

# Climate Finance Advisory Service



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## Daily Briefing

### 14th Standing Committee on Finance Meeting (4 October 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.

During the meetings, CFAS experts are available to provide advice to and answer specific questions for Board Members, Alternates and their advisers from developing countries. The CFAS team can be reached via [cfas@germanwatch.org](mailto:cfas@germanwatch.org).

Previous daily briefings and other CFAS analyses are available on the **new CFAS website** [www.cfas.info](http://www.cfas.info).

The CFAS Team

## Summary from 4 October 2016

On Tuesday, 4 October 2016, the Standing Committee on Finance (SCF) resumed its 14th meeting. Starting after a brief plenary session, SCF members continued working on the several agenda items in parallel breakout groups.

### 2016 SCF Forum

In plenary, the group on the 2016 SCF Forum reported back on the progress achieved on day one. Based on the views shared by SCF members, a revised version of the draft report of the outcomes of the 2016 Forum, including conclusions and recommendations, was prepared and circulated to SCF members. With a view of finalizing and agreeing on the report by tomorrow, members are invited to provide additional input throughout the meeting.

### Linkages with the SBI and other thematic bodies of the Convention

Before going into breakout groups, the Committee considered the issue of Linkages with the Subsidiary Body for Implementation (SBI) and the thematic bodies of the Convention. The two SCF members serving as the SCF adaptation focal points reported back on their engagement with the Adaptation Committee (AC) and the Least Developed Countries Expert Group (LEG). Through decision 1/CP.21 paragraph 45, the Conference of the Parties (COP) in Paris requested the AC and the LEG, in collaboration with the SCF, to develop methodologies and provide recommendations on facilitating the mobilization of support for adaptation in developing countries, as well as reviewing the adequacy and effectiveness of adaptation and support. In response, a draft submission was prepared by the

Secretariat in consultation with the two SCF focal points, drawing on related SCF products, e.g. the 2014 SCF forum on mobilizing adaptation finance, input to the 2015 in-session workshop on long-term finance, as well as the 2014 and 2016 Biennial Assessments. SCF members are invited to comment on the draft submission during the course of the meeting, with a view of agreeing on a final version tomorrow. In addition, the SCF was invited to participate in an AC-LEG side-event in Marrakesh, to present the progress made on the matter.

Before concluding the item, SCF members briefly discussed linkages between the technology and the financial mechanism. Specifically, it was deliberated whether the current procedure – the Technology Executive Committee (TEC) providing input to the draft guidance to the Operating Entities of the Financial Mechanism – was sufficient to establish the necessary linkages. One member emphasized that a COP decision on this matter was needed, while another member suggested that this specific mandate could be a result of the Review of the Functions of the SCF, for which the Terms of Reference will be adopted at COP 22. A small group was set up to work on a proposal for a way forward on this matter, which will be presented to SCF members tomorrow.

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

On the guidance to the Global Environment Facility (GEF), discussions centered around three main topics. First, members deliberated on the Capacity Building Initiative for Transparency (CBIT), established at COP 22 to strengthen the institutional and technical capacities of developing countries to meet the enhanced transparency requirements in the Paris Agreement. In concrete, the discussion evolved around whether the GEF should provide resources at full agreed costs, as it does for the preparation of National Communications. Second, on the issue of Intended Nationally Determined Contributions (INDCs), some members expressed concerns to include any reference to INDCs when it comes to align GEF programming with countries' priorities. Third and last, the accessibility to the Least Developed Countries Fund (LDCF) was addressed. One SCF member made the proposition to request more tailored support for project preparation and implementation.

On the guidance to the Green Climate Fund (GCF), the group's co-facilitator indicated that the objective was not to negotiate text, but rather to go through the whole set of guidance as submitted by SCF members and the thematic bodies of the Convention, with the view of agreeing on the possible common denominators and narrowing down the different options. On readiness support, some members expressed their concerns with regard to the slow pace of disbursement and highlighted the need for the GCF to expedite relevant processes. On accreditation, some members noted the difficulties for national entities to master the accreditation process and pointed out the necessity for requesting the GCF to prioritize the accreditation of national institutions. Further, members discussed the application of preventive money laundering provisions towards accredited entities. A GCF representative clarified that the master agreements between the GCF and the different entities do include a specific clause that require already accredited entities to comply with the general Board decision on money laundering.

Incorporating views expressed by members, new versions of the draft guidance to the GEF and GCF will be presented for adoption by the Committee, before being forwarded to the COP.

## **2017 SCF Forum**

In a brief session before lunch, the breakout group on the 2017 SCF Forum resumed deliberations about a potential theme for the SCF Forum next year. As indicated in the plenary yesterday, the implementation of Nationally Determined Contributions (NDCs) was identified as the most suitable candidate among the shortlisted themes identified at the previous SCF meeting. SCF members felt the theme was a good opportunity to capture the "Paris spirit", showing commitment to proactively implement the Paris agenda and encouraging Parties who have indicated their interest and willingness to raise their ambition level. In concrete, it was suggested the Forum could focus on how specifically NDCs could be translated into investment plans in order to mobilize funds at scale. One member emphasized the need for the SCF Forums to deliver something new, rather than repeating what previous Forums have already elaborated. One member highlighted that linking the NDC theme to the objectives set out in Article 2 of the Paris Agreement would also be useful.

Consultations on the matter will continue tomorrow, with a view of agreeing on a theme to be recommended to the COP in Marrakesh.

## **2016 Biennial Assessment and Overview of Climate Finance Flows**

After the lunch break, SCF members held two sessions continuing to consider the draft summary and recommendations of the 2016 Biennial Assessment and Overview of Climate Finance Flows (BA). Based on the first exchange of views on day one, a revised version was circulated to Committee members and observers.

In the first session, going through the document chapter by chapter, SCF member provided further input and textual suggestions. Regarding the findings chapter, SCF members welcomed the amendments made but felt that the section was still too long to serve as actual "key" findings, suggesting ways to streamline some of the paragraphs. On the overview chapter, several comments were given both on the structure and the content. Subheadings were proposed to make it more comprehensible to the reader, as the different paragraphs address different types of flows (e.g. aggregating financial instruments and related to different sources). Some members highlighted that findings on the recipients of climate finance were still vague and needed textual improvement. On the recommendations chapter, one member stressed that rather than creating a work programme on Measuring, Reporting and Verification (MRV) of support, the COP should establish a whole MRV framework. Some SCF members questioned whether the COP was in a position to make recommendations to institutions outside of the UNFCCC.

Taking the views of SCF members into account, the group's co-facilitators prepared a revised version of the summary, which was discussed for a second round in an evening session. Starting with the restructured recommendations chapter, members provided additional comments and made the necessary textual amendments on-screen. Afterwards, the meeting was adjourned for the day.

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