

Perspectives on modalities for the accounting of financial resources



SBSTA Agenda Item 12

Introduction

AOSIS's view:

A common understanding of what financial flows can be accounted for as climate finance to developing countries among Parties is an important basis for addressing the current definitional and methodological gaps.

Existing Modalities: Challenges and Gaps

- Some modalities are more appropriately considered “reporting modalities” and not “accounting modalities.”
 - Conclusion of AOSIS based on evaluation of modalities within and outside of the UNFCCC process.
 - For example:
 - Common Tabular Format
 - OECD DAC Rio Markers

Enhanced Accounting Modalities: AOSIS Perspective

A Common understanding of what financial flows can be accounted for as climate finance to developing countries

- Need to address definitional and methodological gaps:
 - Mutually agreed by all Parties (contributors and recipients)
- Should be guided by a number of agreed principles
 - no double counting
 - environmental integrity
 - need to provide flexibility to developing country in light of their capacities, etc.
- Only financial flows consistent with the PA should be counted and reported
- Focus on the climate-specific component of finance flows
- Fundamental first steps:
 - To agree on what is climate finance for mitigation, adaptation and private finance
 - To establish baseline – useful in assessing additionality

Enhanced Accounting Modalities Should:

- Distinguish between financing received and programmed by country vs financing programmed on country's behalf
- Provide a uniform methodology for tracking finance flows from developed to developing countries
- Allow for distinction between finance provided and finance mobilized
 - proportion of public intervention accounted for under private finance should be agreed upon

Enhanced Accounting Modalities Should:

- Use agreed upon Private finance leverage ratio
- Report only the grant equivalent or budgetary provisions
- Ensure Finance reported, including contributions to multilateral entities, are specific to PA obligations.

Thank you.