



CLIMATE FINANCE ADVISORY SERVICE

SUMMARY BRIEFING

27th Standing Committee on Finance Meeting

22-23 March 2022

Dear Friend of the Climate Finance Advisory Service (CFAS),

This is the CFAS Summary Briefing. Produced at key meetings and negotiations by the CFAS expert team, the Summary Briefing tries to provide a concise, informative update on key discussions that have taken place at each 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 or UNFCCC Secretariat.

Previous daily briefings and other CFAS analyses are available on the CFAS website www.cfas.info.

The CFAS Team

Summary from 22-23 March 2022

From 22-23 March 2022, the Standing Committee on Finance (SCF) convened for its 27th meeting. The meeting took place in Cape Town, South Africa, and was conducted in a hybrid format, which means that some SCF members and observers were present, while others participated virtually. Facilitated by the newly appointed Co-Chairs Mr. Zaheer Fakir (South Africa) and Ms. Gertraud Wollansky (Austria), the meeting focused on the mandates received from COP26 and CMA3, including work on definitions of climate finance, work relating to Article 2, paragraph 1(c), of the Paris Agreement, and a report on progress towards achieving the goal of mobilizing jointly USD 100 billion per year. Further items discussed were the status quo of the Fifth Biennial Assessment and Overview of Climate Finance Flows, which included guidance and feedback on the zero-order draft as well as on the work plan and timeline. In addition, SCF members discussed the preparations of Part II of the Forum on Finance for Nature-based Solutions, for which the date and location still has to be defined. Moreover, there was an update on the focal points for the thematic areas and bodies. The SCF27 meeting will be followed by the "First Technical Expert Dialogue under the Ad hoc Work Programme on the New Collective Quantified Goal (NCQG) on Climate Finance", also taking place in Cape Town, for which multiple SCF members act as speakers or workshop facilitators. SCF27 was therefore concluded by an exchange with the Co-Chairs of the new ad hoc work programme, who will embark also on a continuous consultation with the SCF.

Opening of the meeting, election of officers and organizational matters

The meeting was opened by Co-Chair Mr. Ayman Shasly (Saudi Arabia), who started by announcing the nominations for the new Co-Chairs of the SCF. Together with Mr. Ismo Ulvila (European Union), Mr. Shashly served since 2019 as Co-Chair of the SCF. As their successors Mr. Zaheer Fakir (South Africa) and Ms. Gertraud Wollansky (Austria) were nominated and appointed without any objection.

The opening of the meeting continued with an input by Mr. Daniele Violetti, Senior Director, Programmes Coordination at the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC), who reflected upon the importance of climate finance at COP26. This included, amongst other items, the publication of the two flagship reports by the SCF (Fourth Biennial Assessment and Overview of Climate Finance Flows and the First Report on the Determination of the Needs of Developing Country Parties). He underlined the importance of climate finance for the delivery of commitments made in Nationally Determined Contributions (NDCs). Regarding the mandates given to the SCF by the COP, including discussions on a definition of climate finance, Mr. Violetti emphasized that these are both highly technical as well as political, but important elements of further advancing the climate finance agenda. He concluded his statement by stating that the SCF will not be alone in this undertaking and can rely on better data these days, on the engagement of civil society and on the support of the UNFCCC Secretariat.

Co-Chair Mr. Zaheer Fakir then continued with opening the floor for potential comments and changes to the provisional agenda. Besides minor changes to the wording of one agenda item, this agenda item was used by some SCF members to make statements on the war in Ukraine, expressing their support for the Ukrainian people and calling upon Russia to end its intervention. This was opposed by the representative of Russia within the SCF, stating that there should be political neutrality on this matter in the SCF. Another SCF member also expressed support for keeping other political matters than climate change out of the debates under the SCF. The Co-Chairs took note of all inputs, but called upon all members to focus on the topics relevant to the SCF for the upcoming items. Concerning organizational matters, the Co-Chairs explained that all items would be discussed in the plenary. Virtual participation for both SCF members and observers has also been ensured.

Mandates from COP 26 and CMA 3

Work on definitions of climate finance

The Co-facilitators Ms. Diann Black Layne (Antigua and Barbuda) and Ms. Bianca Moldovean (Romania) led the discussion on the definitions of climate finance. The co-facilitators introduced the item by reminding participants of the requests made by COP26 and CMA3 to the SCF to continue its work on definitions of climate finance, and to provide input for consideration at COP27 and CMA4. Additionally, it was mentioned that COP25 and CMA2 had invited submissions on the topic, and that thirteen submissions had been received, as well as an additional voluntary submission received after the original deadline. SCF members were invited, based on the background document prepared for this item, to provide guidance on the scope and content of the input to be presented to the COP and to consider the proposed work plan.

On the scope, some members established a difference between definitions and accounting approaches, with accounting approaches not being considered part of the scope of this work. There was some discussion about what the exact difference is between the two; with some considering that the criteria used in the communications linked to article 9 of the Paris Agreement (PA) should be considered within the scope. Some members had questions about the handling of additional submissions, since the original call for submissions had already closed. They considered that there was a need to define the process and set a cut-off date for the reception of submissions. The co-facilitators clarified that there was a plan to engage with stakeholders in the development of this input, and that this engagement may be in the form of submissions. Some

members expressed that there should not be an additional call for submissions, but an invitation for dialogues and meetings.

There were additional discussions on format, focused on whether the final product of this work would be an addendum to or embedded in the SCF report to COP27. Others considered that a press release and social media presence would not be necessary in order to share this input, as proposed in the background note.

Work relating to Article 2, paragraph 1(c), of the Paris Agreement

The Co-facilitators Mr. Ali Waqas Malik (Pakistan) and Mr. Kevin Adams (USA) led the discussion on mapping the available information relevant to Article 2, paragraph 1(c), of the Paris Agreement. On this item, there was some confusion about the mandates given by COP26 and CMA3, and whether these were two separate requests leading to two separate inputs. It was decided that the SCF had received two separate requests, one for a synthesis of submissions from stakeholders presenting views on how to achieve the 2.1c goal and one for further work on the mapping of available information that had already been started, following a decision by COP24. However, much of the discussion turned around issues of format, including whether this should translate into two inputs or one. After hearing different views, including that of the Secretariat, it was decided that the final decision would be made after the preparation of the zero order drafts, to allow the content to decide what the format should look like. The input will be included as an addendum to the SCF report to COP27.

The rest of the discussions looked at questions of scope and content, outreach and engagement and the overall approach to the work. Concerning the scope, consideration was given to how the work mandated by the COP would be different and complement the mapping exercise already undertaken by the SCF. Views reflected the need to go beyond the mapping already done, to include new developments and possibly add recommendations. There was general agreement that the mapping should include processes outside the UNFCCC, despite some comments to the contrary. Emphasis was given to the need to engage with the question of what alignment with the Paris Agreement means, including exploring the definition of approaches and guidelines, as well as issues of accounting and greenwashing.

On the question of outreach and engagement, members considered that engagement with stakeholders was important and should be enhanced, including by organizing webinars. It was also emphasized that the input requested by the CMA should be driven by the submissions received from stakeholders.

Report on progress towards achieving the goal of mobilizing jointly USD 100 billion per year

At COP26 in Glasgow, Parties requested the SCF to prepare a report on the progress towards achieving the goal of mobilizing jointly USD 100 billion per year to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation, taking into account the Climate Finance Delivery Plan and other relevant reports, for consideration at COP27, and to continue to contribute to assessing the achievement of the goal in the context of the preparation of its biennial assessment and overview of climate finance flows (BA).

To prepare this report, a draft outline was elaborated for the consideration of SCF members. Furthermore, Committee members were invited to consider the output and format of the report to the Conference of the Parties, as well as the work plan and timeline.

SCF members welcomed the work conducted so far by the two co-facilitators for this item, Ms. Gabriela Blatter (Switzerland) and Mr. Richard Muyungi (Tanzania). SCF members acknowledged the difficulty of dealing with this mandate given the political dimension of the topic. Concerns were raised as to how the SCF could deliver a report that was meaningful and accepted by Parties, while navigating around the political issues. In addition, SCF members also raised that the report should be a stand-alone product - different from the Biennial Assessment - and be a “backward looking” document.

Furthermore, the issue of different sources for the report was raised, e.g. regarding the needs of developing countries. Members highlighted that, for instance, the SCF’s recent Needs Determination Report already captured and compiled a wide range of different

sources of information into one single document and that it was therefore important to ensure not to duplicate work. Other Members stressed that the Biennial Assessment was a similar example. Members also shared the view that granularity of the presented information was essential to ensure credibility of the report and suggested disaggregation of data by theme, topic, geographic distribution, etc. where possible. Last but not least, SCF members discussed the issue of “looking ahead” based on the findings of the report on the USD 100 billion, i.e. by deriving lessons learned and recommendations for future discussions. Many members stressed that while discussions about lessons learned and the way forward should be held at the Committee level, they should not be part of the technical report that was mandated by the COP. Rather, it was suggested to include - if at all possible - recommendations in an executive summary.

After some consultations, the co-facilitators shared a revised outline and scope of the report, taking into account views expressed by Members. The SCF adopted the outline of the report, also deciding that the format of the outcome of the report to be a stand-alone report and its executive summary and recommendations to be an addendum of the report to COP27. The SCF also approved the timeline for the preparation of the report, with the view of elaborating a zero-order draft for consideration at the next SCF meeting.

Fifth Biennial Assessment and Overview of Climate Finance Flows

Co-Chair Ms. Gertraud Wollansky opened the item by announcing that Ms. Vicky Noens (Belgium) as well as Mr. Zaheer Fakir (South Africa) will be co-facilitators of the Fifth BA. She outlined that SCF members and observers would be invited to consider and provide guidance to the zero-order draft of the Fifth BA and the work plan. Ms. Vicky Noens continued by presenting the feedback received by COP26, which endorsed the current outline and underscored the importance of this report for contributing to the assessment of the USD 100 billion goal. The Parties also noted that there was no agreement on recommendations in the latest BA. At an informal SCF meeting in February 2022, SCF members already shared preliminary views and considerations on the new report. Before giving the floor to the Consultants of the Fifth BA, Ms. Noens highlighted that this would be the last BA before the conclusion of the first Global Stocktake (GST).

The Consultants for the upcoming BA provided some more detailed insights on the chapters planned and raised some specific questions on which they would like to receive guidance. On chapter one (Methodological issues related to transparency of climate finance), it was mentioned that it will reflect also upon methodological updates made by institutions on climate finance tracking (e.g. Multilateral Development Banks). On chapter two (Overview of current climate finance flows in 2019 - 2020), it was outlined that data from various sources will be considered, also taking into consideration the different definitions applied. On mapping information relevant to Article 2.1 (c), guidance on potential additional resources was requested. On chapter three (Assessment of climate finance flows), the Consultants underscored that it would be the goal to make this chapter more concise and to broaden the scope beyond the currently mapped multilateral and bilateral flows. The desire would be to get also more information on private finance flows, based on the work under the G20. The question was raised, whether this chapter should also include information on topics such as just transition, transition finance or take note of certain initiatives (e.g. Task Force on Climate Finance Access).

Regarding the content of the Fifth BA, some SCF members suggested including a reflection on whether the previous recommendations made by the report have followed-up upon. One comment also highlighted pursuing an analysis of the target group and success of outreach activities for the BAs. In general, there was support for following up on relevant finance related initiatives (e.g. Task Force on Climate Finance Access, finance track of the COP26 Catalyst for Climate Action). Multiple SCF members highlighted that they would like to see more information on green bonds in developing countries, also with a critical reflection on their added value. In addition, it was mentioned that disaster risk finance could be integrated more strongly and there was a desire for mapping risk facilities, especially in the context of Small Island Developing States (SIDS). Another

suggestion made on adding data inputs referred to private finance mobilization, which is currently focused mainly on Multilateral Development Banks (e.g. new research by OECD on other mobilization scenarios such as technical assistance). On the topic of just finance or transitional finance there were some diverging views on the level of detail to which it should be covered, also referring to the challenges imposed by varying definitions. Regarding the degree of detail in mitigation, it was mentioned to provide more granular information on the different technologies applied. Other feedback provided included that, if possible, it should be reflected how both developed and developing countries integrate climate action in their financial flows, on financial flows coming from developing countries (e.g. South-South cooperation), that approaches on how to successfully balance mitigation and adaptation should be considered, that specific topics such as Covid-19 recovery as well as nature-based solutions should be included, and that data for Asia-Pacific should be presented as separate geographical categories, if possible. On the timeline, several members asked how the development of the BA report will be aligned with, for example, the progress report on the USD 100 billion and with timelines for certain, relevant inputs (e.g. final Biennial Reports (BR) to be submitted by December 2022, due to a shifted timeframe decided at COP25). The feedback from observers, included, for example, a reference to the hardship put on developing countries by the pandemic and urged to also consider related impacts such as an increasing indebtedness in the developing world.

The consultants took note of all comments and made some replies on certain aspects. For example, on data from the BRs, a notification will be shared with Parties to provide this data as early as possible. On the improved level of detail regarding certain data, the Consultants could share that they are already addressing some of these issues (e.g. presenting more granular data on technologies, presenting data separately for Asia-Pacific, if possible). The co-facilitators also took note of the inputs and offered the possibility to provide written inputs by 15 April 2022. With support of the Secretariat, the Co-facilitators will undertake outreach activities in line with the work plan. At the next SCF meeting, the first-order draft will be presented.

Forum on Finance for Nature-based Solutions

Part I of the “Forum on Finance for Nature-based Solutions (NbS)” was held on the UN Campus in Bonn on the 15 - 16 October 2021, in conjunction with the previous SCF meeting (SCF26). Co-Chair Mr. Zaheer Fakir outlined the objective of this agenda item, which was to receive guidance on the outline of the draft programme of Part II of the Forum and on potential options for venue and dates. The two Co-Facilitators of the Forum, Ms. Fiona Gilbert (Australia) and Mr. Mohamed Nasr (Egypt) then took over and highlighted some results of Part I as well as some other developments relevant for Part II. Concerning the results of Part I, they referred to a background paper as well as to a synthesis report, which were shared in advance of SCF27. Related to other developments, they highlighted that COP26 included several references to NbS (e.g. pledges by countries to support nature protection and sustainable agriculture, commitments by companies to become nature positive by 2030, announcements of climate funds and development banks to further support NbS in their programming) and that the Fifth Session of the United Nations Environment Assembly (UNEA-5), which took place in February and March 2022, came up with a resolution on the definition of NbS. The aim of Part II of the Forum would be to dive deeper into issues identified at Part I with a clear focus on finance-related topics. On potential locations, the Co-Facilitators are currently in discussions with the Government of Australia and the United Nations Environment Programme based in Nairobi, Kenya.

The feedback of the SCF members on the content planned for Part II included questions on whether mainstreaming of climate related topics, such as NbS, in public budgeting processes would be considered and if the perspective of indigenous peoples will play a role (e.g. sensitive topic of monetizing nature among this stakeholder group). In addition, support was raised for applying the definition of NbS derived at UNEA-5. Another SCF member suggested to streamline the current programme a bit and to combine sessions with similar topics. Concerning organizational matters, it was discussed that an in-person

meeting would be preferable, but that there should still be a virtual option for participation. On the location, support was expressed to continue discussions with the Government of Australia. The feedback by observers included some questions on the relationship between NbS and carbon markets and whether this would be critically reflected within the programme (e.g. addressing the issue of double-counting), as well as some concerns about the universal application of the NbS definition made by UNEA-5 (e.g. other fora, such as the Convention on Biological Diversity (CBD), also have discussions on defining NbS). Further, observers also offered their support in contributing to the programme of Part II by providing case studies or other inputs related to the different thematic sessions. The two Co-Facilitators took note and answered questions on the contents of the programme.

The item was concluded by reiterating that Part II will be held in-person with virtual participation and would reflect the suggestions on content made by the SCF members and observers. The next steps include to continue discussions with Australia (and potential other hosts, if needed) on a venue and to make recommendations of both the venue and dates by April 2022. In addition, the co-facilitators will prepare a full programme for Part II, including to reach out to potential speakers and resource persons.

Linkages with constituted bodies of the Convention and the Paris Agreement

Co-Chair Mr. Zaheer Fakir invited SCF members to report on their intersessional engagement with other constituted bodies of the Convention. Mr. Mattias Frumerie (Sweden) reported on its engagement with the Paris Committee on Capacity-building (PCCB), which included an exchange on the results of the SCF's Needs Determination Report (NDR), especially in relation to capacity building, as well as an information that the PCCB recently launched a toolkit to support the efforts of countries to identify and address their capacity needs and gaps. He underlined that capacity building will remain to play an important role in implementing the Paris Agreement, particularly referring to capacity building needs in relation to transparency and Article 6. His report was followed by an input of Ms. Gabriela Blatter (Switzerland), who acted as a liaison on adaptation matters in the context of the Adaptation Committee (AC). She highlighted the engagement within the joint working group of the SCF, the AC and the Least Developed Countries Expert Group (LEG), which will also try to deliver some joint inputs for COP27. The next SCF member reporting on linkages was Ms. Vicky Noens (Belgium), who shared that she acted as a member of the Climate Technology Centre and Network (CTCN) Advisory Board and primarily provided updates on the SCF's work. She further underlined that the focus on the TEC might be an area for further involvement by the SCF.

Following the inputs by the SCF members, the Co-Chairs invited representatives from the AC and the Warsaw International Mechanism Executive Committee (WIM ExCom) to share their views on the current state of collaboration and future areas for joint action. The AC representative welcomed the successful collaboration undertaken in the past, especially in relation to the joint work group with the LEG, and outlined as future areas for cooperation the "Glasgow–Sharm el-Sheikh Work Programme on the Global Goal on Adaptation", recognizing the adaptation efforts by developing countries (i.e. the AC is preparing a synthesis report on assessing the needs and cost of adaptation) or the work on the finance-related topics under the Task Force on National Adaptation Plans (NAP Taskforce). Finally, also collaboration on the draft guidance to the entities of the Financial Mechanism would be welcome again. The WIM ExCom representative also expressed gratitude for the past collaboration and encouraged continued cooperation on the level of the Committee as well as within the Expert Group on Action and Support. Potential areas for future collaboration could also be the draft guidance and the WIM ExCom's plan to undertake an annual mapping of available sources of support related to loss and damage. The SCF members, including the Co-Chairs, expressed their support for continuing the cooperation and also invited members of constituted bodies for participation in the SCF, if desired. The item was finalized by the Co-Chairs asking for volunteers to liaise on thematic areas and bodies. The following list contains the focal points for each of the thematic areas and bodies that have been nominated. The list is seen as a dynamic

element, open for changes, i.e. additional volunteers can be added at any time.

Thematic areas/body and respective focal point(s):

- **WIM ExCom; Loss and damage matters:** Ms. Diann Black-Layne (Antigua and Barbuda), Mr. Kevin Adams (USA), Ms. Apollonia Miola (European Union), Mr. Javier Antonio Gutiérrez Ramírez (Nicaragua)
- **PCCB; Capacity-building matters:** Mr. Mattias Frumerie (Sweden)
- **AC and LEG; Adaptation related matters:** Ms. Gabriela Blatter (Switzerland), Mr. Mohamed Nasr (Egypt), Mr. Zaheer Fakir (South Africa), Mr. Richard Muyungi (Tanzania)
- **TEC and CTCN; Technology related matters:** Ms. Vicky Noens (Belgium), Ms. Diann Black-Layne (Antigua and Barbuda)
- **KCI; Response measure related matters:** Mr. Mattias Frumerie (Sweden), Mr. Ayman Shasly (Saudi Arabia)
- **Financing for forests:** Mr. Ivan Zambrana Flores (Bolivia), Mr. Richard Muyungi (Tanzania)
- **Gender:** Ms. Gertraud Wollansky (Austria)

Dates and venues of future meetings

The Co-Chairs proposed to hold two more SCF meetings in 2022 to conclude all relevant activities in preparation of COP27. The Co-Chairs will propose dates and venues for these meetings until the end of April and put this up for an intersessional decision by the SCF members.

Other matters & closure

Under other matters, the Co-Chairs announced the appointment of Mr. Ivan Zambrana Flores (Bolivia) and Mr. Toru Sugio (Japan) as co-facilitators for the “Draft guidance to the entities of the Financial Mechanism”.

Another item addressed under other matters, was an initial consultation with the Co-Chairs for 2022 of the “Ad-hoc Work Programme on the New Collective Quantified Goal (NCQG) on Climate Finance”. His Excellency Mr. Alok Sharma, President of COP 26, CMP 16 and CMA 3, appointed Ms. Federica Fricano (Italy) and Mr. Kishan Kumarsingh (Trinidad and Tobago) at the latest international climate change conference. Following SCF27, there will be a two day workshop for the first “Technical Expert Dialogue (TED)” under the Ad hoc Work Programme. also taking place in Cape Town, South Africa, but also virtually, with 300 registered participants in total. SCF Co-Chair Mr. Zaheer Fakir explained that the Co-Chairs for the NCQG shall conduct continuous consultations with relevant bodies, including the SCF. After a short introduction by each of the NCQG Co-Chairs, Mr. Federica Fricano briefly presented some background on the structure of the first TED, with the sessions defined by the elements of the Glasgow decision. There will be three more TEDs in 2022, one alongside the Bonn Climate Change Conference in June 2022, one other regional TED and one in conjunction with COP27, taking place in Egypt in November 2022. The introduction and overview was followed by some initial questions by the SCF members, referring to, for example, the expectations for the outcomes in 2022, how stakeholders beyond the Parties to the UNFCCC will be included and views on how the outputs will feed into the further negotiations. The Co-Chairs of the NCQG replied that the first TED will set the scene for the work, and that the work and format would be still very open at this point in time. Concerning stakeholder participation, the process shall be as inclusive as possible. The exchange with the Co-Chairs of the NCQG was concluded by deciding to invite them for updates and feedback to the upcoming SCF meetings in 2022.

www.cfas.info



Copyright © 2022 Germanwatch e.V., All rights reserved.

You are receiving this email because you have been identified as a key stakeholder in ongoing discussions regarding climate finance.