

Twelfth meeting of the Standing Committee on Finance Bonn, Germany, 6–7 April 2016

Report

Attendance

Ms. Diann Black-Layne
Ms. Purdie Bowden
Mr. Georg Børsting
Mr. Jozef Buys
Mr. Randy Caruso
Ms. Kate Downen
Ms. Outi Honkatukia (Co-Chair)
Mr. Yorio Ito
Ms. Edith Kateme-Kasajja
Mr. Stephan Kellenberger
Mr. Hussein Alfa (Seyni) Nafo (Co-Chair)
Mr. Paul Herbert Oquist Kelley
Mr. Mark Storey
Mr. Ismo Ulvila

Virtual participation

Mr. Richard Sherman
Mr. Kyekyeku Yaw Oppong-Boadi

Absent with apologies

Mr. Ayman Shasly

1. Opening of the meeting

1. The twelfth meeting of the Standing Committee on Finance (SCF) was opened at 9:45 a.m. on Wednesday, 6 April 2016. Mr. Seyni Nafo thanked the members of the SCF who had resigned from the SCF, Mr. Stefan Agne, Ms. Sarah Conway, Mr. Roger Dungan, Mr. Raymond Landveld, Ms. Rajasree Ray, and Ms. Suzanty Sitorus and welcomed the new members of the SCF, Ms. Purdie Bowden, Mr. Randy Caruso, Mr. Ismo Ulvila, also making reference to the pending nominations to the SCF.

2. Election of officers

2. The SCF re-elected Ms. Outi Honkatukia and Mr. Seyni Nafo as Co-Chairs of the SCF for 2016.

3. Organizational matters

(a) Adoption of the agenda

3. The SCF adopted the agenda contained in document SCF/2016/12/1 as proposed.

(b) Organization of the work of the meeting

4. The SCF took note of the proposed tentative schedule as well as the order of work for the meeting, as outlined in the annex to document SCF/2016/12/2. The SCF also agreed to the proposed priority areas of work that were presented to members by the co-chairs.

(c) Consideration of the background paper on the organization of SCF work in 2016

5. The SCF agreed on the proposed distribution of work across the three meetings of the SCF in 2016, as contained in annex I of document SCF/2016/12/9. Furthermore, co-facilitators were nominated for



each of the working groups on the activities of the SCF in 2016 and members signed up for the respective working groups.

4. Consideration of the long-term finance issues referred to in decision 3/CP.19, paragraph 12

Proceedings

6. The SCF took note of document SCF/2016/12/3 and the agenda item was discussed in two plenary sessions. Upon co-chairs' invitation, the secretariat presented the SCF with an overview of the ongoing preparations for the in-session workshop on long-term climate finance, which is tentatively scheduled to take place on 18 May 2016. The co-chairs also invited Ms. Sarah Conway, a co-facilitator of the workshop, who was present at the meeting, to share her views on the preparation of the workshop. Mr. Richard Sherman, who joined the plenary discussion remotely, provided a written input which was shared with the SCF members. The outcomes of the discussions were presented to the SCF for its consideration.¹

Outcomes

7. The SCF agreed that Mr. Randy Caruso, Mr. Paul Oquist and Mr. Richard Sherman will lead the preparation of inputs to the in-session workshop on long-term climate finance in 2016. The SCF agreed to prepare the inputs inter-sessionally, once the draft programme is published on the UNFCCC website.²

Next steps

8. The co-facilitators will lead the preparation of inputs to the in-session workshop and share the prepared inputs with the SCF by Monday 2 May 2016 on a no-objection basis (the timeline of inputs and activities prior to SCF 13 is contained in annex II).

5. Coherence and coordination: financing for forests, taking into account different policy approaches

Proceedings

9. The SCF took note of document SCF/2016/12/4. The agenda item was discussed in two plenary sessions. The outcomes of the discussions were presented to the SCF for its consideration.³

Outcomes

10. The SCF agreed to focus mainly on outreach activities in 2016, including the planned side event during SB 44, based on the outcomes of the successful third SCF forum held in 2015 on forest finance.

11. SCF members exchanged views on the theme of the side event. One member suggested presenting the outcomes of the 2015 SCF forum on forest finance at the side event while another member proposed discussing payments for results-based actions.⁴ In this regard, an observer proposed looking into the provision of results-based payments from bilateral sources as bilateral finance constitutes a large share of forest finance.

12. A brief intervention was made by a representative of the Green Climate Fund (GCF) secretariat who indicated that the GCF secretariat is willing to contribute to the work of the SCF on forest finance.

13. Mr. Paul Oquist and Mr. Georg Børsting were nominated to coordinate the work on the topic of coherence and coordination of forest finance in 2016.

Next steps

14. Further work on finalizing the programme and the organizational preparation of the side event, which is scheduled to be held on the 23 May 2016 on the sidelines of SB 44, will be undertaken inter-sessionally. The programme will be shared for information with the SCF. The members of the SCF are invited to contribute to the organization of the event and to actively participate in it. The SCF agreed to

¹ Available at: < <http://unfccc.int/6881.php>>.

² The programme will be published at: <<http://unfccc.int/6814>>.

³ Available at: < <http://unfccc.int/6881.php>>.

⁴ As referred to in decision 1/CP.16, paragraph 73.

consider the outcomes of the side event at its next meeting (the timeline of inputs and activities prior to SCF 13 is contained in annex II).

6. 2016 Forum of the Standing Committee on Finance

Proceedings

15. The SCF took note of document SCF/2016/12/5. The agenda item was introduced and discussed further in two breakout group sessions. Mr. Gottfried von Gemmingen, member of the Executive Committee of the Warsaw International Mechanism for Loss and Damage (Executive Committee), provided an input to the SCF⁵ and participated in the discussions. The outcomes of the breakout group discussions were presented to the SCF for its consideration.⁶

Outcomes

16. Participants shared their views on the draft objectives of the forum as outlined in the draft concept note prepared by the co-facilitators. There was an overall acceptance of the draft objectives with some comments expressed by the participants. There was also a general understanding that definitional issues should be avoided and that the forum should focus on the mandate from the Executive Committee. Some participants also expressed their views on the need to frame the discussions at the forum around understanding the risks of loss and damage, particularly in the context of comprehensive risk management approaches.

17. The co-facilitators took into account the views expressed in the breakout groups and prepared revised objectives, which were adopted by the SCF. The objectives of the 2016 forum are included in annex I.

18. Several views were expressed on the different options for the forum venue identified by the co-facilitators in terms of administrative arrangements, thematic focus of partner institution, and target audience. The Committee requested additional information in order to make a decision. The Committee agreed to decide inter-sessionally on the forum venue by 30 April 2016.

Next steps

19. The co-facilitators, in coordination with the co-chairs and with the support of the secretariat, will further explore and assess the options for a forum venue, taking into account the views expressed during the meeting, as well as the necessary additional information. They will prepare a recommendation on the most suitable option for the forum venue for consideration by the SCF, with the view of making a final decision on this matter by 30 April 2016.

20. The co-facilitator and the working group, with the support of the secretariat, will work on a draft programme of the forum by 30 April 2016, taking into consideration views expressed during the meeting, for consideration by the SCF.

21. Once the decision is made on the forum venue, the co-facilitators and the secretariat will expedite the organization of the forum (the timeline of inputs and activities prior to SCF 13 is contained in annex II).

7. 2016 biennial assessment and overview of climate finance flows

Proceedings

22. The SCF took note of document SCF/2016/12/6. It considered a zero order draft of the 2016 biennial assessment and overview of climate finance flows (BA) which was distributed to participants of SCF 12 as a draft room paper. The co-facilitators of the working group prepared a note to facilitate the provision of further guidance.⁷ This agenda item was introduced in the plenary session and further discussed in two breakout group sessions. The outcomes of the discussions were presented to the SCF for its consideration.⁸

⁵ Available at:

<http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/scf_12_6_april_1000hrs.pdf>

⁶ Available at: <<http://unfccc.int/6881.php>>.

⁷ Available at <http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/ba_co-facilitators_note_4_april.pdf>

⁸ Available at: <<http://unfccc.int/6881.php>>.

Outcomes

23. The SCF underscored the importance of the 2016 BA in informing the deliberations of Parties at the biennial high-level ministerial dialogue on climate finance to be held in conjunction with the twenty-second session of the Conference of the Parties (COP).

24. The SCF took note of reference to the BA as a source of information for the development of the modalities, procedures, and guidelines referred to in paragraph 94 of decision 1/CP.21. Additionally, several members of the SCF underlined the relevance of the BAs with regard to Article 2, paragraph 1 (c) of the Paris Agreement and as a potential source of information for the global stock take under the Paris Agreement.⁹

25. With regard to the further guidance for the preparation of the first order draft, the SCF noted the need:

(a) To improve the draft structure of the technical report, to be reflected in the first order draft, including giving consideration to the organization of data by types of finance flows, and where available, presentation of tabular data on sectoral and geographic distribution in the overview chapter;

(b) To consider using additional graphics and infographics in order to bring out the key messages and to enhance readability of the report;

(c) To present the variations in the methodological approaches used for data collection and aggregation and how the estimates for the different types of flows presented in the draft were derived;

(d) To explain recent trends in data and the reasons behind these trends;

(e) To explain how the recipient country perspective is addressed in the next iteration of the draft;

(f) To include information and data relevant to Article 2, paragraph 1(c) in the overview and assessment chapters.

23. The members of the SCF provided initial views on the structure, flow and scope of the summary and recommendations and requested the co-facilitators, with the support of the secretariat, to prepare a draft outline for consideration by the SCF at its thirteenth meeting.

Next steps

26. SCF members are invited to send written comments on the scope and structure of the zero order draft to the co-facilitators and the secretariat by 22 April 2016.

27. The co-facilitators, with the support of the secretariat, will prepare a draft outline of the *summary and recommendations* inter-sessionally (the timeline of inputs and activities prior to SCF 13 is contained in annex II).

8. **MRV of support beyond the biennial assessment and overview of climate finance flows**

Proceedings

28. The SCF took note of documents SCF/2016/12/7. The agenda item was introduced in the opening plenary session and further discussed in a breakout group session. The outcomes of the discussions were presented to the SCF for its consideration.¹⁰

Outcomes

29. The break-out group reflected on the SCF's 2016-2017 workplan on MRV of support beyond the BA, in light of the mandates contained in the Paris Agreement and decision 1/CP.21. There was general agreement that it was not necessary to amend the 2016-2017 workplan on MRV of support beyond the BA at this point in time. Participants in the break-out group expressed their views that the activities by the SCF should not pre-empt the implementation of mandates by the Ad Hoc Working Group on the Paris Agreement (APA) and the Subsidiary Body for Scientific and Technological Advice (SBSTA) referred to in decision 1/CP.21, paragraphs 91 and 57. However, participants also acknowledged that the SCF's work on

⁹ FCCC/CP/2015/10/Add.1, Article 14.

¹⁰ Available at: < <http://unfccc.int/6881.php> >.

MRV of support beyond the BA is relevant to the new developments emanating from the Paris Agreement and decision 1/CP.21, and related issues can be explored in the context of the 2016 BA.

30. Based on the discussions that took place in the breakout group, the SCF agreed that the Committee, in accordance with the 2016-2017 workplan on MRV of support beyond the BA, will explore relevant issues in the context of the BA in 2016, taking into account new developments emanating from the Paris Agreement and decision 1/CP.21.

Next steps

31. In 2016, the SCF's work on MRV of support beyond the BA will be pursued in the context of the 2016 BA.

9. Draft guidance to the operating entities of the Financial Mechanism

32. The SCF took note of document SCF/2016/12/8. The agenda item was introduced in the opening plenary session and further discussed in two breakout group sessions. The outcomes of the discussions were presented to the SCF for its consideration in plenary.¹¹

Outcomes

Draft guidance to the operating entities

33. The SCF agreed to adopt and enhance the approach used last year in its collaboration and outreach to other thematic bodies of the Convention. In addition, the SCF also agreed to be more ambitious this year in developing guidance of a more strategic nature, such as linking guidance to the overall global goal of the Paris Agreement. The SCF considered elements which could form the basis of such guidance. These elements include:

(a) The next replenishment cycle of the Global Environment Facility (GEF) and synchronizing replenishment cycles between the operating entities;

(b) Action on the outcomes of the reviews of the Financial Mechanism, particularly regarding complementarity between the operating entities;

(c) With respect to country-drivenness, Parties could consider development of one common country strategy/planning (may be Nationally Determined Contributions) that would reflect national needs and priorities. This could be one planning document for the Financial Mechanism, drawing example from experiences with National Biodiversity Strategies and Action Plans (NBSAP) for Convention on Biological Diversity and National Action Programmes (NAPs) for United Nations Convention to Combat Desertification (UNCCD), Country Programming (CP) for development banks, etc.;

(d) Explore how the operating entities can use this strategic document to guide their support countries for the implementation of the Convention and the Paris Agreement;

(e) Further guidance to the development and implementation of the Capacity Building Initiative for Transparency.

Frequency of guidance

34. SCF members were encouraged to reflect upon the timeline, pros and cons of different frequencies of guidance, as contained in the background note from the 11th meeting,¹² and continue discussions at SCF 13. The SCF recalled the importance of timing of COP guidance as input into the replenishment processes.

Preparation of a draft set of core guidance

35. The co-facilitators will work inter-sessionally to propose recommendations for the SCF to agree to at SCF 13. They encouraged other SCF members to sign up for this work. From the compilation and analysis of past guidance, the co-facilitators will extract the elements that could form the core guidance.

36. In addition, as reported by the breakout group, the SCF considered distinguishing between core guidance, principle guidance (every four years related to replenishment cycles) and ad hoc guidance in response to the annual reports of the operating entities.

¹¹ Available at: < <http://unfccc.int/6881.php> >.

¹² SCF/2015/11/5.

Improving the coherence, effectiveness and efficiency of the operating entities of the Financial Mechanism

37. The SCF agreed to respond through its co-chairs to the letter received from the co-chairs of the GCF Board and suggested an SCF-facilitated brainstorming session on enhancing coherence and complementarity. This brainstorming session may inform the SCF's expert inputs to the sixth review of the Financial Mechanism.

Next steps

38. An official communication will be sent to the Adaptation Committee (AC) and the Technology Executive Committee (TEC) by the SCF co-chairs, inviting those bodies to provide inputs on the draft guidance to the operating entities.

39. The working group, led by the co-facilitators and supported by the secretariat, will work inter-sessionally on the issues of frequency of guidance and development of draft core guidance, with an aim of continuing this discussion at SCF 13 (the timeline of inputs and activities prior to SCF 13 is contained in annex II).

10. **Linkages with the Subsidiary Body for Implementation and the thematic bodies of the Convention**

Proceedings

40. The SCF took note of document SCF/2016/12/9, section IV. The agenda item was discussed in two plenary sessions.¹³ The outcomes of the discussions were presented to the SCF for its consideration.¹⁴

Outcomes

41. In response to decision 25/CP.19, Ms. Diann Black-Layne will represent the SCF on the Advisory Board of the Climate Technology Centre and Network in an official capacity for 2016 based on the technical and analytical work undertaken by the SCF, and will stand ready to engage and liaise with the TEC as appropriate. Furthermore, Mr. Randy Caruso will represent the SCF in an expert capacity in the task force on national adaptation plans of the AC, and will stand ready to engage and liaise with the AC and the Least Developed Countries Expert Group (LEG) in the context of decision 1/CP.21, paragraph 45. Both members will inform the SCF about their participation in meetings of those bodies. Mr. Stephan Kellenberger and Mr. Richard Sherman will continue to liaise and engage with the Executive Committee on the organization of the 2016 Forum of the SCF.

42. The Committee agreed the following:

(a) To share the SCF work plan with the thematic bodies and that representation in, and inputs provided to, other bodies would draw on existing SCF work;

(b) Ad hoc requests by other thematic bodies, e.g. to provide inputs to products being developed by those bodies would be shared with all members, with the co-chairs seeking volunteers to take work forward in line with the overall approach taken by the SCF on the linkages with thematic bodies;

(c) Members representing the SCF in the meetings of other thematic bodies, (either in person or via virtual means), will attend in their personal expert capacity, and will report back to the SCF on their attendance at those meetings. It was further agreed that presentations to be delivered by members would be shared with the committee ahead of the respective meeting on a no-objection basis.

Next steps

43. The SCF co-chairs will communicate the workplan of the SCF in 2016 to the thematic bodies of the Convention for their information.

11. **Other matters**

(a) Date and venue of next meeting

44. Various options regarding meeting dates for SCF 13 were discussed. The Committee agreed that the Co-Chairs will consult members to finalize the meeting dates for SCF 13 and 14.

¹³ The outcome of the discussion is available at <<http://unfccc.int/6881>>.

¹⁴ Available at: <<http://unfccc.int/6881.php>>.

45. A suggestion was made to organize an informal meeting of members on the sidelines of the 44th session of the SBs to allow for an inter-sessional touch base. Furthermore, SCF members noted the merits of virtual participation in meetings of the Committee, based on the experience during SCF 12.

46. One member indicated that he will provide a written submission to the SCF subsequent to SCF 12 for consideration by the SCF.

47. A representative of the UNFCCC secretariat invited financial contributions to support the various activities of the SCF.

(b) Report of the twelfth meeting of the Standing Committee on Finance

48. The SCF agreed to adopt the report of its twelfth meeting of the SCF intersessionally.

49. The list of participants at SCF 12 can be accessed on the UNFCCC website.¹⁵

12. Closure of the meeting

50. The 12th meeting of the SCF was closed at 5 p.m. on Thursday, 7 April 2016.

¹⁵ Available at <<http://unfccc.int/6881>>.

Annex I: Revised objectives of the 2016 forum

Date: tbd

Venue: tbd

Attendance: Approximately 200 attendees targeted

In 2016, the Standing Committee on Finance (SCF) will dedicate its forum to the theme of ***financial instruments that address the risks of loss and damage associated with the adverse effects of climate change***. This is in response to the invitation by the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with climate change impacts (the Executive Committee), as included in the action area 7e) of its initial 2-year workplan.

I. Objectives

a. Overall objective

To discuss and share information, knowledge and good practices, among expert organizations (both public and private), practitioners and UNFCCC stakeholders, on financial instruments and tools that address the risks of loss and damage associated with the adverse effects of climate change¹⁶ with a view to identifying possible conclusions and/or recommendations on the possible next steps.

Specific objectives

1. To enhance understanding of existing financial instruments that address the risks of loss and damage across different levels (e.g. local, national, regional and international) and sectors including both the public and private sectors.
2. To generate practical insights on how various financial instruments are structured and operate across types and aspects of loss and damage (for example in the context of rapid or sudden-onset events, slow-onset events, and economic vs. non-economic losses), how they can be more effective and address the most vulnerable countries, populations and the ecosystems they depend on, by sharing case-studies and learning from experiences of countries and finance providers.
3. To explore limits, gaps, benefits and good practices from existing financial instruments, looking also at what types and aspects of loss and damage are not covered by existing financial instruments, or what types and aspects are covered by other fora, so as to identify further action and/or research that need to be undertaken in this respect.
4. To identify challenges and opportunities for scaling up and replicating good practices on financial instruments and tools across different areas, regions or contexts, including promoting potential innovative financial instruments.

¹⁶ In the context of Action Area 7 of the initial workplan of the Executive Committee of the Warsaw International Mechanism for loss and damage, which is to encourage comprehensive risk management by the diffusion of information related to financial instruments and tools that address the risks of loss and damage associated with the adverse effects of climate change to facilitate finance in loss and damage situations in accordance with the policies of each developing country and region, taking into account the necessary national efforts to establish enabling environments. These financial instruments and tools may include: comprehensive risk management capacity with risk pooling and transfer; catastrophe risk insurance; contingency finance; climate-themed bonds and their certification; catastrophe bonds; and financing approaches to making development climate resilient, among other innovative financial instruments and tools.

Annex II: Timeline of inputs and activities prior to SCF 13

Area of inputs / work to be undertaken	Work to be undertaken by working groups / co-facilitators / task teams / secretariat	Inputs to be provided by SCF members	Timeline
2016 forum	<ul style="list-style-type: none"> • Further assessment of the options for a venue to be undertaken by the co-facilitators with the view to presenting a recommendation on the most suitable option for a venue. • Initiate the drafting of the programme of the forum 	n/a	30 April 2016
Coherence and coordination: financing for forests	<ul style="list-style-type: none"> • Inter-sessional work on organization of side event, including finalization of programme (to be held on 23 May 2016 on the sidelines of SB 44) 	<ul style="list-style-type: none"> • SCF members invited to contribute to the organization of and actively participate in the event 	Deadline for programme inputs/suggestions: April 30
Long-term finance	<ul style="list-style-type: none"> • Co-facilitators will lead the preparation of inputs to the in-session workshop and share the prepared inputs with the SCF 	<ul style="list-style-type: none"> • Agree on the prepared inputs on a non-objection basis. 	2 May 2016
Draft guidance to the operating entities of the Financial Mechanism	<ul style="list-style-type: none"> • The working group is encouraged to reflect upon the timeline, pros and cons of different frequencies of guidance, as contained in the background note from the 11th meeting (SCF/2015/11/5). • Furthermore, the co-facilitators will work inter-sessionally to propose recommendations on the draft core guidance for the SCF to agree to at its 13th meeting. 		
MRV of support	n/a	n/a	n/a
2016 Biennial Assessment and Overview of Climate Finance Flows	<ul style="list-style-type: none"> • Draft outline of the summary and recommendations to be prepared inter-sessionally by co-facilitators, with secretariat support, for consideration at SCF13 	<ul style="list-style-type: none"> • SCF members invited to send written inputs on zero order draft to secretariat 	April 22
Linkages with the thematic bodies	<ul style="list-style-type: none"> • Co-chairs, with the support of the secretariat, to officially communicate SCF workplan for 2016 to thematic bodies 		n/a
SCF 12 meeting report	<ul style="list-style-type: none"> • Co-chairs, with the support of the secretariat, will write the report and make it available to SCF members on a no-objection basis 		2 weeks after SCF 12
SCF 13 provisional agenda	<ul style="list-style-type: none"> • Co-chairs with the support of the secretariat 		1 May 2016
SCF 13 annotations to the provisional agenda	<ul style="list-style-type: none"> • Co-chairs with the support of the secretariat 		31 May 2016

Annex II: Background documents for the twelfth meeting of the Standing Committee on Finance

<i>Title</i>	<i>Symbol</i>
Background paper on the long-term finance issues referred to in decision 3/CP.19, paragraph 12	SCF/2016/12/3
Background paper on coherence and coordination: Financing for forests, taking into account different policy approaches	SCF/2016/12/4
Background paper on the 2016 Forum of the Standing Committee on Finance	SCF/2016/12/5
Background paper on the 2016 biennial assessment and overview of climate finance flows	SCF/2016/12/6
Background paper on MRV of support beyond the biennial assessment and overview of climate finance flows	SCF/2016/12/7
Background paper on the draft guidance to the operating entities of the Financial Mechanism	SCF/2016/12/8
Background paper on the organization of the SCF work in 2016	SCF/2016/12/9