20th Meeting of the Standing Committee on Finance
Bonn, Germany, March 21-22, 2019
Day 1
Notes submitted by:
Archer H. Christian, Vermont Law School Observer delegation [attending remotely]

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For access to all meeting documents, please visit SCF20 webpage: (https://unfccc.int/process-and-meetings/bodies/constituted-bodies/standing-committee-on-finance-scf/standing-committee-on-finance-meetings-and-documents#eq-20)

Breakout on Agenda Item 4(B): Preparatory work on the first report on the determination of the needs of developing countries related to the implementation of the Convention and the PA.
Background paper: https://unfccc.int/sites/default/files/resource/BP5_SCF20_Needs.pdf
Co-facilitators: Zaheer Fakir (South Africa; Non=Annex I / Africa); Mattias Frumerie (Sweden; Annex I)

COP24 set out a broad assignment for the SCF in decision 4/CP.24 - Report of the SCF

> 13. Requests the Standing Committee on Finance 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, for consideration by the Conference of Parties, starting at its twenty-sixth session (November 2020), and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, starting at its third session (November 2020);
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> 14. Also requests the Standing Committee on Finance, in preparing the report referred to in paragraph 13 above, to collaborate, as appropriate, with the operating entities of the Financial Mechanism, the subsidiary and constituted bodies, multilateral and bilateral channels, and observer organizations;

Background paper provided to prepare members to address this matter included an annex titled, "Preliminary and non-exhaustive list of sources of information, types of needs, coverage, purpose and methodologies used in producing information climate-related needs of developing countries." The annex is a response in part to the COP23 decision requesting that the secretariat (in collaboration with all appropriate supporting channels and bodies) "explore ways and means to assist developing country Parties in assessing their needs and priorities, in a country-driven manner, including technological and capacity-building needs, and in translating climate finance needs into action." It covers both UNFCCC reports from countries and global and regional-level reports and studies by source, type of need addressed, organization, purpose of the report, and methodology.

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Co-facilitator Frumerie opened the discussion, noting that the issue of needs is nothing new, since it is in the Convention, and that the UNFCCC has not really grappled with it; thus, making this an historic moment.

Members were asked to consider objective, scope and format, but without seeking details at this time. A robust discussion followed.

Compilation of comments on these topics:

- Overall: There is a lot of information out there (referring to the Annex, which is just a start), but there are gaps in all of them. Let's capture the findings, but not ignore the differences in methodological approaches.
- Scope:
    - Make this a broad report - not limited to certain sectors, include cross-cutting information; yet, at the same time, make it narrow = focused on developing countries, with consideration of LDCs, SIDs, ..
    - Approach might best build on existing data and reports, such as the BA
    - Be focused on end users (identify these)
    - Also, be focused on process: How does a country identify and prioritize needs, arrive at those that are most cost effective, and ultimately go on to finance those needs?
    - Top down approach and macro-econ + bottom up, what countries have done
    - Also, both backward and forward-looking components, as part of the top down and bottom up look at needs. (Bulk of value lies in forward-looking component.)
    - Address methodological considerations and challenges. (With regard to the resources identified in the report-> in order to draw conclusions, must set out the different assumptions (policy, technology costs, etc.), methodological approaches, their interdependencies and uncertainties, and how they impact the outcome.)
    - U.S.- As currently framed, we are missing other side of coin= needs for what? Critically imp in scoping out this paper that we also maintain some role and include some info on exactly what the needs are related to: emissions reductions or increase in resilience.
    - Also go beyond financial needs:
        - Look at technology development, capacity bldg., plus policy and regulatory needs, without providing normative guidance. Countries must determine their own policy needs.
        - Include consideration of what it takes to mainstream climate change measures in the development plans of countries
        - What are the needs associated with climate friendly infrastructure investment? (think in context of broader needs for infrastructure and development)
    - In the broader picture of top-down (mapping global needs vis a vis the Convention and PA), consider how countries will take ownership (points to addressing role of enabling environments) in determination of their policy needs
        - E.g., what are the global needs for de-carbonization policies and what countries are pursuing/interested in these?
- Objectives:
    - Several members advocated that the report be as useful as possible
        - One member suggested that this includes addressing the challenges of investment finance.

        - Another advocated that cross-cutting
    - Equip developing countries to better conduct needs determination by evaluating and making existing methodologies understandable
        - Important to also consider methodologies around incremental costs - what is the climate-proofing portion of any investment?
    - The mandate is clear that it be in context of implementing the Convention and the PA
    - U.S. - Those offered in the background document are broadly OK, but not entirely agreeable to all of them at this point
    - A key question was whether the report should take the global-level or the developing country-level perspective - both can focus on implementation of the Convention and the PA.
- Outputs/Structure/Format:
    - Will flow naturally from Scope and Objectives
    - BA structure offers applicable model
    - Need a deep dive into key uncertainties and variants on methodologies --> Perhaps a cross cutting section - What we do know; what we don't; and what are the key …
- Also need to discuss the process for this report: Milestones and their timing, in order to develop the intersessional workplan; involving all stakeholders
- Submissions important on all these elements.
    - Might it make sense to do that as part of call for the BA?

Specific comments of note:

Paul Herbert Oquist Kelley (Nicaragua; Non-Annex I/GRULAC)

Possible methodological strategy = baseline to goal line. E.g., IPCC 1.5 goal line= sustainable zero-emission society by 2050. How could that factor into this methodologically? → Use big wholesale items to start to build the case, to see how we go along the road from baseline to goal line and what we need to reach the goal:

- Energy sector: 20-30 yr plans in the elect sector are common, but not in other sectors. It's also well documented how many MW of non-renewal energy are in the operating capacity of all countries. Then look at pro-rated costs across the whole field. Will get meaningful estimate of MW of solar, wind, biomass, geothermal, and then can figure out what the need is across the board to reach the goal of zero-emissions in elect sector.
- Reforestation: We have bond challenge and Latin America initiative, both linked to 2030. There we would have the amount of hectares of reforestation of degraded land that is necessary to absorb and the cost of that.
- EE- a big ticket item in terms of savings. Good data now.

2 Observers (present as the meeting; not identified)-

- Look at interactions of broad sector shifts and the policy shifts needed.
- Countries that are already taking de-carboniza policies, what are global needs for these technologies. What countries are interested in these technologies. Having that info helps make the report something that can be useful.

- Involve developing country research institutions, e.g. LDC research consortium
- Don't bias solely toward physical infrastructure investment. Adaptation requires financing and faces a lot of governance-related needs.

Member (flag not visible)-

Additionality is a difficult issue because current infrastructure does not fit to current climate conditions. Countries would not undertaking rebuilding of roads as soon as is now necessary. Without climate change, roads would continue to be useable for years. This makes the entire road an additionallity. This is very complex and applies to many aspects of the climate change challenge: food security, water security.

Remote Observer: Tara Daniel, Women & Gender Constituency (comment affirmed by Zerihum Getu Mekuria (Ethiopia; Non=Annex I/LDCs)

Proposed a wider scope = include consideration of L&D needs. It is not addressed in the background paper or in this discussion. Yet, because it is embedded in many NDCs, it is a recognized need, and addressing it in the report would be "incredibly useful" to developing countries. L&D is in the PA, and has been in the work of the Convention for yrs. The report would be incomplete without L&D needs addressed.

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The subsequent discussion became somewhat emotional with various members seeming to zero in on their top priorities among the objectives listed in the background paper, as well as consideration of domestic policy needs in the report, with differing positions on whether/how those might be included. Several members noted that countries can determine their own policy needs after they determine their needs related to implementation of the Convention and the PA. Another clarified that policy approaches should be able to be included, as long as there is transparency about their different assumptions and methodologies. Others objected to including policy considerations at all, stating that policy is a domestic issue. It was acknowledged that the report could have political implications, but that the process need not be politicized, particularly by avoiding developing top-down normative guidance for developing countries.

The questions about policy needs also intersected with that of global vs country-level perspectives for the report:

- The intent of the decision seems clearly focused on facilitating countries' to determine their needs, the results of which translate, in aggregate, into the larger perspective of what is needed for the achievement of the objective of the Convention and the PA. (For instance, providing something to the GST is not really the objective.)
- The 1.5C goal is a global goal, and the needs for achieving it go beyond the needs that developing countries have related to implementing the Convention and the PA.
- The question of needs must be taken globally and at the country-level and is best considered through a stochastic model, given our mandate of a report every 4 years. Must look at both the supply and demand sides. There is an evolving relationship. Policy weighs

heavily in what governments determine their needs are (supply), as well as in the Convention and the PA. The complexities of the demand side play into the supply side. E.g., the accelerating levels of CH4 emissions will require more drastic action on the supply side.

Co-facilitator Fakir summarized the discussion so far. He also affirmed that the SCF was tasked with this job because the report will, of course, have a strong finance component; the SCF, as a representative body, is considered relatively independent; and, the SCF has demonstrated capacity to produce high-quality products with value.

SESSION CLOSES

The breakout adjourned until the following day, with many members agreeing that not all the issues need to be resolved in this meeting of the SCF, and that a timeline will serve to provide space and time for all views in order to come to a common foundation.