

## Ninth meeting of the Standing Committee on Finance Bonn, Germany, 10–11 March 2015

### Report

#### Attendance

Mr. Stefan Agne  
Ms. Diann Black-Layne  
Mr. Georg Børsting  
Mr. Jozef Buys  
Ms. Sarah Conway  
Mr. Roger Dungan  
Ms. Inka Gnittke  
Ms. Outi Honkatukia (Co-Chair)  
Mr. Yorio Ito  
Ms. Edith Kateme-Kasajja  
Mr. Stephan Kellenberger  
Mr. Raymond Landveld  
Mr. Hussein Alfa (Seyni) Nafo (Co-Chair)  
Mr. Kyekyeku Yaw Oppong-Boadi  
Ms. Rajasree Ray  
Mr. Ayman Shasly  
Mr. Richard Sherman  
Ms. Suzanty Sitorus  
Mr. Mark Storey

#### Absent with apologies

Mr. Paul Herbert Oquist Kelley

#### 1. Opening of the meeting

1. The ninth meeting of the Standing Committee on Finance (SCF) was opened at 9 a.m. on Tuesday, 10 March 2015.

#### 2. Election of officers

2. The SCF elected Ms. Outi Honkatukia and Mr. Seyni Nafo as Co-Chairs of the SCF for 2015.

#### 3. Organizational matters

##### (a) Adoption of the agenda

3. The SCF adopted the agenda, as contained in document SCF/2015/9/1.

##### (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/2015/9/2.

#### 4. Workplan of the Standing Committee on Finance in 2015: consideration of the long-term finance issues referred to in decision 3/CP.19, paragraph 12

##### Proceedings

5. The SCF took note of document SCF/2015/9/3. The agenda item was introduced at the opening plenary session. Ms. Inka Gnittke and Mr. Richard Sherman were nominated to coordinate the preparation



of the inputs by the SCF to the in-session workshop on long-term finance (LTF) in 2015. The outcomes of the discussions were presented to the SCF for its consideration.<sup>1</sup>

#### Outcomes

6. In response to the invitation by the Conference of the Parties (COP), the SCF agreed to consider LTF issues in the implementation of its 2015 and 2016 workplans and to provide inputs to the in-session workshops on LTF. As an example, while developing the outline and scope of the 2016 biennial assessment and overview of climate finance flows (BA), the SCF will consider how to incorporate the LTF issues referred to in decision 3/CP.19, paragraph 12, so that the outcomes of the BA serve as useful input to the in-session workshop in 2016.

7. The SCF agreed to provide inputs to the in-session workshop on LTF in June 2015. The inputs will build on the work undertaken by the Committee, such as the 2014 forum on adaptation finance, the 2014 BA and the fifth review of the Financial Mechanism.

#### Next steps

8. Ms. Inka Gnittke and Mr. Richard Sherman will lead the preparation of a PowerPoint presentation and a briefing document on the work of the SCF that is relevant to the LTF. Co-Chair Honkatukia will present the inputs at the in-session workshop on LTF in June 2015. Work on the inputs will be undertaken intersessionally and drafts of the PowerPoint presentation and the briefing document will be circulated in advance to SCF members (see annex IV).

## **5. 2015 Forum of the Standing Committee on Finance: financing for forests, taking into account different policy approaches**

#### Proceedings

9. The SCF took note of documents SCF/2015/9/4 and SCF/2014/7/5/Rev.2. The agenda item was introduced at the opening plenary session and discussed further in breakout group sessions. The outcomes of the breakout group discussions were presented to the SCF for its consideration.<sup>2</sup>

#### Outcomes

10. The SCF agreed to organize the forum in conjunction with the World Forestry Congress of the Food and Agriculture Organization of the United Nations, which will take place in Durban, South Africa, on 7–11 September 2015. The Committee agreed to organize the forum on 8–9 September 2015, pending the finalization of logistical and legal arrangements.

11. With regard to the objective of the forum, the SCF agreed on the working objective of enhancing coordination and coherence of finance for forests. Furthermore, members considered a draft outline of the programme and suggested a number of topics and themes that should be covered by the forum. Since the World Forestry Congress will attract broad participation, the Committee decided that the forum should draw participation from a wide range of constituencies.

12. The SCF considered the revised working paper on coherence and coordination: issues related to finance for forests, taking into account different policy approaches, and agreed to further iteration of the draft working paper intersessionally.

13. The report of the breakout group on this agenda item is contained in annex I.

#### Next steps

14. The SCF requested the combined working group on the 2015 forum and on coherence and coordination (financing for forests) to prepare a concept note elaborating on the objective and scope of the forum and to continue working on the programme. The working group will invite inputs from observers, including representatives of the operating entities of the Financial Mechanism, in its work (see annex IV).

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<sup>1</sup> Available at <[http://unfccc.int/files/cooperation\\_and\\_support/financial\\_mechanism/standing\\_committee/application/pdf/outcome\\_of\\_discussion\\_-\\_lft.pdf](http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/outcome_of_discussion_-_lft.pdf)>.

<sup>2</sup> Available at <[http://unfccc.int/files/cooperation\\_and\\_support/financial\\_mechanism/standing\\_committee/application/pdf/outcome\\_of\\_discussion\\_-\\_2015\\_forum\\_.pdf](http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/outcome_of_discussion_-_2015_forum_.pdf)>.

15. The SCF also requested the working group, with the support of the secretariat, to prepare a revised version of the working paper for consideration by the SCF at its tenth meeting.

## **6. Draft guidance to the operating entities of the Financial Mechanism**

### Proceedings

16. The SCF took note of document SCF/2015/9/5. The agenda item was introduced and concluded in a plenary session. Ms. Diann Black-Layne and Mr. Jozef Buys were nominated to co-facilitate the working group on this agenda item. The outcomes of the discussions were presented to the SCF for its consideration.<sup>3</sup>

### Outcomes

17. The SCF will aim to provide a draft decision on the draft guidance to the operating entities of the Financial Mechanism to COP 21. The last meeting of the SCF will be scheduled subsequent to the last meetings of the thematic bodies (tentatively scheduled for September 2015), in order to allow the bodies to provide the SCF with substantive inputs and for the SCF to process these inputs.

18. Furthermore, the SCF agreed to communicate to the Adaptation Committee (AC) and the Technology Executive Committee (TEC) the following information regarding its invitation for inputs on guidance to the operating entities:

- (a) Scope (inputs to be based on the reports of the operating entities);
- (b) Format (based on the template for inputs as used in 2014);
- (c) Timing-related considerations (including the timing of the last SCF meeting in order to allow the thematic bodies sufficient time to provide the SCF with concrete inputs, and for the SCF to consider the inputs received);
- (d) How the SCF will process the inputs received (the SCF will consider inputs received from the TEC and the AC in undertaking work related to the draft guidance to the operating entities of the Financial Mechanism, to be provided to COP 21).

19. The SCF agreed that the compilation and analysis of past guidance, as well as the identification of a draft set of core guidance, will form the basis for consideration of the issues of: improving the consistency and practicality of guidance; complementarity between the operating entities and the funds they administer; and the frequency of guidance provided to the Financial Mechanism. The SCF requested the secretariat to compile and analyse the past guidance prior to SCF 10.

### Next steps

20. The secretariat, guided by the co-facilitators of the working group, will prepare a compilation and analysis of the past guidance provided to the operating entities of the Financial Mechanism for consideration by the SCF at its tenth meeting.

21. An official communication will be sent to the AC and the TEC by the SCF Co-Chairs inviting those bodies to provide inputs on the draft guidance to the operating entities of the Financial Mechanism.

## **7. Measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows**

### Proceedings

22. The SCF took note of document SCF/2015/9/6. This agenda item considered the issue of methodologies for reporting financial information and the recommendations from the 2014 biennial assessment and overview of climate finance flows, and was introduced in the plenary session for further discussion in two breakout group sessions. The working group on this item will be co-facilitated by Mr. Seyni Nafu and Mr. Roger Dungan in 2015. The outcomes of the discussions were presented to the SCF for its consideration.<sup>4</sup>

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<sup>3</sup> Available at <[http://unfccc.int/files/cooperation\\_and\\_support/financial\\_mechanism/standing\\_committee/application/pdf/outcome\\_of\\_discussion\\_-\\_draft\\_guidance\\_to\\_the\\_oes.pdf](http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/outcome_of_discussion_-_draft_guidance_to_the_oes.pdf)>.

<sup>4</sup> Available at <[http://unfccc.int/files/cooperation\\_and\\_support/financial\\_mechanism/standing\\_committee/application/pdf/outcome\\_of\\_discussion\\_-\\_mrv.pdf](http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/outcome_of_discussion_-_mrv.pdf)>.

### Outcomes

23. The SCF agreed that the Committee's priority for this item in 2015 will be on the work mandated by decision 11/CP.20.
24. Based on the common elements of the views expressed by SCF members and the suggestions made by observers, the co-facilitators identified the following two broad objectives for the in-session technical workshop:
- (a) Identifying options for improvement of the current methodologies for the reporting of financial information, including concrete actions in the near and longer terms;
  - (b) Identifying gaps in the methodologies for the reporting of financial information.
25. The co-facilitators, with the assistance of the secretariat, will interact with the Chairs of the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI) on the organization of the joint in-session technical workshop.
26. The Committee agreed to revise, with further inputs to be provided by SCF members intersessionally, the draft workplan for consideration by the SCF no later than at its eleventh meeting.
27. The report of the breakout group on this agenda item is contained in annex II.

### Next steps

28. SCF members were invited to provide further comments on the draft workplan by 30 April 2015. The secretariat will make available the revised draft workplan for consideration by the Committee at SCF 10 (see annex IV).
29. The provisional programme for the in-session technical workshop will be sent to the Chairs of the SBSTA and the SBI and to the Co-Chairs of the SCF for feedback and approval shortly after the deadline for submissions on methodologies for the reporting of financial information, as referred to in decision 11/CP.20, paragraph 2.
30. The secretariat, with guidance from the co-facilitators and the Chairs of the SBSTA and the SBI, will reach out to relevant stakeholders (including multilateral development banks and the Organisation for Economic Co-operation and Development) to secure their participation in the in-session technical workshop.

## **8. Institutional linkages and relations between the Adaptation Fund and other institutions under the Convention**

### Proceedings

31. The SCF took note of document SCF/2015/9/7. The agenda item was introduced in the opening plenary session and further discussed in a breakout group session facilitated by Mr. Richard Sherman and Mr. Mark Storey. The outcomes of the discussions were presented to the SCF for its consideration.<sup>5</sup>

### Outcomes

32. The SCF agreed on the following scope of work in relation to this issue:
- (a) Possible future relations between the Adaptation Fund (AF) and other institutions under the Convention;
  - (b) Possible future institutional linkages between the AF and other institutions under the Convention, taking into account any legal and technical implications identified;
  - (c) Possible future institutional linkages between the AF and other institutions under the Convention in the broader context of the future financial architecture.
33. The report of the breakout group on this agenda item is contained in annex III.
34. The SCF agreed to undertake work intersessionally. The Committee also agreed to enhance the dialogue with the AF Board and relevant thematic bodies.

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<sup>5</sup> Available at <[http://unfccc.int/files/cooperation\\_and\\_support/financial\\_mechanism/standing\\_committee/application/pdf/outcome\\_of\\_discussion\\_-\\_af\\_linkages.pdf](http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/outcome_of_discussion_-_af_linkages.pdf)>.

### Next steps

35. SCF members, observers and thematic bodies under the Convention were invited to make submissions by 8 May 2015 on the issues referred to in paragraph 32(a) and (b) above (see also annex IV).

36. The co-facilitators, with the assistance of the secretariat, will prepare specific questions to guide the submissions referred to in paragraph 35 above.

37. The secretariat, under the guidance of the co-facilitators, will prepare a working paper on possible options for future institutional linkages and relations between the AF and other institutions under the Convention, including the legal and technical implications for each option, taking into account the submissions referred to in paragraph 35 above, for consideration by the Committee at SCF 10.

## **9. Other matters**

### (a) Date and venue of next meeting

38. The SCF agreed that the secretariat will consult with members with regard to the dates of the next two meetings. Options for a two-day meeting for SCF 10, as presented to the SCF, are: between 26 and 28 May, or 12–13 June 2015. For the last meeting in 2015, the dates of 12–14 October were presented as a possibility.

### (b) Report of the ninth meeting of the Standing Committee on Finance

39. The Committee agreed to adopt the report of the ninth meeting of the SCF intersessionally. It also agreed on the revised structure of future meeting reports, as presented to members.

### (c) Other matters

40. Members provided initial feedback to the secretariat on how to further improve the quality and structure of the background documents provided to the SCF in advance of meetings.

41. A list indicating the membership of the various working groups/task teams of the SCF for the period 2015–2016, including the facilitators, was circulated to members with the understanding that this list would be amended in the future, as appropriate.

42. The list of participants at the ninth meeting of the SCF can be accessed on the UNFCCC website.<sup>6</sup>

## **10. Closure of the meeting**

43. The ninth meeting of the SCF was closed at 1.30 p.m. on Wednesday, 11 March 2015.

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<sup>6</sup> Available at <[http://unfccc.int/files/cooperation\\_and\\_support/financial\\_mechanism/standing\\_committee/application/pdf/lop\\_scf\\_9\\_13.03.2015.pdf](http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/lop_scf_9_13.03.2015.pdf)>.

## **Annex I: Report of the breakout group on the 2015 Forum of the Standing Committee on Finance: financing for forests, taking into account different policy approaches**

### **Outcomes of the discussions**

1. Participants endorsed the proposed date of the forum (8–9 September 2015) and noted that the session of the Ad Hoc Working Group on the Durban Platform for Enhanced Action will take place on 31 August–4 September 2015, which is one week prior to the forum.
2. Participants agreed on the working objective of the forum, which is to enhance the coherence and coordination of forest financing. This will inform how the programme will be structured.
3. Participants discussed the design of the draft programme and the possible themes and subthemes and agreed that:
  - (a) The first day of the forum could focus on the broader landscape of financing for forests and various financing mechanisms for forests, both from public and private sources;
  - (b) The second day could focus on case studies and experiences of results-based financing and alternative approaches.
4. Following this discussion, participants agreed to work on the outline for the programme intersessionally.
5. Participants noted that, as the forum will attract participants from the World Forestry Congress, it will be easier to involve the participation of a greater number of developing country participants, especially from the least developed countries, since the venue is in South Africa. It was further noted that the location of the forum is subject to the finalization of logistical and legal arrangements, particularly the Host Country Agreement.
6. Participants agreed that it is important for the SCF to review the outcomes of the forum at SCF 11.
7. Observer organizations such as the European Forest Institute, the Climate Policy Initiative, Climate Focus, the Center for International Forestry Research and the United Nations Forum on Forests will provide inputs to the working paper. The next iteration of the paper will look into practical examples from countries and will use a table to highlight the figures.
8. The working group proposed to involve observers in the intersessional work, including representatives of the operating entities of the Financial Mechanism.

### **Agreements reached in the breakout group**

9. The breakout group agreed on the following:
  - (a) The outline of the programme will be revised iteratively;
  - (b) Experts from a wide range of constituencies will be invited to the forum, similarly to previous years, and the registered participants at the World Forestry Congress will be encouraged to participate in the forum;
  - (c) A revised version of the working paper will be prepared by 1 May 2015;
  - (d) A one–two-page concept note elaborating on the objective and scope of the forum will be prepared.

### **Next steps**

10. As for the next steps, the breakout group decided on the following:
  - (a) The draft programme of the forum will be finalized intersessionally by the working group with inputs from observers and representatives of the operating entities of the Financial Mechanism;
  - (b) Intersessional work on the working paper will be continued;
  - (c) The workplan for the forum and the working paper will be elaborated in line with the workplan of the SCF.

## **Annex II: Report of the breakout group on measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows**

1. The objectives of this breakout group were to: discuss and finalize the draft workplan, which includes methodologies for reporting financial information and recommendations from the 2014 biennial assessment and overview of climate finance flows; discuss and agree on the working modalities with the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI) for the in-session technical workshop; and discuss possible deliverables and outputs from the joint in-session technical workshop, including a preliminary draft programme.

### **Outcomes of the discussions**

2. There was general agreement that the priority for the Committee's work on this item in 2015 should focus on the work mandated by decision 11/CP.20. As a result, the breakout group held only a preliminary discussion on broader elements of the proposed workplan for the Committee's work on measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows.

3. It was proposed that the co-facilitators should interact with the Chairs of the SBSTA and the SBI on matters relating to the in-session technical workshop.

4. Some SCF members viewed the in-session technical workshop as an opportunity to enhance the collective understanding of Parties on the role of the SBSTA, the SBI and the SCF on matters relating to the development of methodologies for reporting financial information and the revision of reporting guidelines, while other SCF members emphasized the findings and recommendations from the 2014 biennial assessment, including issues relating to definitions of climate finance.

5. The co-facilitators identified the following two broad objectives for the in-session technical workshop based on the common elements from the views expressed by SCF members and the suggestions made by observers:

(a) Identifying options for improvement of the current methodologies for the reporting of financial information, including concrete actions in the near and longer terms;

(b) Identifying gaps in the methodologies for the reporting of financial information.

6. SCF members also underscored the need to consider insights from the experiences of aggregators of climate finance data.

### **Agreements reached in the breakout group**

7. **The draft workplan will be revised** intersessionally with further inputs from SCF members. The revised draft workplan will be discussed and finalized no later than at the eleventh meeting of the SCF.

8. The co-facilitators, Mr. Seyni Nafu and Mr. Roger Dungan, with the assistance of the secretariat, will **interact with the Chairs of the SBSTA and the SBI** on matters concerning the in-session technical workshop.

9. SCF members agreed that the workshop will focus on the following issues:

(a) State of play: methodologies for reporting financial information under the Convention and other existing international methodologies;

(b) Experiences with existing methods for reporting financial information and the ongoing processes under the Convention relating to the revision of guidelines for the reporting of financial information, and other international experiences;

(c) Ways to enhance the reporting of financial information through appropriate methodologies.

### **Next steps**

10. SCF members were invited to provide further comments on the draft workplan by 30 April 2015. The secretariat will make available the revised draft workplan for consideration by the SCF at its tenth meeting.

11. The provisional programme for the in-session technical workshop will be sent to the Chairs of the SBSTA, the SBI and the SCF for feedback and approval shortly after the deadline for submissions on methodologies for the reporting of financial information, as referred to in decision 11/CP.20, paragraph 2.

12. The secretariat, in consultation with the co-facilitators and the Chairs of the SBSTA and the SBI, will reach out to relevant stakeholders (including multilateral development banks and the Organisation for Economic Co-operation and Development) to secure their participation in the in-session technical workshop.

### **Annex III: Report of the breakout group on the institutional linkages and relations between the Adaptation Fund and other institutions under the Convention**

#### **Outcomes of the discussions**

1. As proposed by the co-facilitators, the discussions focused on the possible scope, process and output of this agenda item.
2. There was a broad understanding among participants that “institutional linkages” could require a decision by the Conference of the Parties (COP)/the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) in most cases, while “relations” would not require a COP/CMP decision.
3. Participants identified the following three elements as the possible scope of work in relation to this issue:
  - (a) Possible future relations between the Adaptation Fund (AF) and other institutions under the Convention;
  - (b) Possible future institutional linkages between the AF and other institutions under the Convention, taking into account any legal and technical implications identified;
  - (c) Possible future institutional linkages between the AF and other institutions under the Convention in the broader context of future financial architecture.
4. Some participants stressed that the Standing Committee on Finance (SCF) should avoid the duplication of work being undertaken by the AF Board and should aim for effective collaboration with other bodies under the Convention.
5. Some participants proposed to focus the options on improving the operational/informal relationship of the AF with other institutions, while others proposed to broaden the discussion on its relationship with future financial architecture.
6. Participants agreed that the SCF should address both the scope of work referred to in paragraph 3 above, starting with paragraph 3(a) and (b), as well as the issue of consistency and complementarity of different funds at a later stage.



**Annex IV: Timeline for inputs to be provided by members of the Standing Committee on Finance/work to be undertaken in advance of the tenth meeting of the Standing Committee on Finance**

Area of inputs/work to be undertaken	Work to be undertaken by working groups/co-facilitators/task teams/the secretariat	Inputs to be provided by SCF members	Timeline
Long-term finance	Circulate the first draft of the SCF's input to the LTF in-session workshop to team leads		24 April 2015
	Circulate the draft SCF's input to the LTF in-session workshop to members	Comments on the draft SCF's input	8–15 May 2015
		Approval of the advanced draft of the SCF's input on a no-objection basis	22 May 2015
	Finalize the SCF's input for presentation and distribution at the in-session workshop in June 2015		29 May 2015
2015 SCF Forum / coherence and coordination: financing for forests	Revise and agree upon the next version of the working paper		1 May 2015
	Prepare the concept note (objective and scope) and the draft programme of the forum		Two weeks prior to SCF 10
Draft guidance to the operating entities of the Financial Mechanism	Prepare a compilation and analysis of the past guidance provided to the operating entities of the Financial Mechanism		Two weeks prior to SCF 10
MRV of support	Prepare the draft programme for the in-session technical workshop (the secretariat in consultation with the co-facilitators of the in-session technical workshop)		6 April 2015
	Interaction of the co-facilitators with the Chairs of the SBSTA and the SBI intersessionally		April–June 2015
MRV of support	Revise the draft workplan on MRV beyond the BA		Two weeks prior to SCF 10

Area of inputs/work to be undertaken	Work to be undertaken by working groups/co-facilitators/task teams/the secretariat	Inputs to be provided by SCF members	Timeline
		Further comments on the draft workplan on MRV beyond the BA	By 30 April 2015
AF linkages	Develop guide questions for the providers of submissions; invite submissions to be posted on the SCF web page		18 March 2015
	Prepare the draft outline of the working paper		31 March 2015
		Deadline for submissions	8 May 2015
	Prepare the draft working paper		Two weeks prior to SCF 10
SCF 9 meeting report		Agree on a no-objection basis	25 March–1 April 2015
SCF 10 provisional agenda			1 April 2015
SCF 10 annotations to the provisional agenda			30 April 2015

**Annex V: Background documents for the ninth meeting of the Standing Committee on Finance**

<i>Title</i>	<i>Symbol</i>
Background paper on the consideration of the long-term finance issues referred to in decision 3/CP.19, paragraph 12	SCF/2015/9/3
Background paper on the 2015 Forum of the Standing Committee on Finance	SCF/2015/9/4
Background paper on the draft guidance to the operating entities of the Financial Mechanism	SCF/2015/9/5
Background paper on measurement, reporting and verification beyond the biennial assessment and overview of climate finance flows	SCF/2015/9/6
Background paper on possible future institutional linkages and relations between the Adaptation Fund and other institutions under the Convention	SCF/2015/9/7
Working paper on coherence and coordination: issues related to finance for forests, taking into account different policy approaches	SCF/2014/7/5/Rev.2
Proposed strategy for the Standing Committee on Finance for 2015	SCF/2015/9/8
Communication and collaboration strategy of the Standing Committee on Finance in 2015	SCF/2015/9/9