

Climate Finance Advisory Service

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Daily Briefing

6th SCF Meeting

(4–5 March 2014, Bonn)

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.

Summary from 5 March 2014

On Wednesday, March 5th 2014, the work of the Standing Committee on Finance (SCF) resumed with a revised schedule that encompassed the **MRV of support beyond the biennial assessment and overview of climate finance flows, the linkages with subsidiary and other thematic bodies of the Convention** and the draft **guidance to the operating entities of the financial mechanism**. In addition, other matters, such as the communication strategy and the organization of the inter-sessional work were discussed. During the morning session, a general brainstorming on the MRV of support and the guidance to the operating entities of the financial mechanism was held in plenary, before continuing work in two breakout groups in the afternoon that featured more in-depth discussions.

MRV of support beyond the biennial assessment and overview of climate finance flows

At COP19, the SCF was requested to increase its work on MRV of support beyond the biennial assessment in accordance with its work plan for 2014–2015. Given that a working group on MRV had been set up during the 5th SCF meeting last year, the facilitators of the group continued their work and invited other members, observers and stakeholders interested to provide inputs. Basically, they called for inputs on the objective, scope, modalities required and actors to involve in the process. Further, they highlighted that the objective of the assessment was to help enhancing transparency, country ownership and trust building among donor and recipient countries. The members touched on some critical issues, such as the significance of the biennial assessment and the MRV regime for the 2015 agreement, the lack of definition of climate finance which renders the measurement, reporting and verification of finance flows complicated, and the lack of climate finance information from recipient countries. Thus, National Communications and Biennial Assessments were highlighted as potential sources of information for the set up of the MRV system. The ongoing work on MRV under the SBI and SBSTA were also considered to be useful. Thus, it was important to take stock of the process, with the view of not only avoiding duplication, but also identifying gaps that need to be addressed at the same time. In doing so, the SCF would play a coordinating and leading role, as to ensure a holistic approach of addressing MRV under the Convention. It was also mentioned that not only reporting of support provided, but also of support received should be covered by the MRV.

Summarizing the whole discussion, the objective of the brainstorming was to enhance the understanding of what MRV is and to explore initial activities that need to be undertaken upfront,

before the SCF can develop the MRV of support. Further, the facilitators also mentioned that these activities include looking at the work of the MDBs, the upcoming submissions by developed countries on information on appropriate methodologies and systems used to measure and track climate finance, and also the work under the SBSTA, such as the review of the common reporting format at the COP. It was also highlighted that a big challenge lies with developing countries, when it comes to setting up their domestic MRV system or tracking national climate flows regardless of the sources of finance.

Linkages with SBI and the thematic bodies of the Convention

The second item of the day considered the linkages of the SCF with subsidiary and other thematic bodies of the Convention, as requested by the COP at its seventeenth session. In order to enhance these linkages, the SCF may wish to seek an action-based approach with regards to the identification and maintaining of linkages with these bodies. In doing so, it will increase the cooperation and promote synergies with other bodies of the Convention.

The SCF will be represented with two members in the interim executive committee of the Warsaw International Mechanism on Loss and Damage that meets for the first time from 25–28 March 2014. It is also represented in other thematic bodies, such as the task force on NAPs of the Adaptation Committee and the Technology Executive Committee.

After a short introduction by the co-chair, members discussed the role of the SCF in these bodies. The debate centred on the question, whether those SCF representatives should have a mandate to talk on behalf of the SCF or should act in their own personal capacity. One member suggested the formulation of specific terms of reference to ensure that the representatives' positions reflect the view of the SCF as a whole. Other members highlighted that this should depend on the importance of the issue to be discussed, for instance when the input needed by SCF members would go beyond only presenting the work of the SCF. An additional point was, whether the SCF has to be linked to all thematic bodies of the Convention or just interact where there is a need to do so. Certain observers stated that the SCF had the mandate to link up with all bodies and should even ensure coherence between them.

Draft guidance to the operating entities of the financial mechanism

The co-chairs welcomed two members from the operating entities of the financial mechanism – GEF and GCF – and invited members to comment and raise questions, especially on lessons learned regarding COP guidance in the past, areas and types of guidance that would be necessary and elements that would make COP guidance to the operating entities more practical.

The importance of providing guidance on a yearly basis was also seen to get a functional feedback. Members wondered why the guidance provided to the operating entities, particularly to the GEF, was often repetitive. In an attempt to understand the reasons, it came out that the COP guidance was formulated as a result of negotiations among all Parties to the UNFCCC. This consensus building principle often led to a vague formulation of specific guidance and often confused the GEF, when it came to their implementation. Certain members supported the identification of specific areas where guidance was needed and should focus, for instance on how results are achieved. Hence, for effectiveness and smooth implementation of guidance, the members of the SCF agreed that the

guidance could be based on performance targets or results-based finance. Along this idea, the SCF may wish to agree on an overall standardized procedure in the provision of draft guidance to the operating entities, as this will be an annual activity of the Committee.

Other agenda items

Before the closure of the meeting, many other issues were briefly touched upon, some of which were already discussed on the first day of the meeting and where revised documents were circulated by the secretariat. These included the second forum of the SCF, the draft technical paper on the 5th review of the financial mechanism and the biennial assessment and overview of climate finance flows. Members exchanged views and provided some further input on the consolidated documents that will be taken into further consideration by the secretariat.

Finally, the date and venue of the next SCF meeting was discussed shortly. Here, the co-chairs asked for the confidence of the committee members to leave it up to the co-chairs discretion to propose a suitable date intersessionally, already hinting at the possibility of having SCF7 back-to-back with the SBs in Bonn in mid-June 2014.

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