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Matters relating to finance

Process to identify the information to be provided by Parties

in accordance with Article 9, paragraph 5, of the Paris Agreement

Round-table discussion on the process to identify information to be provided under Article 9, paragraph 5, of the Paris Agreement

Summary report by the secretariat

Summary

This document contains a summary of the round-table discussion on the process to identify information to be provided under Article 9, paragraph 5, of the Paris Agreement, which took place on 16 May 2017 in Bonn, Germany, in conjunction with the sessions of the subsidiary bodies held in May 2017. The Conference of the Parties (COP) at its twenty-second session requested the secretariat to convene this round-table discussion among Parties with a view to providing a recommendation for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session. It also requested the secretariat to prepare this summary report for consideration at COP 23.

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I. Introduction

A. Mandate

1. Article 9, paragraph 5, of the Paris Agreement stipulates that developed country Parties shall biennially communicate indicative quantitative and qualitative information related to the provision and mobilization of climate finance, as applicable, including, as available, projected levels of public financial resources to be provided to developing country Parties. Other Parties providing resources are encouraged to communicate biennially such information on a voluntary basis.

2. In this context, the Conference of the Parties (COP) decided to initiate, at COP 22, a process to identify the information to be provided by Parties, in accordance with Article 9, paragraph 5, of the Paris Agreement with a view to providing a recommendation for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session.¹

3. Having initiated this process, COP 22, by decision 13/CP.22, requested the secretariat to organize a round-table discussion among Parties on this matter in conjunction with the forty-sixth sessions of the subsidiary bodies,² and to prepare a summary report thereon for consideration at COP 23 (November 2017).³

B. Scope of the report

4. The aim of the round-table was to provide an opportunity for Parties to engage in a technical discussion on the information to be provided by them in accordance with Article 9, paragraph 5, of the Paris Agreement.

5. After this introductory chapter and a chapter on the organization of the event, chapter III summarizes the discussions on the challenges and gaps in preparing indicative quantitative and qualitative information on expected levels of climate finance based on current experience (chapter III.A), as well as the discussions on the types of information under the existing arrangements, including in the biennial submissions on strategies and approaches for scaling up climate finance in the period 2014–2020, that Parties find useful (chapter III.B). Chapter IV summarizes some of the considerations proposed by the Parties regarding potential types of information envisaged in the context of Article 9, paragraph 5, of the Paris Agreement.

C. Possible action by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

6. The COP may wish to consider this summary report of the discussions at and outcomes of the round table on the process to identify information to be provided under Article 9, paragraph 5, of the Paris Agreement as an input to its deliberation on this matter.

II. Organization of the round-table discussion

7. The round-table discussion was organized in two sessions co-facilitated by Ms. Outi Honkatukia (Finland) and Mr. Rafael da Soler (Brazil), as follows:

(a) Session I: experiences in the provision of indicative quantitative and qualitative information on climate finance under existing arrangements;

¹ Decision 1/CP.21, paragraph 55.

² Decision 13/CP.22, paragraph 2.

³ Decision 13/CP.22, paragraph 3.

(b) Session II: possible approaches and milestones for the process on ex ante information on climate finance.

8. Session I featured presentations by developed country Parties on their experiences in preparing biennial submissions on their updated strategies and approaches for scaling up climate finance from 2014 to 2020, including any available information on quantitative and qualitative elements of a pathway.⁴ Australia, Germany, Switzerland and the United Kingdom of Great Britain and Northern Ireland were invited to share their experience based on existing arrangements, including with regard to the preparation of the biennial submissions.⁵ These presentations included discussions on the challenges and gaps in preparing, communicating and using available indicative quantitative and qualitative information contained in the biennial submissions, and were followed by an exchange of perspectives on these topics.

9. Session II, which was shorter, continued the discussion with an exchange of perspectives on the types of information under the existing arrangements, including in the biennial submissions referred to in paragraph 8 above, that Parties identify as being useful in biennially communicating information in the context of Article 9, paragraph 5, of the Paris Agreement. The quorum was lost in the second half of the session owing to negotiations running in parallel. Therefore, possible approaches and milestones were not discussed during the round table. Some participants noted that possible approaches and milestones should be considered by the COP.

10. Both sessions were guided by questions to facilitate the discussions. Closing remarks by the co-facilitators ended the round table.

III. Experience in the provision of indicative quantitative and qualitative information on climate finance under existing arrangements

11. Parties exchanged perspectives on their experience with regard to the preparation, communication and usefulness of information on expected levels of climate finance under the existing arrangements.

A. Challenges and gaps in preparing indicative quantitative and qualitative information on expected levels of climate finance

12. Presentations highlighted the efforts made by developed country Parties in scaling up climate finance for developing countries, inter alia, in planning budgetary resources, mobilizing private finance through public interventions, determining how the priorities of developing countries are set in the programming and resource allocation processes, determining how impact is considered in planning and future allocation, and providing support for enabling environments and enhanced access.

13. With regard to quantitative information, presentations focused on national budgetary processes that determine or influence the extent to which countries are able to provide information on budgetary allocations and forecasts of public expenditure in future years. Presentations also highlighted the difficulties countries face in specifying and predicting future public and private financial flows. The following challenges were highlighted as examples of those encountered by developed country Parties in preparing information on projected levels of climate finance:

⁴ Decision 3/CP.19, paragraph 10.

⁵ In accordance with decision 5/CP.20, paragraph 11, the secretariat prepares a compilation and synthesis of the biennial submissions from developed country Parties to inform the in-session workshops on long-term climate finance that are organized by the secretariat following the request by the COP as stipulated in decision 3/CP.19, paragraph 12. The compilation and synthesis prepared by the secretariat in 2017 is contained in document FCCC/CP/2017/INF.1.

(a) Constraints imposed by budgetary cycles in relation to public finances, particularly for Parties with annual appropriation of the budget through parliament, which, with the exception of resources planned for the Green Climate Fund and the Global Environment Facility, makes it difficult to predict with certainty the expected levels of future climate finance flows beyond one year;

(b) The limited ability to project with precision future flows in relation to private finance, including the expected levels of private finance mobilized through public interventions, until interventions have been made;

(c) The lack of availability of detailed information, by geographical area, thematic coverage and channel, on budgetary resources, even though projections of aggregate-level budgetary resources may be available in some countries, due in part to the need for climate finance to be responsive to opportunities to direct finance to the most impactful or transformational projects and programmes;

(d) The flexibility required in planning budgetary resources as a result of, for example, the need to set priorities through dialogue with the recipient countries before determining pre-allocations, and the flexibility required in the design phase of the programme owing to the extra time that may be required when more than one supporting partner is involved.

14. Many participants at the round table acknowledged that indicative quantitative information on projected levels of climate finance changes by definition owing to the dynamic nature of country needs and priorities. Consequently, information to be provided by developed country Parties in the context of Article 9, paragraph 5, of the Paris Agreement may change over time to better match those needs and priorities of developing country Parties.

15. A number of developed country Party participants reiterated the mandate of Article 9, paragraph 5, limiting reporting to information that was available to Parties, and noted the importance of communicating information that would add value and whose value would be in proportion to the burden its communication placed on Parties.

16. Several developing country Party participants noted the insufficiency in the provision of quantitative information on expected levels of climate finance through multilateral channels in the biennial submissions prepared by developed country Parties on their strategies and approaches for scaling up climate finance. Other participants pointed to the differences in approaches and in the level of detail of information on expected levels of climate finance through bilateral and regional channels. One participant suggested that information on expected levels of climate finance should include the climate relevance of support provided.

B. Types of information under the existing arrangements identified as useful

17. Developed country Party participants found the experience of preparing biennial submissions on strategies and approaches for scaling up climate finance to be a useful exercise in several ways, including through the insight gained through coordination with relevant national authorities involved in budgetary planning and allocation processes, the visibility of success stories being raised, and the dialogue sparked with stakeholders in recipient countries on setting priorities for programming public finance.

18. Developing country Party participants emphasized the importance, when it is available, of indicative quantitative information on projected levels of climate finance in terms of the predictability of resources, including in the context of the implementation of nationally determined contributions (NDCs) and national adaptation plans (NAPs) and in providing assurance and bolstering political will at the national level. A number of developing country participants also stressed the complementary role that qualitative information could play in providing certainty as to the nature of support that would be made available.

19. In discussing the information provided through the biennial submissions, participants acknowledged the improvement of submissions in 2015 and 2017 compared with the first iterations in 2013. While recognizing the challenges in compiling and comparing information and that the level of detail can vary across time frames, participants considered there is nevertheless value in providing available indicative quantitative information in the biennial submissions. They also considered qualitative information to be useful for communicating country strategies and priorities.

IV. Potential types of information envisaged in the context of Article 9, paragraph 5, of the Paris Agreement

20. In discussing elements that could be enhanced in the provision of indicative quantitative and qualitative information in the biennial submissions, participants identified the following overarching considerations that could be considered in the process to identify the information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement:

(a) Enhancing consistency in the provision of information, particularly with regard to indicative quantitative information on projected levels of climate finance;

(b) Ensuring complementarity in preparing and communicating indicative quantitative and qualitative information on the mobilization of climate finance from different sources in order to enhance clarity and provide predictability in the availability of resources for the implementation of mitigation and adaptation programmes and projects in developing country Parties, inter alia, through:

(i) Making an effort to provide more indicative quantitative information, where available, on expected levels of climate finance;

(ii) Providing qualitative information that emphasizes how developed country Parties plan to address the needs and priorities of developing country Parties;

(c) Balancing the need for more indicative quantitative information with accuracy as well as with usefulness of such information to the recipient developing country Parties.

21. Many participants were of the view that information to be provided by developed country Parties in the context of Article 9, paragraph 5, of the Paris Agreement could build on existing arrangements, particularly the biennial submissions prepared by developed country Parties. In this regard, many participants referred to the elements contained in decision 3/CP.19, paragraph 10, as presented in the left-hand column of the table below.

Illustration of potential types of information in the context of Article 9, paragraph 5, of the Paris Agreement

Types of information required for the preparation of biennial submissions of developed country Parties in accordance with decision 3/CP.19, paragraph 10

Non-exhaustive considerations for potential types of information in the context of Article 9, paragraph 5, of the Paris Agreement

Information to increase clarity on the expected levels of climate finance mobilized from different sources

Enhancing information on expected levels of climate finance through bilateral and other regional channels

Enhancing information on expected levels of climate finance through multilateral channels

<i>Types of information required for the preparation of biennial submissions of developed country Parties in accordance with decision 3/CP.19, paragraph 10</i>	<i>Non-exhaustive considerations for potential types of information in the context of Article 9, paragraph 5, of the Paris Agreement</i>
Information on policies, programmes and priorities	Information on how expected levels of climate finance reflect the needs and priorities of developing country Parties, including specific information with regard to countries that are vulnerable to the adverse effects of climate change Information on enhancing access to climate finance
Information on actions and plans to mobilize additional finance	Information on the relationship between public interventions used and private finance mobilized Information on actions taken and plans to mobilize finance for the implementation of nationally determined contributions and national adaptation plans
Information on how the balance between adaptation and mitigation is ensured, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change	Information on how Parties ensure the balance between adaptation and mitigation Information on expected levels of adaptation finance
Information on steps taken to enhance enabling environments, following on from the report of the co-chairs of the extended work programme on long-term finance	Information on how support is aligned with Article 2, paragraph 1(c), of the Paris Agreement

22. Considerations with regard to the potential elements and format for the preparation of information to be biennially communicated by developed country Parties in the context of Article 9, paragraph 5, of the Paris Agreement are summarized in the table above, and grouped according to the types of information required for the preparation of biennial submissions of developed country Parties in accordance with decision 3/CP.19, paragraph 10, as follows:

(a) Information to increase clarity on the expected levels of climate finance mobilized from different sources:

(i) Indicative quantitative information on expected levels of climate finance through bilateral and other regional channels, including information on the baseline reference to facilitate comparison with the indicative quantitative information on expected levels of climate finance;

(ii) Indicative quantitative information on expected levels of climate finance through multilateral channels, including information on pledges to international financial institutions, multilateral development banks and multilateral climate change funds;

(b) Policies, programmes and priorities:

(i) Qualitative information that demonstrates how expected levels of climate finance reflect the needs and priorities of developing country Parties, including information on adequacy in the provision of support;

(ii) Information on actions taken to enhance access to climate finance;

(iii) Information on how public finance is programmed to fill gaps where private capital may not be readily available;

(iv) Information on actions taken to address the needs of developed country Parties that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints;

(v) Information on the factors that providers of climate finance look for in evaluating proposals, to help inform developing countries;

(c) **Actions and plans to mobilize additional finance:**

(i) Information on the relationship between the public interventions used and the private finance mobilized, including information on the types of public intervention, instruments and climate relevance, as well as examples of public interventions that target adaptation or mitigation activities;

(ii) Information on actions and plans to mobilize finance for the implementation of NDCs in developing country Parties;

(d) **The balance between adaptation and mitigation:**

(i) Information on how Parties ensure the balance between adaptation and mitigation;

(ii) Specific information on expected levels of adaptation finance, including information on its baseline, sources, scale and time frame, with reference to the levels of grant funding, and any subsequent steps in determining expected levels of adaptation finance;

(e) **Enhancement of enabling environments:**

Information on how support provided by developed country Parties to developing country Parties fosters transformational change, including information on actions taken to ensure that financial support provided to developing country Parties is consistent with the goal outlined in Article 2, paragraph 1(c), of the Paris Agreement.

23. In considering the potential types of information envisaged in the context of Article 9, paragraph 5, of the Paris Agreement, several participants underlined the importance of transparency, comparability and clarity, as well as, to the extent possible, an indication of the level of certainty, in the information provided on expected levels of climate finance.

24. In discussing the matter, one Party participant also referred to the provision in Article 9, paragraph 5, of the Paris Agreement, which states that other Parties providing resources are encouraged to communicate biennially such information on a voluntary basis.
