



Daily Briefing
16th Standing Committee on Finance Meeting
20 September 2017

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.

Previous daily briefings and other CFAS analyses are available on the new **CFAS website** www.cfas.info.

The CFAS Team

Summary from 20 September 2017

On Wednesday, 20 September 2017, the Standing Committee on Finance (SCF) reconvened for its 16th meeting, resuming work initiated over the past two days. Before continuing work in the separate breakout groups, SCF members and observers were given a brief report back from the discussions on the second day of the meeting.

Sixth Review of the Financial Mechanism

At the end of discussions on the second day, SCF members and observers were requested to provide written inputs for draft recommendations based on the summary of the technical paper, in order to expedite work on this agenda item. Accordingly, the breakout group focussed their efforts on considering the inputs received.

At the outset, one member raised the question on how the recommendations emanating from the sixth review of the financial mechanism relate to the draft guidance to the operating entities and whether there should be a more coordinated approach. One member responded by saying that both were standalone documents, each with merits on their own and suggested to include relevant input in both documents.

Going through the recommendations line-by-line, SCF members tried to find consensus on the various issues, in part building on the comments of the first two days. Discussions centered on issues such as requesting the GCF Board to expedite work on modalities for decision-making in the absence of consensus; calling on the operating entities of the financial mechanism to increase responsiveness to inquiries from stakeholders; or on the efficiency and performance of the cycle for project and programme approval procedures. While there was convergence on some of these points, some were moved into a separate annex or marked as "to be continued". One prominent issue that emerged was the question on how to deal with draft recommendations that do not result from or reflect the findings of the technical paper.

With some paragraphs not yet considered and some, where consensus could not be reached, SCF members agreed to schedule one additional session on the final day of the SCF meeting, in order to conclude work on this agenda item.

Report of the 2017 SCF Forum

After previously focussing on reviewing the summary of the main outcomes of the 2017 SCF Forum, the breakout group resumed its discussions on the draft recommendations of the SCF for consideration by the Conference of the Parties (COP). One member suggested strengthening a recommendation to invite international financial institutions, operating entities of the financial mechanism and multilateral development banks (MDBs) to provide support to developing countries in elaborating climate-resilient infrastructure projects in line with nationally determined priorities. The group agreed that flexibility in accessing available funds and resources should be allowed, and further proposed to simplify and streamline access modalities and procedures, with a view to ensure that providers of such resources strengthen the institutional capacities of developing countries at various levels, especially at the local and subnational level.

In the afternoon, the SCF reconvened to further discuss the report of its 2017 forum. One member raised concerns about a recommendation encouraging interested stakeholders to work together in promoting climate-related financial disclosure, arguing that the SCF does not have a mandate for such a recommendation. On the issue of encouraging developed country Parties and international organizations to support enhancing hydro-meteorological services in developing countries, it was suggested to also facilitate access to technology and financing to develop appropriate meteorological services in accordance to local needs. After discussing remaining recommendations, including a call on the GCF, the GEF and the Adaptation Fund to support climate-resilient infrastructure projects in developing countries, members discussed follow-up activities of the SCF in 2018.

As a way forward, the co-facilitators requested the UNFCCC secretariat to revise the draft report drawing on the discussions held in the breakout group. It was also agreed to reopen those recommendations which did not gather a common agreement in order to find a consensus at a later stage.

Draft Guidance to the Operating Entities of the Financial Mechanism

In the afternoon, SCF members reconvened in a breakout group to discuss the draft guidance to the operating entities. A revised version of the draft guidance to the operating entities (i.e. the Global Environment Facility (GEF) and the Green Climate Fund (GCF)) discussed on the previous day was circulated, separating the individual paragraphs into those where agreement could already be reached; those that are already addressed by the operating entities; those where discussions among SCF members could not be concluded; and those where further input from the proponents was needed. Some members questioned the use of this exercise, given that several of these discussions will again be taken up at the COP.

On the Guidance to the GEF, members resumed where they left off on the previous day, continuing the exercise to identify redundancies, repetitions and ways to streamline the text. Discussions centered on issues such as enhancing direct access; implementing established funding policies in frame of the GEF-7 replenishment; and increasing responsiveness of the GEF to inquiries from stakeholders. Overall, little progress could be made in regards to reaching a consensus on several of these issues, leaving the respective paragraphs in an annex to the draft decision text.

On the Guidance to the GCF, SCF members revisited the streamlined text. Discussions centered on issues such as how to address progress the GCF has made in 2017; on policies to improve project proposal development and enhance work on eligibility criteria; on promoting the use of programmatic approaches; and on actions to prepare the first replenishment process. While some consensus on these issues could be reached, several paragraphs either remained or were moved into the annex.

The results of the work of the breakout group were circulated to the rest of SCF members in the evening, which will be considered for adoption by the Committee on the final day of the meeting.

2018 Biennial Assessment and Overview of Climate Finance Flows

Following lunch, the co-facilitator presented a revised draft outline of the 2018 Biennial Assessment (BA) and Overview of Climate Finance Flows, which was circulated the night before. Members agreed that the 2018 BA will consist of a technical report; a summary and recommendations; and aggregate-level data in

a well-structured, user-friendly and interactive format on a dedicated website. Accordingly, they reviewed the three core chapters of the report, amending a section in chapter one about reviewing recommendations from the 2014 and 2016 BAs, and included the review of funds under the UNFCCC in chapter two under a section about elaborating an updated onion diagram on trends since the 2014 BA with respect to flows, thematic and geographic distribution and financial instruments globally. Some members suggested moving a section about information on metrics for assessing progress in the alignments of portfolios of international financial institutions and investors, as well as on systems and tools used for integrating climate change considerations in investments strategies from the third chapter to a discussion box. Furthermore, the group discussed considering climate-resilient infrastructures and emerging sources of data as special topics in the report outline. With a view to engage stakeholders in the report development, it was proposed to release a call for submissions to the first order draft immediately following COP 23.

Discussions resumed on the list of proposed activities and an indicative timeline for finalizing the technical report, which is to be launched at COP 24 in 2018. Further consultations on the item were scheduled for the next day of the meeting, as proposed by the co-facilitators.

Before closing the meeting for the day, the Committee held a stocktaking session in order to report back from the various breakout groups and updating SCF members and observers where work on the various agenda items stands. On some items, further consultations will be held in the evening with a view of resuming discussions in the morning session of the last day of the meeting.

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