



## Seventh meeting of the Standing Committee on Finance Bonn, Germany, 16–18 June 2014

### Background paper on the measurement, reporting and verification of support beyond the biennial assessment and overview of financial flows

#### Background

##### Progress made thus far

- 1) The Conference of the Parties (COP), at its 16th session, decided that the Standing Committee on Finance (SCF) shall assist the COP in exercising its functions with respect to the financial mechanism of the Convention in terms of measurement, reporting, and verification (MRV) of support provided to developing countries.
- 2) At COP 17, Parties decided that the SCF is to prepare a biennial assessment and overview of climate finance flows (BA).
- 3) At COP 19, Parties invited the SCF to consider ways to increase its work on MRV of support beyond the BA in accordance with its work plan for 2014–2015 and its mandates.<sup>1</sup>
- 4) The SCF engaged in initial discussions on the issue of MRV of support at its 5th and 6th meeting. The working group on the BA, facilitated by Ms. Outi Honkatukia and Mr. Seyni Nafo, was mandated by the SCF to also work on the issue of MRV of support beyond the BA given the close interlinkage between those two issues.
- 5) At SCF 6, the working group agreed to concentrate on finalizing the BA, giving more attention to the issue of MRV of support in 2015.

#### Aspects for consideration

##### Relevant submissions

- 6) In 2013, the SCF invited observers and interested organizations to submit their views and information on MRV of support, as well as the biennial assessment and overview of climate finance flows (BA). The seven submissions received are accessible on the website.<sup>2</sup> Members of the SCF were also invited to provide submissions on the issue of MRV of support, and three were received (Syed Mujtaba Hussain, Bernarditas Muller, Seyni Nafo), including a submission by Ecuador provided to the fifteenth session of the Ad hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA 14-4).<sup>3</sup>
- 7) Furthermore, developed country Parties have submitted information on appropriate methodologies and systems used to measure and track climate finance. Four submissions (EU, New Zealand, Switzerland, and the USA) have been submitted as at 12 June 2014 (deadline was May 2014).<sup>4</sup>

##### Other efforts on MRV under and outside of the Convention

- 8) Reporting on support provided under the Convention already exists, and work has been undertaken on MRV under the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and

<sup>1</sup> Decision 7/CP.19, paragraph 9.

<sup>2</sup> <[http://unfccc.int/cooperation\\_and\\_support/financial\\_mechanism/standing\\_committee/items/6881.php#The%20Fifth%20Standing%20Committee%20on%20Finance%20Meeting](http://unfccc.int/cooperation_and_support/financial_mechanism/standing_committee/items/6881.php#The%20Fifth%20Standing%20Committee%20on%20Finance%20Meeting)>.

<sup>3</sup> As contained in document SCF/2013/5/8.

<sup>4</sup>

<<http://www4.unfccc.int/submissions/SitePages/sessions.aspx?showOnlyCurrentCalls=1&populateData=1&expectedSubmissionFrom=Parties&focalBodies=COP>>.

Technological Advice (SBSTA). At SBSTA 40, Parties agreed to discuss methodologies for reporting financial information by Parties included in Annex I to the Convention and it is expected that SBSTA will come forward with conclusions on this matter.

- 9) In addition, various new processes have commenced in 2014,<sup>5</sup> leading to an evolution within the MRV system under the Convention.
- 10) On-going work is also being undertaken by the thematic bodies of the Convention, which may have implications for its work on this issue, including, for example, the work of the Adaptation Committee on the issue of monitoring and evaluation (M&E) of adaptation.<sup>6</sup>
- 11) Moreover, work outside of the Convention on MRV is also being undertaken by a number of actors, including the Organisation for Economic Co-operation and Development, multilateral development banks and think tanks.
- 12) The SCF has already started to take into consideration this evolving structure. It may wish to consider undertaking a stocktaking exercise of other MRV systems, based on a suggestion made at SCF 6.

#### Learning from efforts undertaken under the BA

- 13) The work on the BA is incorporating information submitted on appropriate methodologies and systems used to measure and track climate finance, which can also serve the SCF as input to its consideration on MRV of support.
- 14) Furthermore, the SCF is also to take into account relevant work by other bodies and entities on the MRV of support and the tracking of climate finance under the BA.<sup>7</sup> This task is being carried out in the context of the literature review on methodological issues relating to MRV of public and private finance.<sup>8</sup> While this task is limited to the scope and objectives of the first BA, the literature review may possibly generate insights from existing and emerging MRV efforts.
- 15) The SCF may wish to take into consideration such insights when identifying areas of work beyond the BA.

#### **Making progress on MRV of support at SCF 7 and beyond**

- 16) During the fifth part of the second session of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP), many Parties repeatedly made reference to the important work the SCF is already undertaking with regards to the issue of MRV of support, highlighting that discussions on the issue of transparency under the ADP should build on the outcome of this work. This shows both, the trust that Parties are displaying towards the work of the SCF, but also the importance of the SCF work in the context of the broader issue of transparency of support, as well as the expectations towards the SCF work regarding this subject matter.
- 17) It is in this context, the limited time available during SCF 7, as well as the previous agreement by the SCF to prioritize the work on the BA that the SCF may wish to consider work on MRV of support beyond the BA through its working group to further elaborate its strategy and work plan for MRV of support during the course of 2014 with the aim to include information on this matter in its report to COP 20.
- 18) With regard to the elaboration of a possible workplan, given that the work on the BA is on-going throughout 2014, the working group may also wish to consider the timeline of the BA in this context.
- 19) In addition, the working group may wish to engage with the other bodies of the Convention which are conducting the various MRV related tasks in 2014 and beyond, as also outlined in the draft SCF communication strategy.<sup>9</sup>

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<sup>5</sup> As outlined in the annex to document SCF/2014/6/8.

<sup>6</sup> More information on the work of the thematic bodies of the Convention on this issue is also provided in document SCF/2014/6/9.

<sup>7</sup> Decision 1/CP.18, paragraph 71.

<sup>8</sup> Document SCF/2014/6/3, annex II.

<sup>9</sup> SCF/2014/6/10/Rev.1.