



Background paper on measurement, reporting and verification of support

I. Background

1. The Conference of the Parties (COP), at its seventeenth 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. The committee, at its first meeting, discussed that the preparation of the biennial assessment (BA) overview of the climate finance flows may be considered as part of the activity on MRV of support. As outlined in decision 2/CP.17, the BA is to include information on the geographical and thematic balance of such flows, drawing on available sources of information, including national communications and biennial reports of both developed and developing country Parties, information provided in the registry, information provided by Parties on assessments of their needs, reports prepared by the operating entities of the financial mechanism, and information available from other entities providing climate change finance.

3. The SCF work programme for 2013–2015¹, as endorsed by the COP in decision 5/CP.18, the committee indicated that it will present the outcomes of its first BA to COP 20, and its second BA possibly to COP 22.

4. COP 18 requested the SCF, in initiating the first BA and overview of climate finance flows, to take into account relevant work by other bodies and entities on the MRV of support and the tracking of climate finance, and to consider ways of strengthening methodologies for reporting climate finance. The COP also invited developed country Parties to submit to the secretariat, by May 2014, information on the appropriate methodologies and systems used to measure and track climate finance.

5. Additionally, some SCF members highlighted the importance of undertaking work on measuring, reporting and verification (MRV) of support in general, as stated in the report of the third meeting of the SCF.²

6. The SCF may therefore wish to engage in initial discussions with regards to the terms of reference of its first BA during its fourth meeting,. Furthermore, members may wish to discuss the overall work on MRV of support and whether there is a need to prepare a work plan that will outline the elements and timeframes for the delivery of outputs in this regard.

II. Potential inputs, timeline and elements for the first BA of the SCF

A. Possible inputs for the first BA and MRV of support

7. As outlined in various COP decisions, the SCF may use various sources of information for its work on the BA and MRV of support in general. This includes:

- a) National communications and biennial reports of both developed and developing country Parties;
- b) Information provided in the registry;
- c) Information provided by Parties on assessments of their needs;
- d) Reports prepared by the operating entities of the financial mechanism;

¹ As contained in its report to COP 18 (FCCC/CP/2012/4).

² As contained in SCF/2013/3/7.



- e) Information available from other entities providing climate change finance;
 - f) Submissions by Parties containing information on the appropriate methodologies and systems used to measure and track climate finance;
 - g) Relevant work by other bodies and entities on the MRV of support and the tracking of climate finance, and to consider ways of strengthening methodologies for reporting climate finance.
8. Additionally, the SCF may wish to also take into consideration:
- a) Outcomes of the SCF forum and information provided by stakeholders via the virtual forum;
 - b) On-going technical work undertaken in other bodies such as the Subsidiary Body for Scientific and Technological Advice (SBSTA).

B. Timeline of inputs for the BA and MRV of support

9. In order to discuss the layout of the first BA, as well as potential further work on MRV of support in general, the existing timelines are absolutely vital. For the SCF to conduct meaningful work on those two issues, the sequence of inputs the SCF may use for this work as outlined above is essential. In discussing how to proceed on those two areas, the SCF may wish to take into consideration the attached timeline. This timeline not only highlights, when the inputs will be available that the SCF may use as basis for its considerations.

10. Furthermore, the timeline highlights other on-going processes under the Convention in terms of MRV in general. Based on this, potential linkages with the work of other bodies, especially the SBSTA, may become apparent.

C. Possible elements for consideration for the BA and MRV of support

11. When considering the establishment of terms of reference and/or guidelines for its first BA, as well as for initial discussions on the issue of MRV of support in general, the SCF may wish to elaborate more on the below elements and issues:

- a) Objective of the BA;
- b) Definition of underlying principles, criteria and parameters such as “public” and “private” climate finance flows;
- c) The structure of the overall financial architecture, including available delivery mechanisms;
- d) The current status of climate finance, including financial resources and investments available;
- e) Developing countries needs to address climate change;
- f) Potential sources of information, further defining and singling out the sources as identified by the COP;
- g) Reporting of public climate finance flows in terms of methodologies, etc.;
- h) Tracking of financial flows in general, under special consideration of “unconventional” flows such as South-South flows, private flows, etc.;
- i) Exploration and analysis of various avenues for the tracking climate finance;
- j) Liaison and linkages with internal partners, such as the thematic bodies under the Convention, the SBSTA, etc.;
- k) Potential partners/cooperation with actors outside the Convention.



12. The SCF may find the technical paper “Investment and financial flows to address climate change: an update”³ a useful point of reference for the exercise of structuring the terms of reference and/or guidelines for its first BA. This paper includes, for examples, information on the overall financial framework, estimates of the investment and financial flows needed to address climate change, information on delivery mechanisms, information on public and private finance, information on national policies, including on enabling environments, information on accessibility of financial resources, etc.

D. Working modalities

13. The SCF may wish to discuss the working modalities for its work on the BA. The establishment of a working group on this issue may be useful, allowing for the possibility of inter-sessional work. As a first step, the SCF may find it useful to provide term of reference for the first BA to allow for such a potential working group to initiate work on this issue. In this context, , the SCF may also wish to consider whether, inter alia, to commission technical papers, to organize webinars, if and how the SCF could utilize the forum and its online platform to contribute to the work on the first BA, etc. Considerations should also include potential timelines for such work, as well as potential budget implications.

14. Additionally, the SCF may wish to consider, should it agree to conduct work on MRV of support in general, how to proceed work on this issue. As this may be on-going work, the SCF may wish to establish a permanent working group. In order to ensure coherence and coordination, the SCF may wish to consider to designate the same working group working on the BA to this task. Such a working group would be able to take work forward inter-sessionally, and to establish linkages with the network of actors involved in MRV of support, both, within, as well as outside the Convention. Considerations in this regard should include potential timelines for such work, as well as potential budget implications, as work on the issue of MRV of support in general may entail a considerable amount of technical work.

³ As contained in FCCC/TP/2008/7.



Timelines of the work of relevant bodies regarding MRV of support									
	2013				2014				2015
	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	
<i>Standing Committee on Finance (SCF)</i>									
Consideration of 1 st BA – ToR/guidelines		X	X	COP19					
1 st BA					X	X	X	COP 20	
Submissions by developed country Parties on information on the appropriate methodologies and systems used to measure and track climate finance						May			
Consideration of ways of strengthening methodologies for reporting climate finance						X	X	COP 20	
Final report and conclusions of the first BA								COP20	
2 nd BA									COP 22
Potential work of the SCF on MRV of support (on-going)									
<i>Other UNFCCC stake holders</i>									
First biennial reports by developed country Parties					Jan				
National Communications of Annex I Parties					Jan				
Development of methodologies for reporting financial information under the SBSTA						SBSTA 40		SBSTA 41 COP20	
First biennial update report by non-Annex I Parties (LDCs and SIDS at their discretion)								Dec	
Second biennial reports by developed country Parties									Jan
Consideration on the best approach for future reporting on climate related private finance at the next revision of the reporting guidelines									?
<i>Revision of the guidelines for the review of biennial reports and national communications, including national inventory reviews by the SBSTA</i>									
Development/Adoption of the revised guidelines for the review of biennial reports/national communications		SBSTA 38		SBSTA 39 COP19					
Development/Adoption of the revised guidelines for the review of the GHG inventory		SBSTA 38		SBSTA 39 COP19		SBSTA 40		COP20	