

Climate Finance Advisory Service



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Daily Briefing

13th Standing Committee on Finance Meeting

(19 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 19 July 2016

On Tuesday, 19 July 2016, the Standing Committee on Finance (SCF) resumed its 13th meeting. The second day started with a brief plenary session where Committee members resumed discussions on some of the points that were not fully addressed on the first day, before breaking into parallel working groups. In the afternoon, a technical session on the 2nd Biennial Assessment and Overview of Climate Finance Flows (BA) was held, in which SCF members continued their discussion on the BA's first order draft.

Coherence and Coordination: Financing for forests, taking into account different policy approaches

Building on the discussions of day one, SCF members pointed out the necessity to produce a document with main take-aways from the side event on finance for forests that took place during the 44th meeting of the Subsidiary Bodies (SBs) to the United Nations Framework Convention on Climate Change (UNFCCC) in Bonn in May 2016. The idea of the members is to be able to disseminate the findings and conclusions of the event as far as possible, in particular during the Conference of the Parties (COP) in Marrakesh. They proposed the possibility to include the summary of the event as part of their annual report to the COP or as a stand-alone document that can be uploaded on the SCF website. There are additional ideas to integrate the topic of financing for forests as part of other existing pieces of SCF work, such as the draft guidance to the operating entities, the Sixth Review of the Financial Mechanism or within its work on Measuring, Reporting and Verification (MRV). The

discussion will be continued to ensure the issue is integrated in the context of overall issues to improve coherence and coordination in the delivery of climate change financing.

Linkages with the Subsidiary Body for Implementation and the thematic bodies of the Convention

SCF members discussed the relevance of building linkages among the different thematic bodies within the Convention. Two committee members reported on the work conducted intersessionally in representing the SCF in meetings of other thematic bodies, such as the Adaptation Committee (AC) and the Least Developed Countries Expert Group (LEG). An additional report back included the activities that took place during the NAP Expo from 11-15 July 2016. SCF members highlighted the need to keep developing methodologies to support the work of these other entities in order to promote overall coherence. Some issues related to the balance of climate action, especially vis-a-vis adaptation, and the necessity to keep pushing the work of the Adaptation Fund were also stressed. Last but not least, SCF members emphasised the importance of other elements, such as the transparency framework for adaptation finance towards 2020.

2016 SCF Forum on Loss and Damage

In the breakout group on the 2016 SCF Forum, the co-facilitators presented the draft programme for the upcoming SCF Forum on Loss and Damage finance, which will take place on the 5th and 6th of September 2016 in Manila, Philippines. The programme includes 11 sessions that highlight different elements of the discussion about loss and damage, including inter alia an overview of the approaches that address the risks of loss and damage; existing financial instruments that address loss and damage situations; insights and case studies on existing financial instruments; experiences on emerging national and regional funding schemes; and roles and functions of different actors and ways of strengthening linkages and collaboration.

Members and observers discussed each of the sessions in order to strengthen the content. Some members highlighted the need to address not only the physical dimension of loss and damage, but also acknowledge the social and economic impacts. Others felt that more emphasis should be given to country experiences in order to learn from the national contexts. Taking into account the views expressed, a new version of the draft programme will be presented tomorrow in the plenary.

2017 SCF Forum

As a second part of the Forum discussion, SCF members started to explore ideas for a theme for the SCF Forum in 2017. Two volunteers were found to co-facilitate a newly established working group on the matter. SCF members expressed the intent to organise a Forum in the context of the Paris Agreement (PA). Different proposals that could frame the discussions were raised, such as finance in the context of the 1.5°C limit, as well as in relation to Article 2.1 (c) of the PA, which requests make finance flows compatible with low carbon and climate resilient development. The main discussion centered on the need to find a theme where an SCF Forum could add value. Another element proposed was to organise a Forum regarding financial mechanisms for the implementation of the Intended Nationally Determined Contributions (INDCs) as part of pre-2020

action. Furthermore, "climate finance in the context of sustainable development" was suggested as a potential theme.

SCF members also stressed that in principle, the SCF Forum does not have to be a stand-alone event, but that a series of Forums on a similar topic could also be an option that could create a coherent narrative (such as a follow-up on loss and damage finance). Discussions on this agenda item will continue tomorrow.

Draft Guidance to the Operating Entities of the Financial Mechanism

At the outset of the session, the co-facilitator presented the objective of the breakout group. Group participants were invited to input and provide recommendations on two issues that the SCF will also continue to work on and discuss intersessionally: 1) identifying a draft set of core guidance, and 2) agreeing on the frequency of guidance to the Operating Entities (OEs) of the Financial Mechanism.

The objective of identifying core guidance is to analyse and present how guidance was structured in the past. The discussion in the group evolved around the question of how to integrate guidance coming from the other thematic bodies of the UNFCCC, e.g. the Adaptation Committee (AC) and the Technology Executive Committee (TEC), into the overall guidance provided by the SCF. In this regard, Members suggested that more collaboration between the SCF and the thematic bodies of the UNFCCC should be carried out and that feedback from these bodies should be sought after by the SCF. In terms of differentiating between "core guidance" and "other guidance" the UNFCCC Secretariat presented a document, which captures past guidance provided to the OEs in a systematic manner, categorised along different parameters. The document will be shared with the AC and the TEC to serve as an orientation. Members also suggested that in order to synchronize guidance among the different thematic bodies, the SCF could employ a thematic approach in providing draft guidance in the future.

On the issue of frequency of guidance three options were explored: providing guidance (i) annually, (ii) biennially, and (iii) every four years. Questions were posed to a representative of the Global Environment Facility (GEF) to share experience with regard to the guidance provided through the other Rio-Conventions, with the view of looking at the practicality of the approach used by their respective guidance. Other Members alluded to the fact that in light of the Paris Agreement, it may be premature to talk about the frequency of guidance, since ultimately guidance would be provided by the Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement (CMA) and was still subject to negotiations.

The Committee will continue its discussion in plenary tomorrow.

2016 Biennial Assessment and Overview of Climate Finance Flows

At the end of the day, SCF members held another technical session on the 2016 BA, in which the BA consultants presented information about the methodological chapter, showing how the information was processed and systematised. Difficulties were pointed out to process information in a coherent way, since there is no common guidance for all Parties and institutions to measure and to report climate finance flows. It was mentioned that the chapter tries to provide an overview, highlighting where major uncertainties lie, such as in the financial flows reported by developing countries and through south-south cooperation.

The consultants also highlighted that the increased range in the numbers for 2013 and 2014 are not reflecting uncertainty, but rather reflect an increased level of inclusion of different components that may constitute climate finance, making the 2016 BA more comprehensive than the previous one. Another round of discussions will take place tomorrow in preparation for a technical workshop that will take place on Thursday.

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