

**CONFERENCE ROOM PAPER
SUBMISSION BY THE G77 and China**

The submission by G77 and China provides its views on the agenda item in accordance with decision 1/CP.21 paragraph 57 and on paragraph 7 of Article 9 on the Paris Agreement,

These views are presented as a CRP, as the outcome of the work related to the development of modalities for the accounting of financial resources provided and mobilized through public interventions in accordance with article 9, paragraph 7 of the Paris Agreement, which stipulates that developed country Parties shall provide transparent and consistent information on support for developing country Parties provided and mobilized through public interventions biennially.

The G77 and China highlights the importance of this transparent and consistent information as crucial in the work related to the accounting and fulfilment of the financial commitments of developed countries and the provision of support for the implementation of the Paris Agreement, in relation to articles 2, 3, 4.5, 7.13, 8, 9, 10, 11 and 13.

The group of G77 and China notes that discussions related to paragraph 7, article 9 of the Paris Agreement have taken current reports as the basis for deliberations and for the development of the modalities mandated by paragraph 57 or decision 1/CP.21 and that an informal note has been developed in the context of this work. This submission takes current work into consideration.

It is crucial to remember that the Paris Agreement recognizes a need to support developing country Parties for its effective implementation, which clearly implies that without such support, the Agreement cannot be implemented fully and effectively, and it also recognizes that support shall be provided to developing country Parties for the implementation of Article 2, 4, article 7, 8, 10, 11 and 13. It is also important to state that the modalities that paragraph 57 has mandated are to be based on current arrangements.

SBSTA should strive for a combination of a top down and bottom up approach when adopting modalities for which finance flows count towards the financial commitments under 9.1 and 9.3.

While Parties are requested to report on their methodologies, assumptions and definitions used, the aim is to reach a level of standardisation over time.

The SBSTA accounting modalities should adopt some overarching parameters/principles for establishing climate relevance.

In addition, the SBSTA/ CMA could consider to use the reporting on methodologies, definitions and assumptions used to inform an assessment by a technical body and recommendations for standardisation over time.

Draft Decision

The Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement

Based on the mandate contained in Decision 1/CP.21, paragraph 57,

Recalling Articles 4 and 11 of the Convention;

Further recalling Articles 2, 3, 4, 7, 9, 8, 10, 11, 13 of the Paris Agreement

1. *Endorses* the modalities for the accounting of financial resources provided and mobilized through public interventions in accordance with article 9, paragraph 7, applicable to the information to be reported under article 13 of the Paris Agreement, as included in Annex I to this decision,
2. *Decides* that these modalities shall be applicable as of the first report of developed country Parties under the transparency framework.
3. *Encourages* other Parties that provide support to implement these modalities when voluntarily reporting such support, if applicable and to the extent possible.

Annex 1:
Modalities for the accounting of financial resources provided and mobilized through public interventions in accordance with Article 9, paragraph 7 of the Paris Agreement

The modalities that follow build on existing reporting guidelines for developed Country Parties, including those specified in decision 2/CP.17 and decision 9/CP.21.

1. The following modalities apply to the information that developed country Parties shall provide under the transparency framework to enhance understanding, transparency, accuracy, consistency, comparability and completeness of the information reported, as well as definitions and methodologies used.

2. Developed country Parties shall report biennially information on year, currency, status, funding source, financial instrument, type of support, sector, channel and amount for all categories of support provided.

Table 1 – Reporting parameters and guidance for reporting on support provided

	Parameter	Guidance for reporting
Minimum reporting parameters (based in current system)	Year	Parties shall provide biennial information on annual contributions without overlapping with the previous reporting periods. Methodologies for calculation of annualized information shall be included. In case projects implementations span for a period longer than the period of reporting, only the disbursements done during the reporting period should be reflected
	Currency (USD)	Parties shall provide an explanation on methodology used for currency exchange rate in the documentation box. Domestic currency reporting is optional.
	Status	Parties shall explain, in their biennial reports, definitions and methodologies used to specify the funds as committed, provided and disbursed.

	Funding Source	<p>Parties shall specify the definition and methodologies used to classify the funding source as ODA, OOF, or other.</p> <p>Funding sources shall include definitions, methodologies and assumptions for accounting climate finance.</p>
	Financial instrument	<p>Parties shall report the definitions of instruments used.</p> <p>Parties shall provide definitions and methodologies for reporting grant equivalent, net value, face value.</p>
	Type of support	<p>Parties shall specify the definition and methodology to classify the type of support understood as mitigation finance, adaptation finance, loss and damage and cross cutting. There shall be a description of how support has been targeted at NDCs/ NAPs countries needs incl. for loss and damage and how it has facilitated the implementation of the Paris Agreement.</p>
	Sector	<p>Parties shall describe the methodology and definitions used to identify sectors and subsectors reported.</p>
	Amount	<p>Parties shall report both face value and grant – equivalent value.</p> <p>Only the grant-equivalent value shall be counted towards resources provided and mobilised in accordance with Art. 9.1 and 9.3.</p>
	Climate-specific	<p>Only climate-relevant flows shall be counted as climate finance towards</p>

		<p>resources provided and mobilised in accordance with Art. 9.1 and 9.3.</p> <p>The following general parameters shall be applied to determine climate-relevance of flows:</p> <ol style="list-style-type: none"> 1) Alignment with Art. 2.1c. Consideration of a negative list of activities that are not aligned with Art. 2.1c - 2) Mitigation parameters 3) Adaptation parameters <p>In addition, Parties shall explain in their biennial communication the definitions and methodologies to determine climate specificity/relevance and detail any changes made overtime.</p>
	New and additional	<p>Parties shall provide information on how support provided is new and additional and how it represents a progression between previous levels.</p> <p>Only financial resources consistent with a pathway towards low greenhouse gas emissions and climate resilient development are reported and counted, consistent with Article 2.1 (c) of the Paris Agreement.</p> <p>Information on progress on the fulfilment of the finance goals.</p>
<p>Additional reporting parameters applicable to finance provided through bilateral,</p>	<p>Recipient country/region/project/programme/activity</p>	<p>Parties shall report information on recipient country and region.</p> <p>Parties shall provide information on project and</p>

<p>regional and other channels</p>		<p>activity level, to the extent possible, to improve the level of granularity.</p> <p>Parties shall provide information on implementing agency, including percentage of funding channelled through executing agencies and implementers and suppliers of the developed country party.</p> <p>There shall be a mutual agreement/cross-checking with recipients before submitting information.</p> <p>Parties shall provide information on how resources effectively address the needs and priorities of developing countries are linked to the implementation of the Paris Agreement.</p> <p>In case a project involves more than one country, clear information should be presented on the amount of funding disbursed per each beneficiary country</p>
	<p>Capacity building and technology transfer component</p>	<p>Parties shall report information on activities with capacity building and technology transfer components to facilitate better tracking and avoid double counting according to build options.</p>
	<p>Provision of information on transaction and overhead costs, loan repayments and return on investments;</p>	<p>Parties shall provide information on transaction and overhead costs, loan repayments (grant-equivalent) and return on investments.</p> <p>Parties shall provide information on terms of conditions of loans provided.</p>

	Link to mobilized resources	Party shall provide information on whether the activity mobilized additional financial support from a private source (potential link with Table 4).
Climate finance provided through multilateral channels	Multilateral climate change funds, as well as other climate change funds; multilateral financial institutions, including regional development banks; and specialized United Nations bodies	
	Core/ General	<p>Description of definition, methodology and assumption used to assess the core/general contribution and description of which proportion or share of these are considered and reported as climate financing, including parameters and methodologies.</p> <p>Loan repayments done by recipient countries during the period of reporting should be reported to identify the net finance provided.</p> <p>(potentially report % of core contribution that climate-specific represents).</p>
		Provision of information on bilateral funds provided through multilateral channels.
	Outflows	Parties shall provide information to improve the understanding on the outflow of finance from multilateral channels to developing country Parties, including methodologies, information from financial institutions by

		<p>financial instrument and recipient.</p> <p>Criteria used by Parties and international financial institutions to identify contributions and outflows as being climate specific.</p>
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Table 2 – Reporting parameters and guidance for reporting on support mobilized through public interventions

Parameter	Information
Type of public intervention used to mobilize the support reported (grant, concessional loan, non-concessional loan, equity, policy intervention, capacity building, technology transfer, technical assistance)	<p>Parties shall provide information on methodologies and assumptions used to define climate finance mobilized through public interventions.</p> <p>Leveraging factor to per type of public intervention reported</p>
Amount of resources used to mobilize the support	Parties shall report methodologies and assumptions to calculate the amount of resources used to mobilize the support.
Information on boundaries for tracking mobilized finance through public interventions.	Parties shall provide in their definition of climate finance mobilized through public interventions information on the methodologies and assumptions used to establish causality between a public intervention and mobilized finance. Provide evidence for causality.
Amount of climate-specific private resources mobilized	
Recipient country share of mobilization	
Criteria to avoid double counting	Parties shall provide information on methodology used to avoid double counting among multiple actors involved in the mobilization of support.
Good practice and public policies/ regulatory framework	Parties shall provide qualitative information such as good practices on public policy and regulatory frameworks to incentivize further private climate financing and investments

Additional information	Parties may provide additional information.
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Cross cutting considerations

x. In providing information in accordance with Article 9 paragraph 7, the following cross cutting elements shall be reported:

- a) Information on how the resources used through emission trading schemes with developing countries were not counted as support provided or mobilized.
- b) When applicable, official documentation on the status of funds.

y. There shall be a mutual agreement/cross-checking with recipients before submitting information.

z. A common tabular reporting format shall be developed to facilitate the accounting of financial resources provided and mobilized through public interventions in accordance with Article 9, paragraph 7 of the Paris Agreement.