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**Daily Briefing**  
**16th Standing Committee on Finance Meeting**  
**18 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](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

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### **Summary from 18 September 2017**

On Monday, 18 September 2017, the Standing Committee on Finance (SCF) convened for its 16th meeting in Bonn, Germany. Being the last meeting of the year and taking place less than two months before the 23rd Conference of the Parties (COP) in Bonn, the Committee needs to work through a heavy agenda in the next four days.

After opening the meeting, SCF members swiftly adopted the agenda. One member suggested to discuss potential linkages between the work undertaken by the Intergovernmental Panel on Climate Change (IPCC) under its 'Working Group 3' and the work of the SCF. Members agreed to discuss the issue under "other matters".

Following the adoption of the agenda, the Committee conducted a brief plenary session during which the different agenda items were introduced. The co-facilitators of each item highlighted the necessary steps and objectives for the SCF to achieve during the upcoming days and SCF members were given the opportunity to reflect on the several issues and share initial deliberations. Following this general exchange of views, the different items were discussed in more detail in dedicated breakout groups in the late afternoon.

### **Sixth Review of the Financial Mechanism**

The COP decided to review the Financial Mechanism of the UNFCCC every four years in accordance with Article 11.4 of the Convention. The role of the SCF, as requested by the COP, is to provide expert input into the preparation and conduct of the review.

At its previous meeting, the SCF agreed on a concept note for preparing its expert input and requested the secretariat to prepare a technical paper. The draft technical paper was prepared by the secretariat under the guidance of the item's co-facilitators and was circulated to SCF members for review and comments. For this meeting, SCF members will be invited to consider and finalize the draft technical paper, as well as concluding work on the draft summary and formulating recommendations that could be included in the report of the SCF to the COP.

The item's co-facilitator suggested focussing the SCF's work on finalizing the

draft summary and recommendations, which will be annexed to the SCF report to the COP rather than going through the entire technical paper line by line. Instead, he proposed to gather general remarks and conduct further work intersessionally. Regarding the recommendations, he highlighted that they should be as targeted as possible and ideally already be put into draft decision form.

In the late afternoon, the SCF continued work on the agenda item in a dedicated breakout group. At the outset, representatives of the operating entities of the financial mechanism (the Global Environment Facility (GEF) and the Green Climate Fund (GCF)) were given the opportunity to provide general remarks on the technical paper. Both welcomed the work undertaken and shared some additional information with the group. SCF members then considered the corresponding draft summary with the aim of formulating specific recommendations. Starting with the "Governance" section, members exchanged views on the the issues of transparency of the decision-making process of the operating entities, as well as the engagement of stakeholders in meetings and operations.

On transparency of the decision-making process of the operating entities one SCF member suggested to delete a reference to decision-making in the absence of consensus in the GCF, as there has not been a process agreed by the GCF Board on how to tackle this issue. Instead, it was highlighted to include language or even formulate a recommendation on the need to continue webcasting of GCF meetings, given that the current decision to webcast GCF meetings is part of a two-year pilot phase subject to be soon reviewed.

On engagement of stakeholders in meetings and operations one member stressed that the responsiveness of the operating entities to recipient countries needed to be improved, stating that several examples show that it sometimes takes months to get an answer to an inquiry. Furthermore, it was highlighted that the operating entities should be requested to provide financial support to civil society organizations from developing countries.

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

One of the SCF's key mandates is to provide draft guidance to the operating entities of the UNFCCC. As usual, in preparing the draft guidance the SCF invited the Adaptation Committee (AC) and the Technology Executive Committee (TEC) to provide inputs, as well as calling for submissions from SCF members and other Parties to the Convention.

In an effort to identify a set of core guidance, the SCF agreed to request the secretariat to prepare and further refine a 'Compilation and Analysis' (C&A) database of past guidance provided to the operating entities, while also deciding on a methodology of consolidating active guidance. The methodology is to consolidate all previous guidance given to the operating entities that has the suggested status of 'Active' in the C&A, which would represent guidance that are ongoing and relevant for the operations of the operating entities. All past guidance that has been overtaken by newer guidance or duplicates more recent guidance has been screened out as 'Inactive'.

For this meeting, the SCF will aim to agree on draft guidance to the operating entities, which will be included in the SCF report to the COP. Furthermore, members are invited to define the objective of a draft set of core guidance, its intended use and a process to update it.

## **Review of the functions of the SCF**

In the process of establishing the SCF and adopting its work modalities, COP 17 in Durban also decided to conduct a review of SCF functions in 2015. Accordingly, COP 21 in Paris decided to initiate a review at COP 22, requesting the SBI to prepare draft terms of reference for the review, on the basis of submissions by SCF members, Parties and observer organizations. As per the terms of references for the review contained in the annex to decision 9/CP.22, one of the sources of information for the review of the functions of the SCF will be a self-assessment report of the SCF and recommendations on improving its efficiency and effectiveness.

Accordingly, the SCF agreed at its previous meeting to conduct a survey among members, as well as to compile factual, quantitative information on various matters pertaining to the conduct of the work of the SCF. For this meeting, SCF will aim to finalize its self-assessment report, including agreeing on specific recommendations. Some members questioned whether it was adequate for the SCF to give recommendations to itself, given the obvious self-interest that could

prevent an objective perspective.

Discussions on the matter resumed in a dedicated breakout group in the late afternoon. The group looked at the analysis of the survey conducted among members, and considered working modalities of the SCF, in order to further improve its self-assessment. Inter alia, SCF members welcomed the use of webcasting as a way to ensure transparency and inclusion in the SCF work and proceedings. It was however questioned how efficient the webcast was and which steps could be taken to improve its efficiency and outreach. Some members suggested to develop approaches to better support developing country representatives to attend the SCF and other climate finance meetings. On the matter of stakeholder engagement, one member stressed that the Committee should increase its interest in mobilizing, supporting and accompanying observer participation in the process, drawing on existing efforts already in place and looking at linkages with other entities and bodies in a way to learn from them.

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

Another key mandate of the SCF is to maintain linkages with the Subsidiary Body for Implementation (SBI) and the thematic bodies of the Convention. At its fifteenth meeting, the SCF nominated members to represent the Committee in the Task Force on National Adaptation Plans of the Adaptation Committee (AC), the Advisory Board of the Climate Technology Centre and Network (CTCN), the Paris Committee on Capacity-building (PCCB), and the working group on the technical examination process on adaptation of the AC. Furthermore, the SCF collaborated with the AC and the Least Developed Countries Expert Group on the mandates emanating from decision 1/CP.21, paragraph 45. Accordingly, the respective focal points provided an update on the activities and engagement undertaken in the intersessional period.

### **MRV of support beyond the Biennial Assessment and Overview of Climate Finance Flows**

Following COP guidance to consider ways to increase its work on Measurement, Reporting and Verification (MRV) of support beyond the Biennial Assessment (BA) in accordance with its workplan, and to engage relevant stakeholders and experts in this process towards an enhanced framework for transparency of action, the SCF agreed on a two-year work plan (2016–2017) to enable improved MRV of support under the Convention. In its report to COP 22, the Committee indicated its wish to continue undertaking work on the matter on the basis of its ongoing work plan, including considerations related to measurement and verification, taking into account the recommendations from the 2016 BA as well as relevant decisions to be taken at COP 23.

The Co-Chairs invited co-facilitators to share progress on their consultations with the Chairs of the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Ad Hoc Working Group on the Paris Agreement (APA) as requested by the fifteenth meeting, with a view to providing technical input to the ongoing work under these bodies on transparency of support. The report highlighted that the ongoing consultations suggest moving away from the old system about how MRV is being considered by the SCF, in order to adopt a new system which aligns with the post Paris era. It was also emphasized that the SCF should continue providing clear guidance to entities under the Financial Mechanism of the Convention on how to leverage climate finance and oversee its flows, building upon existing learning and the COP guidance to the Committee. Drawing on the outcome of an intersessional workshop held in early March 2017, the co-facilitators stressed that more interaction on the matter with the APA was a key step to be considered when seeking contribution from the SCF on the APA item 5 in the future.

A civil society observer welcomed the suggestion for more interactions with other entities on the matter, raising concerns about the suggestion to also consider capacity building and technology transfer as focus areas under MRV, stressing that this should be carefully discussed given the difficulty to report climate finance flows related to these specific areas.

### **2018 Biennial Assessment and Overview of Climate Finance Flows**

At its fifteenth meeting, SCF members initiated work on the 2018 BA, by agreeing to launch technical work and early engagement with data providers, producers and aggregators. Furthermore, the Committee agreed to identify possible elements for the draft outline of the 2018 BA, while also deliberating on the issue of methodologies for reviewing the adequacy and effectiveness of

adaptation and support in frame of the Global Stocktake, as referred to in Article 7, paragraph 14(c) of the Paris Agreement.

Reporting on their intersessional work, the co-facilitator emphasized that with support from the Secretariat, they developed a scoping document that includes draft outlines for the 2018 Technical Report, as well as the Summary and Recommendations. In this context, it was highlighted that the 2018 BA is expected to have three main outputs: a technical report; summary and recommendations; and easy accessibility to the data used in the assessment in order to align with the need for transparency. Lastly, it was suggested to find approaches to ensure the diversity of the recipients' angle while collating data and inputs to the report so that good quality and innovation can be achieved in the development process of the Technical Report of BA.

Some members welcomed the suggestion to look at new and innovative ways to prepare the Technical Report and diverse approaches to reach out to data sources – which mainly come from governments. The Co-Chair highlighted the need to ensure the report explores further how innovative climate finance flows can be achieved, drawing on various experiences from the Adaptation Fund (AF) level, and in support to upcoming replenishments to be undertaken by the Green Climate Fund (GCF) and the Global Environment Facility (GEF).

Discussions on the matter were resumed with a view to pursue discussions within the breakout group the next day, to reach agreement on the general outlines of the Technical Report and the outlines of the Summary and Recommendations, as well as consider other relevant matters related to the BA preparation process.

## **Report of the 2017 SCF Forum**

The Co-Chairs extended their gratitude on behalf of the SCF to the Kingdom of Morocco for hosting the 2017 SCF Forum, and acknowledged the financial support provided by the Government of the Netherlands for the participation of members from developing countries.

It was reported that the 2017 Forum was successfully held from 6-7 September in Rabat, Morocco on the topic of “Mobilizing finance for climate-resilient infrastructure”, held in partnership with the Union for the Mediterranean (UfM) and the European Bank for Reconstruction and Development (EBRD). About 120 government officials; representatives of multilateral development banks and the operating entities of the Financial Mechanism; infrastructure developers; engineers; representatives of the private sector; as well as NGOs participated in the event. During the first day, the forum featured plenary presentations, panel discussions, breakout group discussions and parallel plenaries examining climate-resilient infrastructure in the broader global infrastructure landscape, the current trends and gaps in financing climate-resilient infrastructure. On the second day, some of the practical ways to close the financing gap in light of international best practices and case studies were explored.

The report, inter alia, suggests a number of recommendations to the SCF and some follow-up activities for consideration in the 2018 Forum, such as inviting developing country Parties to develop effective strategic planning frameworks that translate national climate resilience priorities into investment plans in the context of Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs), and produce outreach materials, including a publication to disseminate the outcomes of the 2017 SCF Forum. One member stressed that the Forum has revealed a huge gap in the interest of the private sector to finance and support investments related to resilience and climate change adaptation, while another member suggested to deeply reflecting on the institutional framework of the SCF when addressing the COP guidance and on the expectations for the annual SCF Forums.

## **Theme of the 2018 SCF Forum**

The Co-Chairs briefly referred to this item while addressing the Report of the 2017 SCF Forum. However, it was suggested to postpone the matter to the next days during the breakout group discussions. Nevertheless, an intervention from a civil society observer suggesting to consider the roles of central banks in the climate finance architecture as an option for the 2018 Forum, was welcomed.

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