

Climate Finance Advisory Service

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Daily Briefing

7th Standing Committee on Finance Meeting

(16–18 June 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 17 June 2014

The 7th meeting of the Standing Committee on Finance (SCF) resumed on Tuesday, 17 June 2014. Building on the work that was initiated the day before, the two working groups on the Biennial Assessment and Overview of Climate Finance Flows (BA) and the Fifth Review of the Financial Mechanism (FM) convened to further engage in in-depth discussions on the respective matter.

On the **Biennial Assessment**, members continued their deliberations on the draft BA report. Going through the document, SCF members focused on the chapters covering the overview of current climate finance, the used methodology and actual assessment of climate finance flows. Some members highlighted the need to carefully employ pie charts and figures, as they may provide space for interpretation by the reader. Therefore, it was crucial to thoroughly consider which message is conveyed. Special attention was given to a figure of “concentric circles” which illustrates the scale of climate finance flows, starting with climate funds of the Convention going upward to all global climate finance flows. The consultant preparing the BA pointed to the increasing level of uncertainty and lack of available data when adding more “layers”, i.e. including more flows. On the inclusion of flows from MDBs, one member alluded to the fact that these flows are not necessarily public flows. One observer cautioned to include “climate-relevant ODA” in the figure, as this could trigger political discussions.

The facilitators of the breakout group will incorporate the received comments and suggestions by fellow SCF members and will revise the considered chapters, requesting additional comments by the end of June.

In the breakout group dealing with the **Fifth Review of the Financial Mechanism**, the discussion centred around the content of 'Draft Technical Paper on the Review of the Financial Mechanism'. There was an interest by participants to engage in more in-depth and focused discussions on the draft technical paper. However, they agreed that given the time constraint, members and observers would now focus on the structure of the documents and should assess, whether all points included ToR adopted by the COP last year, are reflected in the document.

Later on it was decided that SCF members are requested to send in their comments on the draft paper after this meeting.

Following a short break, the meeting resumed with two parallel working groups on Financing for Forests and the Guidance to the Operating Entities (OEs) of the FM.

The breakout group dealing with **Finance for Forests** discussed the need to constitute a working group. Members highlighted that the background document prepared for the meeting needed further improvement and also needs to consider more sources and equal presentation of Parties' position. Members discussed further how to report to the COP, with one member asking for the possibility to request further guidance from the COP.

The facilitator summarized consensus of the group to report to the COP the progress in fulfilling the mandate on financing for forests, first and foremost the dedication of the 2015 forum to REDD finance, which leaves the possibility to receive further guidance into the work of the SCF. The facilitator also requested the secretariat to gather which SCF members will be part of the working group, modalities for engaging observers and the timeline for future activities including an intersessional gathering before the 8th SCF meeting.

The breakout group on the **Guidance to the OEs of the FM** considered the revised document, which aims to improve the guidance provided each year to the OEs. The discussion centred on four issues: updating existing guidance; providing performance-based guidance; the timing of guidance; and the complementarity between the OEs of the FM.

On the first issue, members agreed to update existing guidance by identifying redundancies and incoherences, subsequently deriving "core guidance" that could stand out and be complemented by additional guidance if needed. On the topic of performance-based guidance, members were generally favourable towards the idea, however, it was not clear how this could be implemented in the future, i.e. which indicators would be chosen. On the timing of guidance, some members deliberated on the options of providing guidance to the OEs every year (as is done now) or with a rather lesser frequency, e.g. coinciding with the quadrennial "Overall Performance Study" in case of the GEF. As there was no agreement among SCF members, the decision was deferred to a later point in time. Finally, members agreed that in-depth discussions on the complementarity of the OEs (GEF and GCF) would be conducted, once the GCF is fully operating and provides more clarity on its operational modalities.

In the afternoon, the plenary resumed discussing the following two issues:

On **linkages between the SCF with the Subsidiary Body for Implementation (SBI) and the thematic bodies of the Convention**, the co-chairs reported on the ongoing exchanges the SCF had been having with the different committees and bodies. Noteworthy is the informal meeting that the co-chairs of the SCF have had with the Technology Executive Committee and the Adaptation Committee, during which an interesting idea came up: to organise a joint meeting with other bodies and committees under the convention and the OEs of the FM, in order to discuss on the best way to provide guidance.

Last but not the least the plenary also considered the issues of **MRV of support beyond the Biennial Assessment**. Although it is clear that the work of the SCF this year focusses on the BA, at its last meeting the SCF agreed that it will continue to elaborate its strategy and work plan for the work on MRV of support beyond the BA and noted that a stocktaking exercise of other MRV systems would be helpful.

The discussion started with an update by the co-facilitators of the BA, who informed the members on a set of decisions taken at the last Subsidiary Bodies meeting in Bonn, such as a draft conclusion

under SBSTA on methodologies for reporting financial information by Annex I Parties. The co-chair highlighted that it is still not clear what will be the SBSTA outcome on the methodologies in Lima. He also informed participants that the SBI has been revising the reporting guidelines for the preparation of the national communications (NCs) as well on financial and technical support for the Biennial Update Report and NCs.

In the discussion it was stressed that the SCF has been so far, through its BA, identifying gaps in the climate finance, but had not yet worked on developing methodologies of MRV of climate finance flows. Hence, should the COP in Lima decide that the SCF should take up further work MRV of support, the SCF would engage on this next year.

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