

Climate Finance Advisory Service



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Daily Briefing

13th Standing Committee on Finance Meeting

(18 July 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.

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

The CFAS Team

Summary from 18 July 2016

On Monday, 18 July 2016, the Standing Committee on Finance (SCF) convened for its 13th meeting in Bonn, Germany. The Co-chair, Ms. Outi Honkatukia (Finland), opened the meeting and welcomed Members and observers in absence of her co-chair, Mr. Seyni Nafo (Mali), who was held up and delayed in his travel to Bonn. After agreeing on the organisation of work, the session started with an update on the work of the SCF during the 44th meeting of the Subsidiary Bodies (SBs) to the United Nations Framework Convention on Climate Change (UNFCCC) in Bonn in May, followed by reports of the different working groups on the progress made since the last Committee meeting.

Update on the work of the SCF during the 44th meeting of the Subsidiary Bodies

On the topic of Coherence and Coordination: Financing for Forests, taking into account Different Policy Approaches, the Co-chair presented the intersessional work undertaken by the Committee. Particularly, she reported on the conclusions and recommendations of the side-event on forest finance held in May at the meeting of SBs to the UNFCCC. Members were invited to consider and agree on the draft summary of the event, discussing any potential recommendations to the Conference of the Parties (COP), as well as agreeing on how the SCF's work on this matter could be reflected in its report to the Conference of the Parties (COP).

In the discussion that followed, Committee members pointed out the necessity for the SCF to continue the discussion on this important topic, since a large share of finance for forests is being disbursed through channels not linked to the UNFCCC. Other members stressed that in synthesizing the findings

and conclusions from the side-event, attention should be given to insights that complement the substantive work carried out by the SCF in frame of its last year Forum, which also addressed the topic of financing for forests.

The Committee will reconsider the item tomorrow, with the view of taking a decision on the matter.

On Long-term Finance Issues, the Co-facilitator presented the outcomes of the Long-term Finance in-session workshop held during the SB meetings, for which the Committee had prepared some inputs. The report was welcomed by the Committee, with one member raising the question of whether or not, in its future work, the SCF should provide a recommendation to the COP on how to continue with the Long-term finance process under the UNFCCC.

Draft Guidance to the Operating Entities of the Financial Mechanism

The group's co-facilitator provided SCF members with an update on the work undertaken since the last meeting. A compilation and analysis (C&A) of past guidance to the Operating Entities (OEs) was produced, in order to determine a draft set of core guidance, as well as identifying guidance that has been repetitive or redundant. For this meeting, SCF Members are invited to consider and input on the C&A, agree on how to continue work on the frequency of guidance, as well as decide on what the SCF will report to COP22.

Following the introduction by the co-facilitator, representatives of the OEs, namely the Global Environment Facility (GEF) and the Green Climate Fund (GCF), presented the steps taken by their respective boards in addressing the guidance received from the COP21 in Paris. They also informed the SCF members on the timeline and the state of preparations of this year's reports to the COP.

Work on this agenda item will resume tomorrow, when the SCF proceeds with its work in parallel working groups

Forum of the Standing Committee on Finance

The SCF Co-chair recalled that the 2016 forum will be focusing on financial instruments that address the risks of loss and damage associated with the adverse effects of climate change. She then provided a brief update on the state of preparations. She reported that intersessionally, the Committee had agreed to hold the forum as a stand-alone event in the Philippines from 5th-6th September 2016 at the headquarters of the Asian Development Bank in Manila. At this meeting, the Committee is invited to agree on the draft programme for the event, as well as discuss concrete outreach activities ahead of the forum.

Committee members also briefly discussed potential topics for the SCF Forum in 2017. Two proposals emerged from the discussion; a forum on overall climate finance in the context of 2°C and a follow up event on Loss and Damage. The discussion on this agenda item will resume on tomorrow in the dedicated working groups.

2016 Biennial Assessment and Overview of Climate Finance Flows

After the lunch break, the SCF members spent the whole afternoon on the 2016 Biennial Assessment and Overview of Climate Finance Flows (BA). At the outset, SCF members were invited to consider the

first order draft of the 2016 BA and the draft outline of the summary and recommendations, with a view to providing further guidance for the intersessional work prior to the 14th meeting of the SCF.

A consultant involved in the preparation of the first order draft presented main findings on overall climate finance flows, followed by a round of questions and answers. The main topic of discussion was the wide range of the estimated global climate finance flows. According to the initial finding of the consultant, on a comparable basis, estimated global total climate finance increased from USD 340 to 650 billion for 2011/12 (according to the 2014 BA) to USD 325 to 660 billion for 2013 and USD 390 to 730 billion for 2014. A Committee member expressed that the range was too high and the figures presented by the consultant did not consider key parameters such as newness and additionality of climate finance provided to developing countries. In his view, if those parameters were taken into account, this would affect the overall amount. Another member pointed out that in estimating the overall climate finance flows, co-financing and the interest rate payment on concessional loans should be subtracted from the overall amount, in order to get a more accurate net value.

Regarding the assessment of the state of climate finance, issues related to thematic distribution, instruments and the needs and objectives of climate finance were discussed. According to the consultant, overall adaptation finance accounts for over 25% of the total climate finance reported in 2013 and 2014, which is a slightly higher proportion than in 2011 and 2012. Mitigation focused financing represents more than 70% of spending, and another 8% is for cross-cutting or other purposes. However, there is substantial variation in emphasis across channels.

Many Committee members expressed their appreciation of the efforts made by the consultants to integrate comments made on the zero order draft at the last SCF meeting. Some members suggested that the assessment should shed more light on the difference between country-drivenness and country-ownership. Furthermore, some pointed out that the assessment should present a net value of climate finance flows. The technical discussions on the BA will resume tomorrow afternoon.

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