

Climate Finance Advisory Service

www.c-fas.org

Daily Briefing

8th Standing Committee on Finance Meeting

(2 October 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 2 October 2014

The 8th meeting of the Standing Committee on Finance (SCF) resumed on Thursday, 2nd October 2014. As outlined in the revised agenda, discussion started this morning in two working groups: one on guidance to the Operating Entities (OE) of the Convention and one on coherence and coordination on the issue of financing for forests.

Guidance to the Operating Entities (OE) of the Convention

In the working group on COP's guidance to the OE, the co-facilitator presented a first draft template with proposed elements for guidance to the GEF and the GCF. The discussion centred around the elements that should be inserted in the template. The provision of the Convention, the MoU between GEF and COP as well as the GCF and COP arrangement contain elements that become subject of COP guidance to the OE. The work of the SCF was aided by interpreting article 11 of the UNFCCC. It stipulated that the OE "shall function under the guidance of and be accountable to the COP, which shall decide on its policies, programme priorities and eligibility criteria related to this Convention". Participants decided to break down the different elements that belong to the three parts: policies, programme priorities and eligibility criteria. In concluding the matter, the co-facilitator proposed that the secretariat will circulate a new template in the afternoon along with the three elements on which the COP should provide guidance.

Coherence and coordination: the issue of financing for forests

The second working group on financing for forests started elaborating on the background document prepared by the secretariat. SCF members felt, that while the annex to the document provided a good snapshot of the landscape of forest finance, more data was needed to paint the whole picture, e.g. comprehensive data on sustainable land use activities. In addition, the paper as of now was perceived to be missing the aspect of private sector investments in forest and land-use activities. As a second point, members highlighted that the document would benefit from mapping out financial institutions that have potential input on forests, but also looking at other types of investors, e.g. institutional

investors and companies, in order to elaborate on how to increase mobilization of finance towards sustainable land use activities.

Based on those comments, the co-facilitator offered to redraft the document, also calling on interested observers to provide input in the revision process. In order to enhance coherence and coordination, outreach activities by the SCF were discussed: As possible options the Global Landscape Forum taking place during the COP in Peru was highlighted, as well as the REDD+ Partnership Forum, which will take place just before the climate summit in Lima. In addition, SCF members deliberated on having a dedicated SCF side event on financing for forests in Lima, in order to raise the attention of interested actors and also use the opportunity to promote the SCF Forum in 2015, which will be held on the theme of financing for forests.

Measuring, Reporting and Verification (MRV) of support beyond the Biennial Assessment and overview of financial flows

After the coffee break, Committee members resumed with discussions on the MRV beyond the BA. The working group started with presentations by institutions working on tracking climate finance.

The Climate Policy Initiative (CPI) representative highlighted that their work mostly relies on information by stakeholders, governments and institutions working and collecting data that are then aggregated by the CPI along the different sectors. She pointed out that one shortcoming in the report is the lack of sufficient information on national budgets, indicating that information gaps are due to the availability of data on domestic climate finance. This includes private investments and public expenditure processes.

The OECD made the second presentation. The representative stressed that the OECD measures and monitors expenditure flows for development cooperation, while the OECD DAC Rio-marker is related to climate finance including adaptation and mitigation. She highlighted that the OECD, on an ongoing basis, is working to improve the quality of data and to overcome previous shortcomings such as on the eligibility criteria of data and by drawing on lessons learnt from MDBs as well as their coding system. She also referred to a recent submission of data by MDBs, which will be the basis of the document that will for the first time cover comprehensive bilateral and multilateral data. She also shed light on another relevant initiative by the OECD: a research collaboration with other institutions working on private sectors. This initiative is meant to identify data related to private finance with the view of looking at the extent to which it can be aggregated across different sectors.

Third in line, UNDP made a presentation on Climate Public Expenditure and Institutional Reviews (CPEIR). The representative highlighted that the communication between the different ministries such as environment and finance is a hot topic as the whole idea of climate expenditure and institutional review is to link both ministries to come up with a bottom up definition of climate finance. Another benefit of the CPEIR is that it helps different ministries to coordinate and start thinking about the countries programming and priorities, with the view of concealing government actions on climate change. It also helps countries to start earmarking a certain amount of the national budget for climate purposes.

The take-home message from the discussion was a suggestion by a member of SCF that the workplan of the Committee for next year should task the secretariat to prepare a summary on the submission by developed countries on their appropriate methodologies and systems to track climate finance. In addition he also mentioned that without prejudging the recommendations of the BA, some could in fact contain some activities for the work plan. On the other hand, an observer pointed out that the verification element is the missing part of the puzzle for designing a robust MRV system. He mentioned that for the verification, one needs comparable data by developed countries disaggregated at activity level, in order to allow recipient countries to verify whether the support provided and reported is in fact delivered to the ground. In doing so, the SCF as a consequence of the first BA should explore ways to partner with data collectors with the goal of improving the quality and level of granularity of the data used in the MRV regime. A member cautioned, however, that the Committee should not underestimate the political dimension of MRV and transparency beyond the technical work by the SCF. In his view, one needs to institutionalize the MRV of support at the same level than MRV of mitigation actions. He also mentioned the need for a standardized format for reporting climate finance that is enshrined under the Convention and its principles.

In his summary, the co-facilitator emphasised the need to have a clear picture on what is going on under the Convention. The co-facilitator then indicated that further work would be held intersessionally.

Outcome of the 2014 Forum on mobilizing adaptation finance

The executive summary of the report on the outcome of the 2014 Forum, on 'mobilizing adaptation finance' was subject to debate in the respective working group held before lunch. In terms of structure of the report, one SCF member proposed to rearrange the executive summary in order for it to have three parts: an introduction, highlights from discussions at the forum, and adding a section with conclusions and the way forward. Accordingly, bits and pieces already containing concluding remarks in the executive summary as of now could be gathered under a separate heading, with additions to be formulated if needed. In terms of content, SCF members noted the need to address the actual mobilization of adaptation of finance more prominently in the summary, in line with the official title of the 2014 Forum. In addition, the issue of city planning, as well as more detailed reference to the different types of public adaptation finance, including their roles, was felt by SCF members to fall short in the current summary. Taken into account the views and comments received by the working group, the appointed facilitator, with support from the secretariat, offered to produce a redraft of the executive summary to be circulated to Committee members.

Guidance of the COP to the OE of the Financial Mechanism

After lunch break, SCF members resumed the discussion on the guidance of the COP to the OE of the Financial Mechanism of the Convention. The discussion centred on a new template that had been handed out by the secretariat. The table had four main columns including one on accountability. It is important to mention that the rows were along the reporting requirement for the OE to the COP, stipulated by Article 11 of the Convention. Noteworthy is that the template still has some placeholders

that need to be filled. The templates will not be submitted to the COP for adoption, but should rather help the Committee to steer the process of providing guidance to the OE. Given the time constraint and the different understanding on how to move forward, the facilitator requested SCF members to consider the three options outlined in the background document. In the end however, no agreement was reached.

2015 Forum on financing for forests

In the working group on the SCF Forum for 2015, SCF members elaborated on the upcoming 3rd iteration of the SCF Forum, which will feature the theme of 'financing for forests'. In concrete the discussion was focused on finding a suitable partner to collaborate for the event, as was done with the Carbon Expo in 2013, and the CIF Partnership Forum in 2014. Along that line, the issue was raised to find an adequate event that would attract an audience that would also be interested in the issues of forest financing. A representative from the Center for International Forestry Research (CIFOR) that was present in the working group, expressed CIFOR's interest and willingness to collaborate with the SCF in this regard; a proposal that was well received by SCF members. Nevertheless, the SCF will also explore other options in the near-term. With regard to timing, the 3rd Forum is considered to take place before the 2nd meeting of the SCF in 2015, which is likely to be scheduled for June. The African region was brought forward as a possible location for holding the event. Finally, as a side note, the UNFCCC secretariat reminded the working group that funding for the 3rd Forum was still to be acquired.

Biennial Assessment

In the late afternoon, SCF members resumed the discussion on the revised version of the executive summary of the BA. Members were invited to make comments on the new version. Several members proposed some textual amendments and other factuals about the accuracy of the figures outlined in the document. After initial discussions, the co-facilitator proposed to continue sharing the view on the document in a closed session. It is expected that the SCF will present the outcome of this in the morning of the 3rd October.

The Climate Finance Advisory Service (CFAS) is an initiative which is delivered by a consortium of experts led by Germanwatch e.V. and funded by the Climate and Development Knowledge Network (CDKN).

CDKN is funded by the UK Department for International Development (DFID) and the Netherlands Directorate-General for International Cooperation (DGIS) for the benefit of developing countries. However, the views expressed and information contained in it are not necessarily those of or endorsed by DFID, DGIS or the entities managing the delivery of CDKN which can accept no responsibility or liability for such views, completeness or accuracy of the information or for any reliance placed on them.

**The Climate and Development Knowledge Network ("CDKN") is led and administered by PricewaterhouseCoopers LLP. Management of the delivery of CDKN is undertaken by [PricewaterhouseCoopers LLP](#), and an alliance of organisations including [Fundación Futuro Latinoamericano](#), [INTRAC](#), [LEAD International](#), the [Overseas Development Institute](#) and [SouthSouthNorth](#)".*

Contact: www.c-fas.org and queries@c-fas.net