

## 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.