

DRAFT DECISION ON MRV OF CLIMATE FINANCE

On behalf of Argentina, Bolivia, China, Cuba, Democratic Republic of Congo, Ecuador, Egypt, El Salvador, India, Iran, Iraq, Malaysia, Mali, Nicaragua, Philippines, Saudi Arabia, Sri Lanka, Sudan, Thailand and Venezuela.

The Conference of the Parties,

Recalling Decision 1/CP.13, the Bali Action Plan which provided the mandate of the AWG-LCA, and its paragraph 1 (b) (ii) which stated that the nationally-appropriate mitigation actions by developing countries in the context of sustainable development, supported and enabled technology, financing and capacity-building, in a measurable, reportable and verifiable manner,

Also recalling Decision 1/CP.16, paragraph 112 on the establishment of the Standing Committee and its mandate,

Further recalling Decision 2/CP.17, Chapter IV on the Standing Committee, paragraphs 121, laying out the functions of this Committee,

1. *Decides* that the Standing Committee shall, in accordance with paragraph 122 of Decision 2/CP. 17 have the additional function of setting up a mechanism, including guidelines, for the measurement, reporting and verification of support provided to developing country Parties.

2. *Decides further* that the objective of these guidelines is to address the need for accurate accounting of the provision of funds from developed country parties to developing country parties in order to assess compliance with finance obligations for mitigation, adaptation, technology transfer and capacity building with a view to ensure robustness and transparency of the Financial Mechanism of the Convention;

3. *Also decides that* the measurement, reporting and verification (MRV) of climate change funding under the Financial Mechanism shall comprise the following:

(a) Measurement:

(i) Measurement shall address those funds exclusively aimed at enabling and supporting enhanced action on mitigation, adaptation, technology development and transfer, report drafting, and capacity-building for non-Annex I parties, from public, private, bilateral, multilateral and alternative sources.

(ii) With regards to funds provided for multiple purposes, only the share provided solely for climate change shall be counted towards climate change finance.

(iii) Mobilization of funds through leverage and/or official development aid shall be considered supplementary and will not be counted as a part of climate finance.

(iv) Mobilization of funds in developed countries for administrative purposes indirectly related to the provision of climate change funds towards developing countries will not be considered climate finance.

(b) Reporting:

(i) To establish a Financial Support Registry, universally accessible in character, in order to ensure inclusiveness and transparency to all Parties.

(ii) The origin, intermediaries and characteristics of funds, including funds from private, public, bilateral, multilateral and alternative sources, technology transfer and capacity building, shall be reported by parties to the COP through Annex I national communications, additional information submitted from developed and developing countries, including through their national communications, annual reports of operating entities of the financial mechanism, and others.

(iii) Reporting of climate-related support must follow a common, internationally-agreed format, approved by the COP in order to allow for comparability, assessment and analysis by the Standing Committee on Finance and by all non-Annex I and Annex I parties. The format must include information on funded actions, amount effectively disbursed against obligations under the Convention, amount of new and additional funds, sector, financial channels, time frame and instruments (including grants, concessional loans, capital and others).

(c) Verification:

(i) The source and character of funds shall allow for traceability on the part of non-Annex I parties.

(ii) Developing country parties that receive funding shall be able to certify the funds received and report on the effective use of funds.

4. *Also decides that* modalities for measurement, reporting and verification of means of implementation shall take into account and incorporate matters relevant to other Convention bodies such as the Adaptation Committee and the Technology Executive Committee.

5. Requests the Standing Committee to report to the Conference of the Parties at its 19th session on the progress made towards the implementation of this function.