of the GCF.

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