

Eighth meeting of the Standing Committee on Finance Bonn, Germany, 1–3 October 2014

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

I. Background

1. The Conference of the Parties (COP) at its sixteenth 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, inter alia, measurement, reporting and verification (MRV) of support provided to developing countries.¹
2. At COP 17, Parties decided that the SCF is to prepare a biennial assessment and overview of climate finance flows (BA).²
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.³
4. The SCF engaged in initial discussions on the issue of MRV of support at its 5th, 6th and 7th meeting. The working group on the BA, facilitated by Ms. Outi Honkatuka 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 and give more attention to the issue of MRV of support beyond the BA in 2015. At SCF 7, it was agreed that members would provide written inputs on elements for a work plan on MRV of support beyond the BA, by mid-July 2014.

II. Developments relating to this work

Written inputs received from SCF members

6. Regarding the invitation referred to in paragraph 5 above, the secretariat received one written input. The input can be found in annex I.

Other inputs received

7. In 2013, the SCF invited observers and interested organizations to submit their views and information on MRV of support, as well as on the BA. The seven submissions received are available on the website.⁴ Members of the SCF were also invited to provide submissions on the issue of MRV of support, and three were received on this subject matter (Mr. Syed Mujtaba Hussain, Ms. Bernarditas Muller, Mr. 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.⁵
8. Furthermore, developed country Parties were invited by the COP to submit information on appropriate methodologies and systems used to measure and track climate finance.⁶ Five submissions have been received as at 25 September 2014 (deadline was May 2014) from EU, New Zealand, Switzerland, USA and Japan.⁷

¹ Decision 1/CP.16, paragraph 112.

² Decision 2/CP.17, paragraph 121.

³ Decision 7/CP.19, paragraph 9.

⁴ <<http://www.unfccc.int/6881>>.

⁵ As contained in document SCF/2013/5/8.

⁶ Decision 5/CP.18, paragraph 10.

⁷ Available on the submission portal at <<http://www.unfccc.int/5900>>.



Ongoing work on MRV of support under and outside of the Convention

9. There is ongoing work under the Convention related to the issue of reporting on support provided, undertaken by the Subsidiary Body for Implementation (SBI) and Subsidiary Body for Scientific and Technological Advice (SBSTA). In addition, various new activities relating to the MRV system under the Convention commenced in 2014, including relevant work being undertaken by the thematic bodies under the Convention, as well as the international assessment and review (IAR) process.

10. At SBI 40, Parties initiated their discussion on the revision of the “Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part II: UNFCCC reporting guidelines on national communications”, based on the experiences gained in preparing the first biennial reports and other information, with a view to adopting the revised guidelines by COP 20.⁸ To enable the SBI to complete this revision, SBI 40, inter alia, invited more submission from Annex I Parties on their experience with preparing their biennial reports (BRs).⁹ The secretariat will prepare a technical paper as an input to the discussions¹⁰ and SBI 41 will consider the technical paper and recommend revised guidelines for consideration and adoption at COP 20.

11. At SBSTA 40, Parties initiated their discussion on methodologies for the reporting of financial information by Parties included in Annex I to the Convention. The SBSTA, inter alia, welcomed the information provided by the SCF during the session (represented by Mr. Seyni Nafu)¹¹ on its ongoing work relating to the preparation of the first BA. The SBSTA also requested the secretariat to summarize available information on relevant ongoing work under the SBI and the SCF and to make it publicly available on the UNFCCC website before SBSTA 41.¹² The information is also included in annex II of this background note. The SBSTA agreed to continue its consideration at SBSTA 41, with a view to recommending a draft decision to COP 20.¹³

12. At its 7th meeting, SCF members discussed the need to further clarify which body under the Convention was undertaking the actual work on methodologies for reporting financial information by Parties included in Annex I to the Convention. Noting that the SCF may be the appropriate body for such technical work and reiterating the importance of avoiding duplication of efforts, many members highlighted that further clarity from the COP on this matter would be useful.

13. As for relevant work undertaken by the thematic bodies, the Adaptation Committee (AC) organized a workshop in September 2014 on the monitoring and evaluation of adaptation,¹⁴ as agreed in its work plan contained in 2013 report.¹⁵ AC will identify recommendations and guidance for consideration by the COP, as appropriate and as needed, on the basis of the outcomes of the workshop, with a view to providing technical support and guidance to Parties, in order to facilitate the enhanced implementation of adaptation actions.¹⁶

14. Furthermore, the IAR process¹⁷ was launched in January 2014 with the submission of the sixth NCs and the first BRs from Annex I Parties. According to the adopted modalities and procedures of the IAR process,¹⁸ the IAR of BRs from developed country Parties will be conducted under the the SBI, in two steps: (1) a technical review of BRs, considering information on, inter alia, the provision of financial, technological and capacity building support to developing country Parties; (2) a multilateral assessment (MA) of developed country Parties’ progress towards achieving their quantified economy-wide emission reduction targets, which will be conducted on the basis of, inter alia, BRs, NCs and the technical review report of the BRs. Preparation for the report of the technical

⁸ Decision 2/CP.17, paragraph 18.

⁹ FCCC/SBI/2014/8, paragraph 14.

¹⁰ Decision 2/CP.17, paragraph 20.

¹¹ Presentation given by Mr.Nafu is available at <http://unfccc.int/files/meetings/bonn_jun_2014/in-session/application/pdf/02_sbsta_11d_update_scf_mrv_ba.pdf>.

¹² <<http://www.unfccc.int/7414>>.

¹³ FCCC/SBSTA/2014/2; more information available at: <<http://www.unfccc.int/2807>>.

¹⁴ <<http://www.unfccc.int/7744>>

¹⁵ FCCC/SB/2013/2, annex I.

¹⁶ More information on the work of the thematic bodies of the Convention on this issue is also provided in document SCF/2014/6/9.

¹⁷ Decision 2/CP.17 paragraph 23.

¹⁸ Decision 2/CP.17, annex II.

review of the first BRs was initiated in early 2014,¹⁹ and the first round of MA working group session will be convened at SBI 41 in Lima, where 17 Annex I Parties will be multilaterally assessed. The remaining Annex I Parties will be subsequently assessed at SBI 42 and 43.²⁰

15. Work on the MRV of climate finance is also being undertaken outside of the Convention by a number of actors, including the Organisation for Economic Co-operation and Development, multilateral development banks and think tanks. As mentioned in paragraph 7, some of them submitted to the SCF their views and information on MRV of support in 2013.

Emerging insights from the work on the BA

16. The work on the BA is incorporating information submitted by developed country Parties²¹ on appropriate methodologies and systems used to measure and track climate finance, and submissions received from interested stakeholders²² which can also serve the SCF as input to its consideration on MRV of support.

17. Furthermore, the SCF is requested to take into account relevant work by other bodies and entities on the MRV of support and the tracking of climate finance in initiating the first BA.²³ This task is being carried out as part of the preparation of the first BA, by conducting literature review on the methodological issues relating to MRV of public and private finance²⁴. Although this task is limited to the scope and objectives of the first BA, the literature review on methodological issues may nonetheless possibly generate insights from existing and emerging MRV efforts and may therefore also serve as input to the SCF's deliberation on the broader issue of MRV of support.

III. Proposed action for consideration by the SCF at its eighth meeting

18. The SCF may wish to invite the relevant organizations referred to in paragraph 15 attending the 8th meeting, to share their views and provide updates on topics relating to MRV of finance.

19. In order to identify concrete areas of its work on this subject matter during its 8th meeting, the SCF may wish to take into consideration the aspects identified in the previous sections of this background paper, including submissions and written inputs by SCF members, external stakeholders and Parties, emerging insights from the BA and ongoing work of bodies both, under the Convention, as well as outside the Convention.

20. Based on such considerations, the SCF may wish to agree on the scope of its work on the MRV of support, with a view to agreeing on the information that it wishes to include in its COP 20 report on this matter, as well as how it wishes to reflect this issue in its workplan for 2015 to be presented to COP. Furthermore, the SCF may wish to provide a clear mandate to the working group and the facilitators to continue the work on this subject matter throughout 2015. Such work may possibly include identification of a workplan and timeline for specific activities, including outreach and networking activities with relevant stakeholders.

¹⁹ Reports available at <<http://www.unfccc.int/8446>>.

²⁰ More information can be found at <<http://www.unfccc.int/7549>> and <<http://www.unfccc.int/8451>>.

²¹ Decision 5/CP.18, paragraph 10.

²² In the beginning of 2014, the SCF invited inputs from interested stakeholders to support its work on the BA in general, as well as on the objective, scope and proposed outline of the BA in particular. Submissions are available at <<http://www.unfccc.int/8453>>.

²³ Decision 1/CP.18, paragraph 71.

²⁴ As contained in SCF/2014/6/3, annex II, and SCF/2014/7/3.

Annex I – Written input received from SCF members on elements for a work plan on MRV of support beyond the BA

Written input received from Ms. Sarah Conway, on behalf of Ms. Jessica Brown (received on 29 July 2014)

In response to the request for input on MRV of support “elements for work plan”, I would just like to reiterate our earlier position that MRV of support should tentatively be a priority for 2015, taking into account the SBSTA conclusions on SBSTA item 11(d) on methodologies for reporting financial information by Parties included in Annex I to the Convention which are expected at COP20. Because this work is ongoing under SBSTA, it would seem wise to wait for an indication from the Parties as to the scope and outcome of this work before engaging in duplicative work under the SCF. That said, at this state we see two options for potential 2015 SCF work on MRV of support:

1. The SCF could provide a summary or synthesis of the submissions developed country Parties provided in May 2014 on methodologies of MRV/tracking; or
2. The SCF could provide a summary/overview of the current system of MRV of support under the Convention, including the roles of BRs, BURs, NatComs, IAR, ICA, and the BA, in order to provide clarity and reduce confusion about what we have already as well as identify gaps in the current system

Annex II – Ongoing work under the SBI and the SCF relevant to methodologies for reporting financial information by Parties included in Annex I to the Convention²⁵

<i>Mandates and ongoing work</i>	<i>Q1 2014</i>	<i>Q2 2014</i>	<i>Q3 2014</i>	<i>Q4 2014</i>	<i>2015 and beyond</i>
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Standing Committee on Finance

MANDATES

The SCF is requested to prepare the BA (2/CP.17, paragraph 121(f))

- In initiating the first BA, the SCF is requested to take into account relevant work by other bodies and entities on the measurement, reporting and verification (MRV) of support and the tracking of climate finance (1/CP.18, paragraph 71)
- In preparing the first BA, the SCF is requested to consider ways of strengthening methodologies for reporting climate finance (5/CP.18, paragraph 11)
- In the context of the preparation of BA, the SCF is requested to consider ongoing technical work on operational definitions of climate finance, including private finance mobilized by public interventions (3/CP.19, paragraph 11)

Publication of the first BA COP 22 (Second BA)

SCF report to COP 20

ONGOING WORK

- Following its mandate, the SCF has developed a timeline and determined the objectives and scope of the first BA which take into account elements from the decisions above. The SCF has also developed a proposed outline which is guiding the literature review and the preparation of the first BA²⁶.
- The work plan for the preparation of the first BA rolled out in 2014, with progress monitored regularly, including during its sixth and seventh meetings. In carrying out its work on the BA, SCF has reviewed internal and external sources of information.
- The SCF will further work on the BA at its eighth meeting in October 2014 with a view to complete its work on the BA, including any recommendations to COP 20. The first BA is envisaged to be published in October/November 2014.

MANDATES

- The SCF is invited to consider ways to increase its work on the MRV of support beyond the BA in accordance with its workplan for 2014-2015 and its mandates (7/CP.19, paragraph 9)
- Developed country Parties are invited to submit information on the appropriate methodologies and systems used to measure and track climate finance (5/CP.18, paragraph 10)

ONGOING WORK

- Following its mandate on ways to increase its work on MRV of support beyond the BA, the SCF initiated its work at its fifth meeting in 2013, and further discussed the matter during its sixth and seventh meetings in 2014. The SCF will consider this matter at its eighth meeting in October 2014, with a view to include elements of the work plan in its annual

²⁵ This information can be found also on the web <<http://www.unfccc.int/7414>>, which will be updated with latest information after the 8th meeting of the SCF.

²⁶ Contained in SCF/2014/6/11.

<i>Mandates and ongoing work</i>	<i>Q1 2014</i>	<i>Q2 2014</i>	<i>Q3 2014</i>	<i>Q4 2014</i>	<i>2015 and beyond</i>
report to COP20.					
<ul style="list-style-type: none"> In preparing the work plan on MRV of support beyond, SCF is taking into account submissions made by SCF members and observers and interested organizations²⁷ in 2013 and written inputs made by SCF members on the elements of a work plan of MRV of support beyond the BA, following the call for submission made at its seventh meeting in 2014. Pursuant to decision 5/CP.18, paragraph 10, in 2014, developed country Parties submitted information on the appropriate methodologies and systems used to measure and track climate finance.²⁸ 					

Subsidiary Body for Implementation

MANDATES

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| <ul style="list-style-type: none"> The SBI is requested to begin the revision of the "Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part II: UNFCCC reporting guidelines on national communications" (hereinafter referred to as the reporting guidelines on national communications), based on the experiences gained in preparing the first biennial reports (BR) and other information, with a view to adopting the revised guidelines by COP 20 (2/CP.17, paragraph 18) | SBI 40 | SBI 41
COP20 |
| <ul style="list-style-type: none"> Annex I Parties are invited to make submissions of views on their experience with reporting the first BR (2/CP.17, paragraph 17), and the secretariat is requested to prepare a technical paper based on these submissions, with the aim of facilitating consideration of SBI 41 on the revision of the reporting guidelines on national communication. (2/CP.17, paragraph 20) | | |

ONGOING WORK

- SBI 40 initiated its consideration of the revision of the reporting guidelines on national communications, as requested by COP 17.
- SBI 40 took note of views submitted by Annex I Parties so far on their experience with preparing their first BR, and recognized that Parties identified inconsistencies between reporting guidelines on national communications and the "UNFCCC biennial reporting guidelines for developed country Parties", and indicated where the reporting guidelines on national communications need to be updated.
- To enable the SBI complete the revision of NC guidelines by COP 20, SBI 40 invited Annex I Parties that have not yet done so to submit their views on their experiences in preparing their first BRs. SBI 40 also invited Parties to submit their views on the revision of the reporting guidelines on national communications.²⁹ The secretariat was requested by SBI 40 to include a synthesis of these submissions in the technical paper referred to in decision 2/CP.17, paragraph 20.
- The SBI 41 will consider the technical paper and recommend a conclusion and a draft decision, as appropriate, on this matter for consideration and adoption at COP 20. SBI 40 noted that, should Parties require additional time beyond SBI 41 to complete this work, event such as workshops for the continuation of this work will be considered at SBI 41.
- Further information can be found at <http://www.unfccc.int/1095>.

²⁷ As contained in document SCF/2013/5/8.

²⁸ Available on the submission portal at <http://www.unfccc.int/5900>.

²⁹ Available on the submission portal at <http://www.unfccc.int/5900>.