

Eleventh meeting of the Standing Committee on Finance Bonn, Germany, 26–28 October 2015

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

Expected actions by the Standing Committee on Finance

The SCF will be invited to:

- a) Agree on recommendations on methodologies for reporting financial information by Annex I Parties
- b) Finalize the workplan on measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows.

I. Actions for consideration by the SCF

- a) *Agree on recommendations on methodologies for reporting financial information by Annex I Parties*
 1. In accordance with decision 11/CP.20, paragraph 6, the SCF may wish to agree at this meeting on recommendations on methodologies for reporting financial information by Annex I Parties for inclusion in its annual report to COP21. The SCF may wish to consider the draft text prepared by the co-facilitators, with the support of the secretariat, contained in annex I to this document.
- b) *Finalize the workplan on measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows*
 2. In response to decision 7/CP.19, paragraph 9 and subsequent decision 6/CP.20, paragraph 11 as well as the agreements reached at the ninth¹ and tenth² meetings of the SCF, the Committee may wish to finalize at this meeting the workplan on MRV of support beyond the BA and overview of climate finance flows for inclusion in its annual report to COP21. In this regard, the SCF may wish to consider the revised draft of the workplan contained in annex II to this document, which was prepared by the secretariat under the guidance of the co-facilitators, taking into account the submissions by SCF members and observers on elements of the workplan³.

II. Background information

3. The COP, by decision 11/CP.20, paragraph 6, requested the SCF to include its recommendations on the methodologies for the reporting of financial information in its annual report to COP 21, taking into consideration the outcomes of the joint in-session technical workshop.
4. In line with decision 11/CP.20, paragraph 4, the secretariat organised the joint in-session technical workshop in conjunction with the forty-second session of the subsidiary bodies, drawing from a range of sources of information, including, *inter alia*, the views of Parties and observers on the methodologies for the reporting of financial information referred to in decision 2/CP.17 paragraph 19⁴ and a technical paper prepared by the secretariat, summarizing the existing international methodologies for the reporting of

¹SCF/2015/9/10, paragraph 26.

²SCF/2015/10/13, paragraph 23.

³ Available at <<http://unfccc.int/7561.php>>.

⁴ FCCC/SBSTA/2015/MISC.3 and Add1.



financial information⁵. The workshop was co-facilitated by Mr. Seyni Nafu and Mr. Roger Dungan. A summary of the workshop and presentations are available on the dedicated page of the SCF website⁶.

5. At its tenth meeting, the SCF considered the outcomes of the joint in-session technical workshop and agreed to develop recommendations and/or options on how to improve methodologies for reporting financial information by Annex I Parties intersessionally, with a view to finalizing work on this matter at SCF 11⁷. Preliminary discussions on the recommendations and/or options that took place at the tenth meeting are presented in Annex IV of the meeting report.
6. With regards to the workplan on MRV of support beyond the BA and overview of climate finance flows, the COP, by decision 7/CP.19, paragraph 9, invited the SCF to consider ways to increase its work on MRV of support beyond the BA in accordance with its workplan for 2014–2015 and its mandates. The COP, by decision 6/CP.20, paragraph 11, subsequently requested the SCF to further explore how it can enhance its work on the MRV of support.
7. At its ninth meeting, the SCF agreed to revise the draft workplan for consideration by the SCF no later than at its eleventh meeting⁸. At its tenth meeting, the SCF discussed a number of possible activities and decided to revise the workplan based on further input to be provided by the members of the SCF and observers intersessionally, with a view to finalizing the workplan at SCF 11⁹.

⁵ FCCC/TP/2015/2.

⁶ Available at <<http://unfccc.int/8892.php>.

⁷ SCF/2015/10/13, paragraphs 20 and 21.

⁸ SCF/2015/9/10, paragraph 26.

⁹ SCF/2015/10/13, paragraphs 23 and 24.

Annex I – Draft recommendations on methodologies for reporting financial information by Annex I Parties

The COP, by decision 11/CP.20, paragraph 6, requested the SCF to include its recommendations on the methodologies for the reporting of financial information in its annual report to COP21. The SCF agreed on its recommendations, taking into consideration the outcomes of the joint in-session technical workshop held in conjunction with the forty-second session of the subsidiary bodies¹⁰, drawing from a range of sources of information, including, inter alia, the views of Parties and observers on the methodologies for the reporting of financial information referred to in decision 2/CP.17 paragraph 19 and a technical paper prepared by the secretariat, summarizing the existing international methodologies for the reporting of financial information.

1. The SCF highlights the following near-term actions for consideration by the COP to improve methodologies for reporting financial information by Annex I Parties. The SCF recommends, in particular, improvements to the biennial reporting common tabular format (BR CTF). The COP may also wish to request the SBI to take into account, in the revision of the UNFCCC reporting guidelines on national communications, the revisions in the BR CTF:

(a) Enhance consistency and transparency through adjustments in the reporting parameters in the CTF tables.

The COP may wish to specifically request the SBSTA to consider the following in the revision of the BR CTF:

- i. Create reporting fields for the provision of information on definitions used in identifying contributions through multilateral channels as being “climate-specific” or “core/general”;
- ii. Create reporting fields for the provision of disaggregated financial information, where available, on the reporting parameter “type of support”, particularly on categories “adaptation” and “cross-cutting” as well as the reporting parameter “sector”;
- iii. Improve the software of the CTF, including by extending the number of input rows in the uploadable Excel file and creating links to other reporting software and platforms so as to facilitate importation and exportation of activity-level data. The COP may wish to consider requesting the SBSTA to take action in the revision of the BR CTF as appropriate;

(b) Enhance recipient country perspective in the reporting of financial information by encouraging Annex I Parties, where possible, to consult with recipient Parties to informally cross-reference data on the “status” of support before the submission of CTFs. More specifically, the COP may wish to invite Annex I Parties to engage with non-Annex I Parties in a data-driven dialogue on information provided on the “status” of support;

2. The COP may also wish to consider the following longer-term recommendations, in the context of on-going work by the SCF on measurement, reporting and verification of support, to further strengthen the reporting under the Convention by taking specific actions to enhance consistency, comparability and transparency of financial information reported under the Convention:

(a) Request the SBSTA, taking into consideration the work of the SCF, to align the categorization in the reporting parameter “status” of support (i.e. “pledged”, “committed” and “provided”) in the CTF with the categorization used in other existing international methodologies (e.g. “committed” and “disbursed” in OECD DAC);

(b) Take note of the different reporting approaches used by data producers and aggregators¹¹, including the work undertaken by the SCF in the context of the biennial assessment and overview of climate finance flows, request the SBSTA to modify the BR CTF to provide additional reporting fields for the provision of information on methodologies used by the Parties in collecting financial information for quantitative reporting under the Convention, with a view to enhancing transparency and facilitating harmonization of methodologies over time;

(c) Invite Annex I Parties, in collaboration with relevant data producers and aggregators, to develop common guidelines for the provision of information on methodologies used by the Parties in collecting financial information for quantitative reporting under the Convention, with a view to improving comparability of financial information reported under the Convention;

(d) Request the SCF, in collaboration with the SBSTA and Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention (CGE), to develop options for common reporting methods for needs and climate finance received in time for the next cycle of biennial update reports, with consideration of developing countries experiences¹².

¹⁰ Summary of the workshop available at <<http://unfccc.int/8892.php>> .

¹¹ See FCCC/TP/2015/2 Annex for a preliminary comparison of the reporting approaches used by different organizations (updated in May 2015).

¹² This option is also part of the recommendation by the SCF on the 2014 biennial assessment and overview of climate finance flows. FCCC/CP/2014/5, Annex II, paragraph 18(b).

Annex II – Draft workplan on MRV of support beyond the BA and overview of climate finance flows

The SCF identifies a number of gaps and areas for improvement in the current arrangements of MRV of support, as highlighted in the following table.

Overview of current mandates and gaps relating to MRV of support (2010-2015)

| | Developed countries | Developing countries | Aggregation |
|--------------------|---|--|---|
| Measurement | Common Tabular format para 16 2/CP.17 [<i>Decision adopted at COP18</i>] | <i>No decision</i> | <i>No decision</i> |
| | Lack of an operational definition of climate finance | | |
| Reporting | <p>Reporting of financial information by Annex I Parties is defined by:</p> <ul style="list-style-type: none"> - National Communication reporting guidelines [4/CP.5]^[1] - Biennial Reporting guidelines [2/CP.17] - Biennial Reporting Common Tabular Format guidelines [19/CP.18] <p>Methodologies for reporting financial information as referred to in para 19 2/CP.17; deadline extended by 11/CP.20 [To be adopted COP21]^[2]</p> | <p>Biennial Update Report (BUR) [<i>Decision adopted at COP17</i>]</p> <p>NAMA Registry [<i>Decision 2/CP.17; 16/CP.18; and, subsequent SBI conclusions</i>]</p> | <p>Biennial Assessment and Overview of Climate Flows[2/CP.17; 1st BA presented to COP20]</p> <p>→Time discrepancy between IAR and BA; BRs are not reviewed in time for aggregating data for BA</p> <p>Consider ways of strengthening methodologies for reporting climate finance [Para11 5/CP.18]</p> <p>NAMA Registry</p> |
| | Lack of reporting methods for climate-related private finance; Parties to consider the best approach for future reporting at the next revision of BR CTFs as referred to in para 6 19/CP.18 | Lack of common reporting methods for needs and climate finance received | |

| | | | |
|---------------------|---|--|---|
| Verification | International Assessment Review (IAR) [Decision adopted at COP17] | International Consultation and Analysis (ICA) [Decision adopted at COP17] | Standing Committee on Finance with a MRV of Support function [Decision adopted at COP16] |
| | Lack of process to assess financial information in BRs—multilateral assessment does not cover financial information as set out in 2/CP.17 | Finalization of guidelines relating to composition, modalities of Technical Team of Experts (TTE) on ICA – under SBI [Decision adopted at COP17 with further work in COP18 – adopted by decision 23/CP.19 and decision 13/CP.20] | Amendment of Financial Mechanism review guidelines [Adopted at COP20] Guidance to the Financial Mechanism [Adopted at every COP] Determination of amount of funding required and available for the implementation of the Convention, through the Financial Mechanism Art.11.2.d, Convention [No decision] |
| | | | Lack of process to compare information on support provided by developed country Parties with information on support received by developing country Parties |

Notes to the table:

1. The SBI made progress at SBs42 on the scope of the revision of the UNFCCC reporting guidelines on NCs, including the alignment of the tables in the guidelines with the information provided in biennial reporting common tabular format tables 5, 6a, 6b, 6c, 7,7a, 7b and 9. In view of the progress made at this session, the SBI agreed to continue its work on the revision of the UNFCCC reporting guidelines on NCs at SBI 43 with a view to the revised guidelines being adopted by COP21. The SBI also recognized that if additional time beyond SBI 43 is required, owing to the technical nature of the UNFCCC reporting guidelines on NCs, Parties should aim to adopt the revised guidelines by COP 22
2. The work on this matter will be informed by: Views on methodologies for the reporting of financial information referred to in decision 2/CP.17, paragraph 19. Submissions from Parties and observer organizations (FCCC/SBSTA/2015/MISC.3), Technical Paper on existing international methodologies for reporting financial information (FCCC/TP/2015/2), recommendations by the SCF, taking into consideration the outcomes of the SBSTA/SBI/SCF in-session workshop held on 6 June 2015. Available at: <http://unfccc.int/8892.php>

The SCF will implement the activities presented in the following table during the period 2016-2017 to address the identified gaps and enable improved MRV of support under the Convention.

Activities and expected outcomes relating to MRV of support (2016-2017)

| | Activities | Expected outcomes |
|---------------------|--|--|
| Measurement | Continue technical work on operational definitions of climate finance in collaboration with relevant international financial institutions and organizations | Options provided to the COP, as appropriate |
| Reporting | <p>Provide expert input to harmonize reporting guidelines of national communications with the biennial reporting common tabular format (BR CTF)</p> <p>Devise practical options for estimating and collecting data on private climate finance in cooperation with relevant institutions and experts, including from the private sector</p> <p>Consider common reporting methods for needs and climate finance received, with consideration of developing countries experiences</p> <p>Consider general principles (i.e. transparency, comparability, efficiency, completeness, accuracy) that should guide the work on further efforts to improve methodologies for reporting financial information</p> <p>Enhance engagement of relevant data producers, collectors, aggregators, with a view to facilitating the development of common methodologies for collection of financial information</p> | <p>Options provided to the COP to request the SBI to take action in the revision of the UNFCCC reporting guidelines on national communications, as appropriate</p> <p>Options provided to the COP to request the SBSTA to take action at the next revision of the BR CTF, as appropriate</p> <p>Options provided to the COP to invite a relevant body to develop a common reporting format</p> <p>Options provided to the COP, as appropriate</p> <p>Options provided to the COP, as appropriate</p> |
| Verification | <p>Consider draft guidelines to expand the scope of the multilateral assessment to financial information reported in the biennial reports</p> <p>Consider options for cross-checking financial information reported under the Convention on support provided and received, with a view to, inter alia, developing a better understanding of the progress made towards the goal of jointly mobilizing \$100 billion dollars a year by 2020.</p> | <p>Options provided to the COP to invite a relevant body to take action, as appropriate</p> <p>Options provided to the COP, as appropriate</p> |