20th Meeting of the Standing Committee on Finance
Bonn, Germany, March 21-22, 2019
Day 2 - Resumed 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.

Notes submitted by:
Archer H. Christian, Vermont Law School Observer delegation [attending remotely]

Note: Links may not work directly. Copy and paste should work.
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)

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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)

Two documents, prepared by the co-facilitators with the secretariat's support, were presented in slide form. *(To my knowledge, these were not shared electronically with remote participants.)*

1. A proposed activities/deliverables and indicative timeline chart that included a call for submissions, development of a workplan (with outreach plan), creation of an outline, an update side event at SB50, a possible workshop in Manila in July, and a Technical paper/Information Note in Aug/Sept. The secretariat described what would be involved in developing the technical paper:
    - Synthesize all the inputs generated from the call for evidence and views from SCF and Observer organizations
    - Expand the desk research
    - Consider all the research questions identified here and intersessionally
    - Altogether, these will serve in the development of the whole narrative that informs the initial input into the report itself.

2. *Preliminary Views* created from yesterday's breakout: These covered overall approach and context, items for continued discussion, content of the report, and more (not all of the information was visible during the session).

Members responded to these and carried the discussion further. Co-facilitator Frumerie facilitated almost all of the discussion.

Scope

- There was support for following the BA approach in organization and process, although it was also noted by some that the BA is not useful for looking at needs.

- There were differing opinions on scope of the report, in particular, related to Art. 2.1 of the PA, given that COP24 directed the SCF to "map the available information relevant to Art. 2.1(c)"[1] within the BA every 4 years going forward. (The COP specified that the *Needs* report would be produced beginning in 2020, but did not specify a beginning year for the new mapping component for the BA, though the 2018 BA had included an initial consideration of it.)
    - One member noted that if the report focuses exclusively on the 1.5 deg C goal, then it would leave out adaptation needs.
- Other comments: The scope of GEF5 replenishment report, including its addressing of technology transfers and capacity-building, can inform this needs report; The technical paper the secretariat lists in the timeline should be called a background note instead.

Content

- Whether to consider methodologies (processes for determining developing countries' needs), quantification, or policies, or all of these? There was quite a bit of push/pull on this (*see points of contention notes below*)
    - Stick with process (U.S.) - Countries need methodological approaches to do this work on their own.
    - What quantification is possible?
    - Don't be afraid of arriving at numbers- we have a sound basis in the BA process for expressing the uncertainties in numbers (Bolivia)
    - Include policy - governments have policy reform needs (to build enabling environments necessary to utilize climate finance)
    - Include capacity building and technology transfer
- In general, we should let the data sources and methodologies show us what is feasible to communicate. Be careful not to prejudge the results (Bolivia)
- Include both top-down and bottom-up methodologies and approaches
    - If the methodologies of existing reports allow any to be aggregated, then do that; if not, note that. Just as with the BA.
- Report must also be backward-looking (U.S.)- -looking at starting points for developing countries and what they are aiming to achieve
- On Content - Members emphasized that this is still the exploration phase, and that discussion should not be limited. Additionally, it was noted that:
    - The list of items captured from yesterday on possible content of the report is methodological-heavy. It must also include data (Egypt)

      (Day 1 Possible content list = Overview and analysis of available info; Methodologies for the determination of needs, underlying assumptions and the processes of determining needs; Best practices; Identifying gaps; Trends).
    - Needs related to L&D must be included (Bolivia); countered by the U.S.
    - Donor needs should be considered, too- they need to know where to invest
- As in our experience with the BA, on climate finance= when there is no agreement in the sources, we map the range (U.S.)

[1] https://unfccc.int/sites/default/files/resource/cp24_auv_10b.pdf

- On Sources, members suggested that there are many more beyond the current list (provided in the background paper Annex), that the Biennial Update Reports from developing countries can be a primary source, and that the work of external actors should be included, including other countries assisting in needs assessment.
- We have only 2 (rather than 4) years, this first time around. Might we approach this as an inaugural report, and thus not attempt to address every element? Or, do we seek to make it a foundational document, with the elements expected to evolve through each iteration?

Paul Oquist Kelley (Nicaragua; Non-Annex I/GRULAC): Suggested the co-facilitators connect with the UN Deputy Secretary General and his advisors (in particular, a Univ of MD professor) on the stochastic model being developed to inform the September High Level Summit. This would ensure that our work is relevant and useful. … Yes, lots of work being undertaken in academia, financial institutions and banks. But only one is being undertaken for the summit. "Very useful to find out what higher pay grades are thinking and doing before we move into something."

2 Points of contention

Two challenging issues arose during the discussion, prompted by the *Preliminary Views* document/slides compiled from yesterday's work. Both seemed linked to the long-standing distrust between developing and developed country Parties regarding the provision (or absence thereof) of promised climate finance and the effort (or absence thereof) to develop enabling environments.

***Point 1*:** The contention by some members that there were backroom deals made regarding the content of this report in Katowice (centering on relationship and content of the BA on Art. 2.1(c) and this Needs report).

Mohamed Nasr of Egypt (non-Annex 1; Africa) responded with frustration to the seeming push to stick with methodologies or methodologies and policies. He stated that he is very clear that the content/approach for the BA on Art. 2.1(c) and for the *Needs* report is intended to be very similar, that neither should be limited to methodologies, and that quantification is essential. The BA did not contain quantification on 2.1c in 2018. If there will be no quantification in the BA, then everything about quantification should go into the *Needs* report.

Pieter Terpstra of The Netherlands (Annex I) suggested that Mohammed must know of a deal in Katowice others are unaware of. He stated that the reports and studies from which information for the report will be derived include methodologies as well as quantification, and that this report must be useful for Parties that want to do needs determination, as well as for donors who need to know where to invest. He also shared that the BA did not include quantification on 2.1(c) because it was not available.

Pieter's comment about a possible unknown deal sparked sharp comments. Some members expressed suspicion that unknown deals had been made. Others voiced concern that there could be misunderstandings here. There were also appeals to the group to move on/not

prejudge/not get stuck at this discussion stage. One member noted that a flare-up like this can be expected when those around the table are not just members of the SCF, but also negotiators, who might naturally come with a ready guardedness. Another noted that this is a sensitive area of discussion.

In the end, co-facilitator Frumerie acknowledged that he had spoken misleadingly in agreeing that there were deals at the COP that not all were involved in. However, Co-facilitator, Zaheer Fakir of SA (non-Annex I; Africa) acknowledged working in a Katowice side meeting, but affirmed there was no hidden deal, simply a recognition that there are elements important to all parties, in particular, the needs not delivered on in 26 years (referring back to the Convention's Art. 11, para 3.d.). He noted a shared understanding that something needed to be done in addition to the directive of Art. 2.1(c), and that all Parties are cognizant of the urgency regarding both. He also expressed that it was agreed in Katowice that the important thing is balance. "When we tasked the SCF, it was that we believed the SCF would provide the necessary platform to go forward in a balanced way" [on both of these tasks]. He closed with an expression of confidence that all members can work together.

Others acknowledged that there are always deals made, but that these are ultimately not in the dark, and that, in the end, no one signs on unless they agree to the final outcome. The approach of including all the information available, whether it is methodological or numerical/data focused or both was positively received, as was the idea that the questions on scope and content at hand are actually more technical than political.

Point 2: The position that underlying policy questions, especially related to "good governance" and meeting the SDGs need to be considered here.

A number of members pushed the idea that policy issues constitute an undercutting theme and are linked to the methodological approaches and backward looking aspects other colleagues were suggesting. This seemed bolstered by the fact that the text of the directive gives the SCF quite a broad mandate.

Ismo Ulvila (EU; Annex I) suggested that there is an even larger context to consider; that there are "other important sources of information and parameters that have influence on how we are planning the climate work in any developing country." In his mind, it is not possible to have "a full understanding of the needs of the developing countries in implementing the Convention and the PA unless we look at the underpinning assumptions of good governance and how that is linked to a wider development agenda." Several developing country members reacted negatively to this comment.

Mohammed (Egypt) cautioned against bringing this concept to the table, when we want this group to function as one. Emphasizing that this report will be an important product of the SCF, he warned that there were many other things that could be brought to the table, as well, including unfulfilled pledges [of developed country Parties].

Ultimately, it was agreed that it is not necessary to reach consensus on all aspects of this report at this time. Members agreed that this remains a discussion framework and the co-facilitators could take it from this point. The co-facilitators affirmed that another background note will be provided in September with a proposed outline for the report (initially following that of the BA) and an augmented Annex. The timeline will be proposed to the full SCF after this breakout.

See Breakout Report Back and Wrap Up Notes for final iteration of next steps and activities