



Summary Briefing 23rd Standing Committee on Finance Meeting 16-17 December 2020

Dear friends 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 the UNFCCC Secretariat.

During the meetings, CFAS experts are available to provide advice 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 16-17 December 2020

From 16-17 December 2020, the Standing Committee on Finance (SCF) convened for its 23rd 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.

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). As a starting point for discussions over the second-order draft of the technical report of the Fourth Biennial Assessment and Overview of Climate Finance Flows (2020) (Fourth BA), attending consultants for the report (Mr. Pdraig Oliver, Ms. Chavi Meattle, Ms. Charlene Watson, Ms. Chantal Naidoo) were invited to present the work in progress. The [call for evidence](#) for the Fourth BA ended on 30 October 2020 with twenty-nine submissions received from Parties and non-Party stakeholders. As an additional source for input for the report, [three informal outreach webinars](#) were held in October and November.

After the consultants' presentation, SCF members as well as other stakeholders were invited to give feedback or ask questions. One issue highlighted in the debate focused on how gender was addressed in the report. One SCF member asked why gender considerations have received greater attention in comparison to former reports and other subordinated topics. An observer criticised that gender and vulnerable groups have been addressed as a combined topic, bearing the risk of implying that women would be considered as more vulnerable in general. Another debate surrounded the topic of Article 2.1c of the [Paris Agreement](#) and whether it should necessarily be reflected across all parts of the report, in addition to a separate chapter on the matter. Further comments on Article 2.1c referred to the fact that it is still unclear what is meant by financial flows, making it difficult to judge on what to include and what not to cover. Finally, the topic of double-counting and how to ensure thorough climate finance figures was brought up again, using the contributions to the Global Environment Facility (GEF) communicated in the Biennial Reports as an example that some countries only report climate-specific contributions, while others report the full amount of contributions to the facility as climate finance. Further comments related to the need for greater elaboration of specific parts of the report (e.g. instruments, additionality) and to recommendation to consider latest publications on the topic of climate finance, such as the report on [Climate Finance Provided and Mobilised by Developed Countries in 2013-18](#) by the Organisation for Economic Co-operation and Development (OECD).

The consultants took note of the additionally mentioned sources and suggestions for improving the draft chapters. On Article 2.1c, they highlighted that the elaborate chapter in the Fourth BA will be a starting point or a summary of what has been out there regarding the operationalisation of this Article. Therefore, the chapter takes a broad approach and due to significant linkages to other topics, it also occurs as a cross-cutting theme within the whole report. On gender and vulnerable groups, they want to look into a better organisation of these two themes. On the stronger presence of gender in the report in general, Ms. Vicky Noens, Co-Facilitator of the report, underlined that it is due to the [Gender Action Plan](#) adopted under the UNFCCC at COP25 and that there have been requests to include more gender-related views.

The SCF concluded this agenda item by stating that the work on the draft of the Fourth BA will continue with the aim to present a third-order draft by the next meeting. The upcoming draft is expected to already include elements on the summary and recommendations for initial consideration. In case SCF members still want to submit additional comments on the current draft, they can do so in writing by 15 January 2021.

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

The discussion on the second-order draft of the report on the determination of the needs of developing country Parties (NDR) was led by the co-facilitators Mr. Zaheer Fakir (South Africa) and Mr. Mattias Frumerie (Sweden). The [call for evidence](#) for the NDR ended on 30 October 2020 and concluded with 34 submissions from Parties and non-Party stakeholders. To gather additional information, another [informal outreach webinar](#) was held in October 2020, following the two webinars held in September. The agenda item started off with a detailed presentation by the attending consultants (Ms. Aidy Halimanjaya, Mr. George Mwaniki, Ms. Sandra Guzmán) on the status quo of the different chapters in the report, including insights into the results already gathered. The report focuses on one hand on the needs itself, which are communicated in both qualitative and quantitative terms, and on the other hand on the different methods applied to identify such needs, which will be presented in a clustered manner in the corresponding chapter of the report.

As a reply to the consultant's overview of the current NDR draft, SCF members and further stakeholders raised a couple of issues: It was underlined that the topic of loss and damage is a key priority for certain countries in terms of needs and whether this could be reflected on equal terms to mitigation and adaptation needs. This was opposed by other views that loss and damage is not covered by the Convention or the Paris Agreement to the same degree as mitigation and adaptation in terms of objectives and therefore not in the scope of the NDR. Regarding the scope of the report, it was also mentioned that the current phrasing of the objectives is not in line to the agreed upon mandate and should be adapted. Concerning the content of the NDR it was mentioned that a cautious approach should be taken when aggregating needs, referring to the fact that the landscape of methods applied is still quite diverse, and that potential impacts by the COVID-19 pandemic should also be mentioned. In addition, similar to the Fourth BA, it was also hinted at the fact that the topics "gender" and "vulnerable groups" should not be mixed up. Finally, it was asked whether a debt sustainability assessment has been carried out for the countries and if economic and non-economic data on the needs were weighted differently. Concerning the process, non-Party stakeholders pointed out that the draft report was only available on short notice, one day ahead of the meeting, which should be adapted next time.

When given the chance to reply to the comments, the Consultants took note of the remarks made on the current content of the NDR. On the debt sustainability assessment, they said that they are not undertaking their own assessment on the countries, but are just reflecting in a structured manner what has been submitted, including a reflection of the different methods applied, which do not take debt into consideration. However, they would be grateful for any recommendations on how reporting might be improved or deliver more insights in future report cycles. The Co-Facilitators said that the next draft will be made available in a more timely manner.

Similar to the Fourth BA, the SCF concluded this agenda item by stating that the work on the draft of the NDR will continue with the aim to present a third-order draft by the next meeting. The upcoming draft is expected to already include elements on the summary and recommendations for initial consideration. In case SCF members still want to submit additional comments on the current draft, they can do so in writing by 15 January 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”. A draft programme was prepared and a call for inputs launched during the intersessional period. At the 22nd SCF meeting, the draft programme was discussed and it was agreed that the co-facilitators for this item, Ms. Fiona Gilbert (Australia) and Mr. Mohamed Nasr (Egypt) would revise the draft based on the comments received and would conduct a virtual consultation with the providers of submissions.

The co-facilitators reported that the consultations were held in November 2020, during which key issues were raised including how to define Nature-based Solutions (NBS), the identification of high potential solutions and how to link NBS to other processes, like the SDGs, as well as to market approaches. The topic of how to make the Forum more meaningful for all stakeholders was also raised. The co-facilitators agreed that many converging views were expressed during this consultation, which will help refine the Forum’s programme. Additionally, a synthesis paper based on the submissions will be prepared as an input to the Forum.

SCF members welcomed the summary of the virtual consultations with stakeholders and the work undertaken by the co-facilitators, and provided comments on how to integrate this into the Forum’s programme. These comments focused on the need to dedicate time to the topic of innovative financing options, with the integration of the private sector and the wider finance landscape, as well as to the definition of NBS. On this last point, there was agreement that it is an important topic, but some members expressed that the Forum should not turn into a debate on how to define NBS.

Additional comments focused on identifying synergies and linkages with other events and processes planned for 2021, and exploring a joint organisation of the Forum with these events. It was mentioned that an invitation had been extended from the Government of Bahrain to hold this event in October 2021, as part of a planned event on climate and energy. The final date and venue of the Forum is expected to be defined by May 2021, taking into consideration that enough time needs to be allowed in order to prepare the final report of the Forum before COP26, where it should be presented. Other aspects like the suitability of other events and the viability of travelling due to COVID-19 restrictions are also important considerations. The Forum is still being planned as an in person event and all invitations to host it, including the one from Bahrain will be considered.

As next steps, the Forum’s programme will be refined based on the consultations and submissions received, and made available to the SCF before its 24th meeting; a synthesis paper of the submissions will be prepared and options for a time and venue will continue to be considered, until 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) started by recalling that providing guidance to the operating entities of the Financial Mechanism is part of the mandate of the SCF and is an important communication tool between the Parties and these entities. The co-facilitators presented a proposed timeline for the preparation of guidance for COP26, and added that an approach on how to prepare the guidance needs to be agreed on by the 24th meeting of the SCF. The proposed timeline presented two options for how to address the call for inputs on the GCF and GEF reports for 2020 and 2021: two separate calls for submissions or a single one for both years. It also presented two options on how to move forward with the preparation of the guidance document: preparation of an outline by co-facilitators, to which Parties and Constituted Bodies can provide inputs, or a draft text for consideration by the

SCF at its 25th meeting.

Discussions around the proposed timeline addressed the need to ensure that the established procedures are followed and that the process is driven by the Parties, while at the same time guaranteeing that deadlines are respected, so the guidance is prepared on time. The need to avoid redundancies and inconsistencies in the draft guidance was also mentioned. Many members expressed that a single call for submissions was more efficient and pragmatic; others expressed the need to allow Parties to submit inputs for both years, as the issues reported each year by the operating entities change. Some members also expressed support for the preparation of a draft text that Parties can then use as a basis for discussions and negotiations at the COP. Concerning the outline of the guidance, there was no final decision yet, but the format used in previous years would serve as a basis. The co-facilitators invited members to submit additional written comments on all these topics before the next SCF meeting that could inform the preparation of a background note. The SCF decided to continue discussing the format and process for preparing the draft guidance at the next meeting (SCF24); the co-facilitators will continue with the preparation of a draft guidance text for consideration during the 26th meeting of the SCF. The preparation of this guidance will follow a stepwise approach. The co-facilitators will prepare two options and present them to the SCF; once the SCF has made a decision on what the final output should be, the co-facilitators will move forward with the preparation of the text. Parties and Constituted Bodies will be requested to make submissions for the GCF and GEF reports for both 2020 and 2021, which will be circulated once available. In its communication to Parties and Constituted Bodies, the Secretariat will emphasise the need to avoid duplicating the content of these submissions.

Other matters

The SCF briefly discussed the report of the SCF to the COP and CMA. Work on the report will be conducted intersessionally by the Secretariat, taking into account the proceedings and decisions taken at the 23rd SCF meeting. In addition, comments and input by SCF members will be allowed until January 12th, 2021. The Co-Chairs will then provide final clearance to the report, with a view of publishing it by the end of January 2021.

Regarding the date and venue of the next SCF meeting, it was suggested to provide the Co-chairs with the mandate to make a recommendation regarding SCF24, taking into account all circumstances related to the COVID-19 pandemic. This includes the potential date of the next meeting, as well as the meeting format (in-person or virtual).

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