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## **Summary Briefing 22nd Standing Committee on Finance Meeting 28-30 September 2020**

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

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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](mailto:cfas@germanwatch.org).

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The CFAS Team

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### **Summary from 28-30 September 2020**

From 28-30 September 2020, the Standing Committee on Finance (SCF) convened for its 22nd meeting, conducted in a virtual setting amidst the global COVID-19 pandemic. Chaired by Mr. Ismo Ulvila (European Union) and Mr. Ayman Shasly (Saudi Arabia), the meeting discussed several agenda items to define next steps in the Committee's work going forward. This included, among others, work around the first report on the determination of the needs of developing countries related to the implementation of the UNFCCC and the Paris Agreement; the Fourth Biennial Assessment and Overview of Climate Finance Flows; planning for the next Forum of the SCF; as well as discussing the process to drafting guidance to the Operating Entities of the Financial Mechanism of the Convention.

### **Opening of the meeting and election of officers**

The Co-Chairs opened the first virtual SCF meeting, welcoming Mr. Ali Waqas Malik (Pakistan) and Mr. Liucui Zhu (China) as new SCF members, as well as thanking their predecessors for their work and contributions.

The revised composition and working modalities of the SCF adopted by the Conference of the Parties (COP) at its eighteenth session provided that the SCF shall elect annually at its first meeting two Co-Chairs from among its members for a term of one year each. Given the current situation in dealing with the global COVID-19 pandemic, SCF members decided to extend the term of the incumbent Co-Chairs until the first physical meeting in 2021. Before moving to the next agenda item UNFCCC Executive Secretary Patricia Espinosa

addressed SCF members, thanking SCF Co-Chairs and members for their leadership and dedication. She highlighted the importance of the year 2020 as not only the 5-year anniversary of the adoption of the Paris Agreement, but also the starting point of post-2020 climate action. She stressed that currently the world was heading towards a three degree temperature, double to what was adopted in the Paris Agreement, and raised concerns about increasing wildfires, record temperatures, intensifying hurricanes and accelerated glacial melting observed worldwide. In this regard, she pointed out the importance of the ongoing process of increasing country's Nationally Determined Contributions (NDC) and encouraged countries to come forward with new and revised NDCs by the end of the year. To catalyze climate ambition and enable adaptation measures, she highlighted the key role of climate finance. She stressed that scaled-up climate finance needed to flow, not just in light of the US\$ 100 billion goal, but also beyond. In her view, climate finance commitments of developed countries need to be met and not fall short due to conflicting interests in relation to dealing with the COVID-19 pandemic. She described the work of the SCF as key in this debate, in particular the Biennial Assessment and Overview of Climate Finance Flows (BA), as well as the Needs Determination Report (NDR), by serving as reference to the climate finance community on the state of climate finance delivery (BA) and tool for understanding what the needs and priorities of developed countries are (NDR).

## Organizational matters and 2020 Workplan of the SCF

The COP and the CMA endorsed the workplan of the SCF for 2020 and provided additional guidance on the following areas of work, which has been incorporated into the updated SCF workplan: Fourth Biennial Assessment and Overview of Climate Finance Flows; First report on the determination of the needs of developing country Parties; Draft guidance to the operating entities of the Financial Mechanism; and Gender.

The Co-Chairs highlighted that due to the global COVID-19 pandemic and the postponement of COP26, intersessional work on the mandates of the SCF is vital and will continue until next year. Accordingly, it was suggested to extend the 2020 workplan to also cover 2021, which is when key products of the SCF will be delivered, such as the Biennial Assessment and Overview of Climate Finance Flows and the First report on the determination of the needs of developing country Parties.

Inter alia, members sought clarity on the impact on the reports of the Global Environment Facility (GEF) and the Green Climate Fund (GCF), as well as the report from the SCF itself by extending the workplan to 2021. The UNFCCC Secretariat clarified that no impacts are to be expected and that an extension of the workplan was just to reflect that SCF activities and deliverables will span two years. The 2020 SCF workplan was adopted without further comments.

## Fourth Biennial Assessment and Overview of Climate Finance Flows

The discussion on the status quo of the 2020 Biennial Assessment and Overview of Climate Finance Flows (BA) was facilitated by Ms. Vicky Noens (Belgium) (co-facilitator Mr. Hussein Alfa Nafo was absent in this SCF meeting), who started off by summarizing the progress made over the past months: After agreeing on an outline and outreach plan at the [21st SCF meeting](#), a [call for evidence](#) was issued on 22 November 2019. The submissions received thereafter enabled the team of consultants to prepare a zero draft by April, followed by a first-order work-in-progress draft in June. SCF members already submitted comments on the draft versions in written form and held an informal call for feedback in July. Due to the challenges imposed on data collection and outreach activities by COVID-19, the call for evidence has been extended to 30 October and outreach activities have been adapted to virtual formats (e.g. webinars). In addition, the timeline for the publication of the 2020 BA has been adjusted, foreseeing a release of the report in the first half of 2021. Ms. Vicky Noens (Belgium) invited the attending consultants for the report (Mr. Padraig Oliver, Ms. Chavi Meattle, Ms. Charlene Watson, Ms. Chantal Naidoo) to present the work in progress on the 2020 BA and called upon the SCF members to give additional feedback or to raise questions.

The consultants stated that the call for evidence already led to multiple submissions of

which most address the question of the definition of climate finance (13 out of 22 submissions in total). For Chapter 1 (Methodological issues related to transparency of climate finance), the remaining gaps include, for example, further information on climate finance received, methodology updates (e.g. on private finance mobilized by public finance, on results-based payments) and the integration of the latest inputs on defining climate finance. Chapter 2 (Overview of climate finance flows in 2017–2018) follows the approach of the past years, while benefiting from the availability of some additional data, namely climate finance spending by cities. In this part, remaining gaps include data on private finance and some sector specific information (e.g. private investment in EE, land-use investments related to adaptation). Chapter 3 (Assessment of climate finance flows) is already in an advanced stage, due to sufficient data availability (e.g. from multilateral climate funds), and also includes some additional insights, e.g. an overview of climate finance received by SIDS and LDCs over time. As a remaining challenge, the placement of gender-related questions has been mentioned. Finally, Chapter 4 (Mapping information relevant to Article 2, paragraph 1(c), of the Paris Agreement, including its reference to Article 9 thereof) represents a completely new element in the BA, therefore, not able to rely on any guidance from previous report versions. The consultants explained that the approach taken involves a deconstruction of Article 2.1c by each element, followed by tracking various activities taken by each actor (e.g. policies introduced, coalitions formed, new practices applied). It shall also involve a subchapter on COVID-19 implications, which is yet to be drafted. Ongoing work at the moment also involves the search for suitable country examples to showcase the application of Article 2.1c.

SCF members welcomed the advanced stage of the first-order draft and provided the consultants with inputs on a variety of issues. This included to take note of upcoming reports on related topics (e.g. OECD report on climate finance provided and mobilised by developed countries), some comments on how to deal with the multiple submissions on the definition of climate finance and the methodological challenges regarding Chapter 4, as well as some remarks on the shifted timeline, the presentation of finance for LDCs and SIDS and how to deal with double counting. From the group of observers, there was one comment by the Women and Gender Constituency (WGC), which offered advice on the gender-related questions, if needed. The consultants took the time to reply to the questions by the SCF members by welcoming further inputs on data and methodological questions, as well as stating that it should be possible to stay in the adjusted timeline. On the definition of climate finance, the work is still ongoing as the latest submissions received have not yet been integrated in the report. In addition, they provided some clarification on approaches taken, for example, double counting will be managed by only taking the net climate finance per actor (not including co-finance) into consideration and by not aggregating the different sources in Chapter 2. There will also be a textbox included in the report, explaining in detail the approach taken on the avoidance of double counting. The item was concluded by stating that the inputs of the SCF members on the draft have been well received and that the work on finalizing the draft based will continue as outlined in the adjusted timeline of the [background paper](#). Concerning observer questions on the distribution of the most recent draft of the 2020 BA, Co-Chair Ismo Ulvila (European Union) said that strong stakeholder engagement is definitely desired (e.g. organisation of regional webinars), but that a circulation of the digital file of the most recent draft is not possible, due to the danger of misuse (e.g. advanced publication). The practice at in-person SCF meetings has been that the most recent draft was made available as a printed version, keeping the risk of misusage in a manageable limit.

## First report on the determination of the needs of developing country Parties

On the first report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement (NDR), the SCF as per its agenda focused on discussing the first-order draft of the NDR and providing an outlook on the intersessional work in advance of SCF23. The discussion was led by the co-facilitators Zaheer Fakir (South Africa) and Mattias Frumerie (Sweden), who highlighted key features of the first draft report and summarized on the current state of the process in developing

the NDR. Currently, the call for evidence from Parties and observers on the NDR is open until 30th October 2020 (with 22 submissions being received yet), and regional informative webinars are being held in September and October 2020 informing about the initial insights from the current state of the report. Recordings of those webinars are available [online](#). The discussion of SCF members centered around the methodological challenges of identification, attribution and quantification of needs. Limitations of quantifying needs were raised by various members, many of which pointed towards the issue of double counting. Some members also raised concerns about simplified graphical illustrations of needs in this context. At the same time a number of members stressed the importance of robust aggregate numbers on needs in order to illustrate the relevance to act and support developing countries.

Concerning the proposed terminology, the importance of balancing adaptation and mitigation needs was highlighted by various members. In this respect, and concerning the methodological scope, many also voiced the requirement to better highlight loss and damage aspects in the report. It was mentioned that despite methodological challenges certain proxies exist for quantifying loss and damage needs, such as approaches used by insurances for quantifying disaster impacts. Some members underscored the relevance of forestry in determining the needs of developing countries, as forestry would represent an important opportunity of developing countries to contribute to global mitigation efforts through sequestration of GHG emissions. One suggestion was made on reflecting incoming NDC updates when further iterating the methodological base of the report. While some members suggested adjusting the outline of the report in order to account for methodological challenges, the majority of the members agreed to stick to the previously agreed outline of the NDR.

A future draft of the NDR should be reflective on the language concerning the role and ability of developing countries to disclose information on needs, as one member commented. In light of this, it was furthermore proposed to streamline the challenges for country groupings such as LDCs across the report.

Regarding the issue of COVID-19 and green recovery aspects, the members had diverging views where this could be featured within the NDR.

Observers underscored the importance of enhanced transparency of the further process in elaborating the NDR. It would be welcomed if draft versions of the report could be disseminated with observers prior to meetings in order to allow for them to comment on the report's development accordingly. And while not being able to review the current draft, observers re-iterated the relevance of featuring loss and damage aspects as well as gender issues and matters relevant for indigenous people prominently in the report. The SCF agreed on a revised timeline (see [background paper](#)) for the report and to undertake further work including data collection and analysis. Members of the SCF are invited to comment on the current draft version in writing by mid October, 2020. Depending on the feedback from SCF members, a next iteration of the report is planned for early November 2020. Overall, the SCF currently aims to publish the NDR by mid 2021.

## Forum on Finance for Nature-based Solutions

At the 21st SCF meeting, members agreed to organize the 2020 SCF Forum on the theme of "Finance for Nature-Based Solutions". The co-facilitators for this item, Ms. Fiona Gilbert (Australia) and Mr. Mohamed Nasr (Egypt), reported that during the intersessional period, a [draft programme of the Forum](#) was developed, taking into account the list of sub-themes that the SCF identified at its previous meeting. Several inputs were received from Parties and a range of stakeholders, following a call for inputs that the SCF issued on information and case studies to inform the preparation of the Forum. In terms of the dates and the venue, the co-facilitators will continue to assess options after the 22nd SCF meeting, with an aim to organize the Forum during the second half of 2021 as a three-day in-person event.

SCF members welcomed the draft programme and the work undertaken by the co-facilitators, while also providing comments to the draft programme. Some highlighted the

need to take into account other processes ongoing on the issue of biodiversity, such as the discussions and negotiations under the UN Convention of Biodiversity (UNCBD) and avoiding any overlaps that may result in interested stakeholders not being able to join or having to choose between parallel events. Others stressed the need to explore linkages with planned activities on the topic by the UK COP26 Presidency and allowing enough time between the SCF Forum and COP26. Some members suggested strengthening the link with private and innovative finance in order to encourage private sector engagement during the event. One member cautioned that the terminology of the term “Nature-Based Solutions” was ambiguous and cautioned against using a universal definition. In light of the broad interest in the theme it was suggested to conduct a series of SCF Forums on the topic. Some members raised concerns regarding budgetary implications if the SCF Forum was converted into a series of events, as well as on the practicability of holding two in-person meetings during a busy calendar in the last quarter of 2021, let alone the uncertainty of the global development regarding COVID-19 next year. Last but not least, SCF observers stressed the need to ensure broad stakeholder engagement during the SCF Forum, including the participation of civil society and indigenous peoples. As next steps, the co-facilitator will revise the draft programme based on the comments received and conduct a virtual consultation with the providers of submissions in late October. SCF members are invited to send their written inputs on the draft programme by October 9th 2020, for consideration in preparing the next draft programme. Discussions on the dates and venue of the Forum will continue at the next SCF meeting, with a view to making a decision latest by April/May 2021.

### **Draft guidance to the Operating Entities of the Financial Mechanism**

The two co-facilitators of this item, Mr. Toru Sugio (Japan) and Ms. Diann Black Layne (Antigua and Barbuda), highlighted that due to the shift of COP26 to end of 2021, some procedural questions came up regarding the SCF’s mandate to draft guidance to the Operating Entities of the Financial Mechanism, namely how to deal with the absence of the need for a guidance in 2020. Usually, following the publication of the annual reports by the Global Environment Facility (GEF) and the Green Climate Fund (GCF), the SCF would invite Parties, SCF members and other constituted bodies to provide inputs. The inputs would be compiled in a tabular format by the Secretariat, based on which the SCF would draft a guidance for adoption by the forthcoming COP. A representative from the GEF said that the 2020 GEF report has been adopted by the Council and will be available in October, while the publication of the 2021 GEF report is scheduled to take place 14 weeks ahead of COP26. A representative from the GCF stated that the 2020 GCF is still up for adoption by the Board and should be available in late November. For the 2021 GCF report, a similar timeline as for GEF is aspired.

A discussion among the SCF members took place, which involved the position to skip this year’s call for inputs for the sake of efficiency by making a combined call for the 2020 and 2021 reports and the position to keep following existing procedures by issuing two calls for inputs. The discussion concluded with the result that a call for inputs on the 2020 GEF and GCF reports will be made, while highlighting to Parties that a draft guidance will only be developed once the inputs for the 2021 reports are also available. As there was not yet an agreement on how to proceed with the inputs received on the 2020 reports (e.g. publishing them on the SCF website), the submissions will be compiled and presented at the next SCF meeting for consideration by the members.

### **Linkages with the SBI and the thematic bodies of the Convention**

This agenda item was opened with SCF members reporting on their past participation in related meetings, including topics such as agriculture and adaptation, as well as meetings of the Paris Committee on Capacity-building (PCCB) and the Least Developed Countries Expert Group (LEG). Facilitated by Co-Chair Mr. Ismo Ulvila (European Union), SCF members then updated the list of thematic focal points. On adaptation related matters, Mr. Mohamed Nasr (Egypt) will be supported in future by Ms. Gabriela Blatter (Switzerland) as Co-focal point and by Mr. Zaheer Fakir (South Africa) as Alternate. On technology related

matters, Ms. Vicky Noens (Belgium) will be supported by Ms. Diann Black-Layne (Antigua and Barbuda) as co-focal point. The other positions on capacity-building, loss and damage, coherence and coordination and gender remain unchanged. Mr. Ivan Zambrana Flores (Bolivia) brought up the suggestion to establish an additional focal point on matters related to local communities and indigenous peoples. After a brief discussion among the SCF members, it was concluded that the current set of focal points should not be broadened for the moment, but once the linkage gains more traction (e.g. through the Local Communities and Indigenous Peoples Platform (LCIPP) approaching the SCF), such a position could be introduced.

The list of SCF nominees/focal points was agreed as follows:

#### **Adaptation related matters**

*Adaptation Committee*

*Least Developed Countries Expert Group*

Mr. Mohamed Nasr (Egypt), Mr. Zaheer Fakir (South Africa)

Ms. Gabriela Blatter (Switzerland)

#### **Technology related matters**

*Technology Executive Committee*

*Climate Technology Centre and Network Advisory Board*

Ms. Vicky Noens (Belgium)

Ms. Diann Black-Layne (Antigua and Barbuda)

#### **Capacity-building related matters**

*Paris Committee on Capacity-building*

Mr. Ismo Ulvila (European Union)

Mr. Mattias Frumerie (Sweden)

#### **Loss and damage related matters**

*Executive Committee of the Warsaw International Mechanism on Loss and Damage*

Mr. Paul Oquist (Nicaragua)

Mr. Randy Caruso (USA)

#### **Coherence and coordination**

*Financing for forests*

Mr. Ivan Zambrana Flores (Bolivia)

*Gender*

Ms. Eva Schreuder (The Netherlands)

### **Dates and venues of future meetings**

The Co-Chair opened the agenda item inviting SCF members to comment and provide suggestions for the 23rd meeting of the SCF. Views were sought in relation to the format of the meeting (in-person, virtual, hybrid), venue and timing of the meeting. The SCF usually meets at least two times a year. The Co-Chair also requested the members to provide them with a mandate to make a suggestion for the upcoming meeting based on the input received.

Several members suggested that the next meeting should be held virtually, given that the global COVID-19 pandemic is likely not going to change drastically in the next few months. They suggested that the current 22nd meeting was working well and that the SCF could continue its work in this format. However, one of the members also highlighted the need to consider the fact that a three day, three hours per day virtual meeting would result in less time available for dealing with agenda items than during a three full-day meeting in-person. Some members suggested adopting a hybrid method and allowing those participants that can travel to attend physically, while others who could not do so would be free to attend virtually. On this method, concerns were raised from a couple of members that this could be very complicated to achieve technically and could also jeopardize equal participation by

all the members. Some members also suggested to opt for a physical meeting as it was increasingly becoming difficult to participate virtually and being effective. Others reminded the need to meet a quorum and that not all members would be able to travel. Last but not least, members suggested deciding the timing of the meeting in a way that they would be able to reflect on various reports that the SCF was expected to receive. The Co-Chairs will consider the inputs and suggestions received from SCF members and recommend options to the Committee.

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