Standing Committee on Finance 23 (SCF23)

Meeting notes of SCF23

December 16-17, 2020

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Key Takeaways

- SCF23 showed improved transparency: granted secure access to draft materials for agenda items on the Biennial Assessment (BA) and Needs Development Report (NDR), so that participating observers could adequately understand and comment on these drafts.
- SCF23 showed improved observer engagement: time was dedicated early in these agenda items for observer comments, notably separate from SCF member (Party) comments. While this process was only announced the day before and so most observers were surprised by it and could not adequately prepare interventions, it provides a good first step.
- SCF23 largely agreed on the drafts prepared by consultants of the BA (agenda item 3) and NDR (agenda item 4), offering comments for important but small improvements. Overall organization of both reports largely accepted. (See specifics below.)
- SCF23 could not agree on the process for providing guidance to the Financial Mechanism entities (agenda item 6). (See specifics below.)

Overview

Given the pandemic, SCF23 was again held as a virtual meeting with Co-Chairs Mr. Ismo Ulvila (European Union) and Mr. Ayman Shasly (Saudi Arabia) directing discussions on agenda items of mandated work for 2020 and 2021. The Annotated Agenda may be found here and a webcast of the meeting may be found here.

Agenda item 3: Fourth Biennial Assessment and Overview of Climate Finance Flows

Discussions on the status of the Fourth Biennial Assessment and Overview of Climate Finance Flows (BA4), facilitated by Ms. Vicky Noens (Belgium), centered on the second-order draft with the consultants (Mr. Padraig Oliver, Ms. Chavi Meattle, Ms. Charlene Watson, Ms. Chantal Naidoo) highlighting progress made following SCF22. Having ended on 30 October 2020, the call for evidence received twenty-nine

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submissions from both Parties and non-Party stakeholders, with three informal webinars also held over October and November to elicit feedback.

Marking an important response to previous queries raised at SCF22, observers were provided digital access to the draft version of the BA, albeit time-limited and received twenty-four hours prior to the meeting. While these practical factors hindered the value of contributions, nonetheless this does mark an effort at increased transparency. Following presentations by the consultants on the second-order draft, stakeholders were invited to give feedback. A question was raised relating to the representation of gender in relation to both approaches adopted in prior reports, and through integration as a component of vulnerable groups potentially leading to false conclusions relating to vulnerability, in relation to other identified groups level of vulnerability. A second area of discussion focused on if Article 2.1(c) – "Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development" – should be reflected across the report more broadly, in addition to a new, dedicated chapter that marks a change from BA3. Additional comments highlighted contention around the scope and intention of the term "finance flows" in Article 2.1(c) which impacts application in the report. Issues around double counting of climate finance were also stressed, with the example of the Global Environment Facility (GEF) biennial report provided, whereby some Parties only report climate-specific funding, while others report their total contributions. Integration of recent publications on climate finance was recommended, including the Organisation for Economic Co-operation and Development (OECD) report Climate Finance Provided and Mobilised by Developed Countries in 2013-18.[2]

Responding to the comments, the consultants emphasised that the chapter on Article 2.1(c) was formulated broadly due to interlinkages with other topics and acting as a thematic link across the report. Regarding discussions on gender and vulnerable groups, increased attention to organizational approaches was stressed, with the increased emphasis on gender grounded in the adoption of the Gender Action Plan at COP25. Work will continue on the BA with a third-order draft to be shared prior to SCF24.

Agenda item 4: First report on the determination of the needs of developing country Parties

Facilitated by Mr. Zaheer Fakir (South Africa) and Mr. Mattias Frumerie (Sweden), the discussion on the second-order draft of the report on the needs of developing country Parties (NDR) highlighted the call for evidence ended 30 October 2020 with a total of thirty-four submissions from both Parties and non-Party stakeholders provided. Informal outreach webinars were also held in September and October 202 to gain additional feedback.

The consultants (Ms. Aidy Halimanjaya, Mr. George Mwaniki, Ms. Sandra Guzmán) provided an overview of the chapters of the NDR, with the report focusing on the needs of Parties as communication – both qualitative and quantitative –and the methodologies utilized for assessment. Issues raised by Parties and non-Party stakeholders include: (i) the presentation of loss and damage in the report, a critical issue relating to needs in some jurisdictions, and how this is presented in the report. Opposing views were shared stressing that loss and damage was not covered by the UNFCCC or the Paris Agreement in the

[2] OECD, Climate Finance Provided and Mobilised by Developed Countries in 2013-18 (OECD, 2020), online: www.oecd.org/environment/climate-finance-provided-and-mobilised-by-developed-countries-in-2013-18-f0773d55-en.htm.

same manner as adaptation and mitigation, and thus not appropriate to include within the scope of the report; (ii) the described scope and objectives was noted to be misaligned with the mandate agreed by the Committee and should be brought into alignment; (iii) a cautious approach was recommended regarding the content of the NDR as the set of needs and methods employed remain diverse, with the potential impacts of COVID-19 suggested for inclusion; (iv) it was stressed issues related to "gender" and "vulnerable groups" should not be conflated; and (v) questions were raised regarding if a debt sustainability assessment had been done, and if economic and non-economic data were given differential weighting. Similar to the BA, non-Party stakeholders stressed the limited time provided to review the draft report prior to the meeting made it difficult to provide substantive feedback.

Taking note of the comments provided, the consultants emphasized that their analysis was based on the submissions provided and presented in a structured manner rather than informed by an independent debt sustainability assessment. Further, the methodology utilized does not take debt into account, expressed a willingness to have recommendations on how to improve aspects in further cycles. A third-order draft will be developed and provided in a more timely manner prior to SCF24.

Agenda item 5: Forum on Finance for Nature-based Solutions

Following agreement at SCF21 on the theme of the Forum being "Finance for Nature-Based Solutions," and discussions at SCF22 around the draft program, the co-facilitators Ms. Fiona Gilbert (Australia) and Mr. Mohamed Nasr (Egypt) revised the draft during the intersessional period to integrate comments received through written submissions provided and virtual consultations undertaken.

Consultations held in November raised key issues on definitions of Nature-based Solutions (NBS), how to link NBS with other high potential solutions such as market approaches, and how to make the Forum meaningful for both Parties and non-Party stakeholders, with views express during the consultation informing development of the draft program. Submissions will be compiled and provided as a synthesis report as an input to the Forum. Comments noted the need to include evolving thematic aspects including providing time for innovative financing options, modalities for integration of private sector in the broader finance landscape, and to discuss divergent definitions of NBS, with caution offered to ensure the Forum does not devolve into a definitional debate on the appropriate formulation of NBS.

Others stressed the importance of identifying synergies with other events in 2021 and exploring joint organization. An invitation to host the Forum was again extended by the Government of Bahrain in conjunction with a planned event on energy and climate, with the Committee indicating a final date for the Forum to be expected by May 2021 and a Forum report completed before COP26. The planning of the Forum remains envisioned as an in-person event, subject to COVID-19 travel restrictions. A draft program and synthesis report of submissions is expected prior to SCF24.

Agenda item 6: Draft guidance to the Operating Entities of the Financial Mechanism

Recalling discussions at SCF23, co-facilitators of this item, Mr. Toru Sugio (Japan) and Ms. Diann Black Layne (Antigua and Barbuda) provided a proposed timeline for development and delivery of guidance to the operating entities prior to COP26, and stressed the approach to be adopted must be agreed at

SCF24. Two timeline options were outlined with the Parties unable to agree if there should be two separate calls for submissions or a single call for guidance to cover both years. Options were put forward to prepare an outline of the guidance document which Parties and Constituted Bodies may provide inputs, or a draft text for review by SCF25. Concerns around ensuring deadlines were respected, and the aim to avoid redundancies in the draft guidance were expressed. Divergence remained on the approach to be adopted, with the co-facilitators inviting written submission by the Parties and expressing the goal of agreement on a way forward at SCF24. As next steps the co-facilitators agreed to prepare a report summarizing the two options for consideration by the Committee.

SCF Focal Points

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)

Additional Matters

Agenda item 7: The report of the SCF to the COP and CMA was briefly discussed with the report to be developed during the intersessional period by the Secretariat and taking into account discussions resulting from SCF23. A draft version of the report is aimed to be published by January 2021.

Preparations for SCF24 will be undertaken by the Co-chairs, taking into account limitations placed by COVID-19, and impacts on the format (in-person versus virtual).