



Climate Finance Advisory Service

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Daily Briefing

5th Meeting of the Standing Committee on Finance

29 August 2013

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 during each day of discussions and substantive points of action or progress. Please note that this is an independent summary by CFAS and not officially mandated by the UNFCCC.

Summary from 29 August 2013

On Thursday, 29 August, 2013 the Standing Committee on Finance (SCF) reconvened its 5th meeting, to resume its work launched the previous days. After reopening the session, the facilitators from the two working groups, focusing on MRV and the draft guidance to the operating entities of the financial mechanism, reported back to the plenary on progress made in discussions held on the previous day. On MRV, the group engaged in some informal brainstorming on how to conduct and structure the first Biennial Assessment of climate finance flows, capturing the outcomes in a brief document, which was circulated to the Board members for consideration. On the draft guidance to the operating entities, the group's facilitator announced that a compilation of proposed elements for the initial guidance to the GCF and the annual guidance to the GEF would be distributed after lunch, to serve as a basis for a more substantial discussion during the evening session. On a rather positive note, the facilitator leading the informal consultations in regard to the arrangements between the COP and the GCF declared that an agreement had been reached, only awaiting official adoption by the plenary.

Following this brief stocktaking exercise, work again proceeded in two separate groups – one focusing on the format of the second Forum of the Standing Committee, while the other elaborated on the draft consolidated guidelines for the 5th review of the financial mechanism. The MRV working group discussed the possibility of holding the second Forum of the SCF as a 2-day event in the margins of the CIF Partnership Forum, co-hosted by the Inter-American Development Bank in Montego Bay, Jamaica in late June 2014. Further, it was proposed to convene the meeting of the SCF back-to-back with the Forum, combining budgetary benefits with the convenience of SCF members being present for the Forum. In addition, to further

make use of the partnership with the CIFs, a one-day workshop was brought into play to engage with implementing agencies participating in the CIF Forum (e.g. UNDP, UNEP, World Bank, etc.). While there was general consensus on the logistics, defining a theme to inform the second Forum was accompanied by some diverging views. Some members urged to make adaptation finance the main focus of the Forum, reminding of the crucial imbalance existing between public and particularly private financial flows directed towards mitigation and adaptation projects. As a contrary argument, while also acknowledging the important role of adaptation, it was highlighted that mitigation plays a key role for many countries in Latin America and the Caribbean, therefore providing a great opportunity to address this aspect while holding the two-day event in that region. Consequently, it was suggested to dedicate one day of the Forum to adaptation, while the other would focus on mitigation finance, i.e. on mitigation projects that also contain adaptation co-benefits.

In the group working on the review of the financial mechanism, the discussions initially proved to become rather difficult, as SCF members could not agree on the scope, input and methodology for the intended review. Some members (mostly from developed countries) preferred using the existing guidelines based on decision 3/CP.4 and 6/CP.13 as a starting point, while others favoured the available text compiled by the secretariat, which also contained inputs from SCF members and submissions made by Parties, issued during the last SCF meeting. In addition, there was disagreement on the deliberation that two separate guidelines might be necessary, recognizing the fact that while some matters concern both existing operating entities equally, there remain some issues, i.e. direct-access and balanced allocation between adaptation and mitigation, through which the GCF distinguishes itself from the GEF. As an alternative, it was suggested to have general guidelines for both entities, with some specific section devoted solely to the GCF. Ultimately, some convergence arose, as it was agreed to take the available text compiled by the Secretariat as a basis for the amended guidelines. Members of this working group were requested to share their initial comments on the text, by addressing elements of each section of the guidelines. The co-chair will on his own, with the support of the secretariat, present tomorrow a new consolidated text reflecting the views expressed in the afternoon session. In a last remark, one of the co-chairs who facilitated the working group reminded the members that the rationale of amending the guideline is not only to allow the consideration of the recent development of the financial mechanism, but also to undertake a manageable, meaningful review, which should inform the state of the implementation under the Convention.

After concluding the working groups, discussion came back to the plenary, where members from opposite groups were informed on the progress made. As indicated during the



stocktaking session, the SCF formally adopted the arrangements between the COP and the GCF. In light of the very controversial discussions on this agenda item during the 4th SCF meeting back in June, the agreement on the arrangements has to be seen as a great breakthrough achievement.

At the final day of the SCF meeting, members will have to finalize the amended guidance to the Operating Entities of the financial mechanism, the outline and timeline for the Biennial Assessment, the format of the second Forum and the amended guidelines of the 5th review.

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