



Daily Briefing
20th Standing Committee on Finance Meeting
21 March 2019

Dear Friends of the Climate Advisory Service (CFAS),

This is the CFAS Daily 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 GCF Board or its Secretariat.

During the meetings, CFAS experts are available to provide advise 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.

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The CFAS Team

Summary from 21 March 2019

On Thursday 21 March 2019, the Standing Committee on Finance (SCF) convened for its 20th meeting in Bonn, Germany. As usual at the first meeting of the year, members of the SCF were invited to elect the Co-Chairs of the SCF for the year. At that, Mr. Ismo Ulvila (European Union) and Mr. Ayman Shasly (Saudi Arabia) were re-appointed and will continue their term as Co-Chairs of the SCF also in 2019.

Opening of the meeting and organization of work

After opening the meeting, the Co-Chairs welcomed new Committee members, thanking previous members for their work and dedication in bringing the issues of the SCF forward. In this context, members held a moment of silence in memory of Ms. Bernaditas Müller, who passed away in December 2018 and who served as a SCF Co-Chair and member for several years. New members in the SCF include Ms. Gabriela Blatter (Switzerland), Ms. Fiona Gilbert (Australia), Ms. Delphine Eyraud (France), Mr. Sergey Chestnoy (Russian Federation) and Mr. Zerihun Getu Mekuria (Ethiopia).

The Co-Chairs proceeded by reporting back from an informal retreat SCF members conducted on the day prior to the meeting. During the retreat, SCF members engaged on a range of topics, including on the historical context of the SCF, lessons learned over the eight years of activity, major achievements and challenges, as well as the future role of the SCF post-2020 and beyond within the climate finance landscape. In the meeting, members expressed the view that the current working arrangements of the SCF would be sufficient to deliver on the various mandates and could be revisited depending on the thematic areas of work. In addition, views were expressed in relation to the usability of the technical products of the SCF and on the need for strengthening the outreach, including

having a structured plan.

Prior to starting in-depth work on the different agenda items in dedicated working groups, agenda items were introduced in plenary to give SCF members the opportunity to provide initial reflections on the various issues.

Work Plan of the SCF for 2019

For the 20th meeting, the SCF is invited to consider the mandates and further guidance received at the 24th Conference of the Parties to the UNFCCC (COP24), with a view to agreeing on its work plan for 2019. With only two formal meetings of the SCF in 2019, intersessional work will be necessary in order to deliver on the various tasks. Therefore, work will be taken forward by working groups led by two co-facilitators, in line with previous practices. As in the past, the SCF will organize a side event on the margins of the meeting of the Subsidiary Bodies to the UNFCCC (SB/SBSTA50), scheduled in June 2019, in order to provide an update on the implementation of the SCF work plan. In addition, it was suggested to consider holding an informal SCF meeting during the SBs to take stock on the work done and allow the opportunity to provide guidance moving forward.

SCF members welcomed the proposed work plan for 2019 and the annex outlining the various mandates and guidance given to the SCF. Some SCF members highlighted the need for a strategic approach and finding ways of integrating some of the raised questions into existing products, rather than creating additional work or new work streams. Others stressed the need to retain the exact wording provided in the various mandates, in order to avoid room for interpretations. The idea of developing an outreach strategy to maximize the use of SCF products, for instance the Biennial Assessment and Overview of Climate Finance Flows (BA), was also proposed. Responding to some of the comments made, one SCF member cautioned against prejudging whether mandates could be fulfilled or not before actually starting some of the work. Rather, additional guidance should be given by the SCF once work on the tasks has started. In the context of mandates and time constraints, one of the Co-Chairs suggested considering to retire the BA, in order to unlock some time and resources of the Committee to conduct other tasks. In his view, decisions taken on Articles 9.5 and 9.7 at COP24 could provide new means of assessing climate finance. This was opposed by several SCF members, who felt that the BA provided valuable inputs to the ongoing work on Measuring, Reporting and Verification (MRV) of support.

Taking into account some of the views expressed, the Co-Chairs will provide a revised work plan for consideration and adoption by the SCF later during the meeting.

After these deliberations, the SCF agreed to hold a webinar on “gender and climate finance”, following a mandate provided by the Lima Work Programme on Gender, which requested the constituted bodies of the UNFCCC to report on progress made towards integrating a gender perspective in their processes. The webinar will facilitate a discussion among SCF members and selected experts, e.g. from the Organisation for Economic Co-operation and Development (OECD), the Women’s Environment & Development Organization (WEDO), the Global Environment Facility (GEF), the Adaptation Fund (AF), and others.

Breakout group: Preparatory work on the first report on the determination of the needs of developing countries related to the implementation of the Convention and the Paris Agreement

At COP24, Parties requested the SCF to prepare, every four years, a report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement. The report will be considered by the COP, starting at the 26th session, and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), starting at its third session (both in November 2020).

Before going into breakout groups, the Co-Chairs recalled that a background paper on the matter was prepared by the UNFCCC Secretariat, which includes key guiding questions for consideration by the SCF to help members initiating work for the preparation of their first report on the matter. He added that these questions will help the SCF to deliberate on the objectives and scope, possible activities, output(s), structure, and format of the report, and to discuss and reach an agreement on the overall approach for organizing and implementing the work required. Upon invitation by the Co-Chair, the Co-Facilitators elected to guide the work on the issue, Mr. Zaheer Fakir (South Africa) and Mr. Mattias Frumerie (Sweden), encouraged their peers to come up with concrete suggestions, such as how the SCF reflection could link up with the existing work and methodologies under the UNFCCC's Adaptation Committee.

During the breakout group discussion, one member suggested looking at the existing methodology used in elaborating the Biennial Assessment and Overview of Climate Finance Flows in order to build the methodology and structure of the report on the determination of the needs of developing countries. There was common agreement that the SCF mandate to determine those needs is a key opportunity to guide the UNFCCC's work on climate financing and to support developing countries' resilience, adaptation and mitigation efforts. As such, a better understanding of the methodology to conduct such work is highly desirable, as well as exploring how comparable that methodology would be to other ones existing under international processes.

Arguing that the report could have an impact on the Operating Entities of the Financial Mechanism, e.g. by having an impact on their resource mobilisation, many members advocated for a robust, quantitative and results-based approach in defining the report's methodology. There were contradictory views on the suggestion to refer to the IPCC Special Report on 1.5 degrees to gather relevant information and guidance to help build the methodology in the area of adaptation finance needs. A civil society observer shared, through the virtual participation channel, concerns about the lack of information on loss and damage finance needs in the background paper circulated. After a suggestion to the UNFCCC Secretariat to support the SCF in finding an efficient process forward within a specific timeline before the end of the meeting, members agreed to capture the essentials aspects in their discussion to set a strong ground for further consultations. The Co-Chair then concluded the breakout group discussion which will resume on the second day of the meeting.

Breakout group: Preparatory work on the 2020 Biennial Assessment and Overview of Climate Finance Flows

Recalling that the SCF was encouraged by COP24 to take into account the best available science in future BAs, and to use in the established terminology in the provisions of the Convention and the Paris Agreement in relation to climate finance, the Co-Chair opened preliminary discussions on the item. Before opening the floor, he further recalled that the SCF was also requested by the COP to map, every four years, as part of its BA, the available information relevant to Article 2.1c, of the Paris Agreement, about making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

The Co-Chair also added that the Secretariat has prepared a background paper on the issue to facilitate SCF members to consult, with the view to initiate their work for the preparation of the 2020 BA, including by reaching an agreement on the overall approach, developing a preliminary draft outline, and initiating technical work and early engagement with data providers, producers and aggregators, as well as relevant stakeholders engaged on matters relating to Article 2.1c of the Paris Agreement. Thereafter, Ms. Vicky Noens (Belgium) and Mr. Hussein Alfa Nafo (Mali) were invited as Co-Facilitators to briefly report to the Committee on the status of the consultations they have previously conducted. It was noted that a lot of work is still needed to progress, especially because intersessional discussions were not held and given the various aspects of the COP guidance on the BA to the SCF.

The breakout group started with reflections on the draft outline of the technical report of

the 2020 BA, including many views shared on its proposed structure and contents of its chapters. While there was no major comment on the milestones and indicative timeline proposed by the Secretariat, including outreach activities, there were, however, different views on matters related to Article 2.1c, with some members suggesting further research on its dedicated chapters, including a number of case studies and examples of methodologies related to other financial instruments. Due to a number of open issues on that topic, one member strongly advised adding a completely new chapter on examples of metrics for assessing progress in the alignment of portfolios of international financial institutions and institutional investors, including new development in financial instruments such as within the public and the private sector.

Some intense debates explored the contribution of the BA to help enhancing the accessibility of developing countries to climate finance, and to fast-tracking the implementation of climate finance flows. Following that, it was recognized that strong recommendations in the BA report should be crucial in proposing concrete ways forward. This led members to agree with a common voice to address the existing gaps and challenges in the current reports which should be highlighted in the new methodology and outline.

After the Co-Chair added that due to the 2019 budget of the Secretariat already being planned and without any supplementary funding, the SCF would not be able to consider the suggestion of some members to conduct technical workshops during this year on issues around the BA, such as on Article 2.1c, the breakout group concluded its work in order to resume on the next day of the meeting.

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