Plenary session 6: Transparency Framework in Paris Agreement: Developed and Developing Country Perspective
Climate fund flow from developed to vulnerable countries

**Developed Countries**
(Japan, USA, UK, Germany, Norway, France, Netherlands, Spain, Canada, Australia, New Zealand)

**Bilateral**
- International Climate Initiative (Germany)
- International Climate Fund (UK)
- International Forest Climate Initiative (Australia, Norway)

**Multilateral**
- **UNFCCC**
  - Adaptation Fund (AF)
  - Green Climate Fund (GCF)
  - Least Developed Country Fund (LDCF)
  - Special Climate Change Fund (SCCF)
  - Global Environmental Facility (GEF)
- **Multilateral Development Banks**
  - Pilot Programme for Climate Resilience (PPCR)
  - Climate Investment Fund (CIF)
  - Clean Technology Fund (CTF)
  - Forest Carbon Partnership Facility (FCPF)
  - Forest Investment Programme (FIP)
  - Scaling Renewable Energy Programme (SREP)
- **UN/Others**
  - UN-REDD
  - UNDP
  - Global Climate Change Alliance (GCCA)

**Vulnerable Countries**
National Trust Fund/Budget
Article 9: Finance - The Paris Agreement

1. Developed country Parties shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention.

2. As part of a global effort, developed country Parties should continue to take the lead in mobilizing climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds, through a variety of actions, including supporting country-driven strategies, and taking into account the needs and priorities of developing country Parties. Such mobilization of climate finance should represent a progression beyond previous efforts.

3. The provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation, taking into account country-driven strategies, and the priorities and needs of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the LDC and SIDS, considering the need for public and grant-based resources for adaptation.

Developed country Parties shall biennially communicate indicative quantitative and qualitative information - 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.
Article 9: Finance - The Paris Agreement

5. The global stocktake referred to in Article 14 shall take into account the relevant information provided by developed country Parties and/or Agreement bodies on efforts related to climate finance.

6. Developed country Parties shall provide transparent and consistent information on support for developing country Parties provided and mobilized through public interventions biennially in accordance with the modalities, procedures and guidelines to be adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, at its first session, as stipulated in Article 13, paragraph 13. Other Parties are encouraged to do so.

7. The Financial Mechanism of the Convention, including its operating entities, shall serve as the financial mechanism of this Agreement.

8. The institutions serving this Agreement, including the operating entities of the Financial Mechanism of the Convention, shall aim to ensure efficient access to financial resources through simplified approval procedures and enhanced readiness support for developing country Parties, in particular for the least developed countries and small island developing States, in the context of their national climate strategies and plans.
Related Major decisions on Climate Finance in Paris Agreement

‘Decides’ Finance to developing country action of implementation of Agreement relates to both adaptation and mitigation under A2 (53)

▶ The Standing Committee on Finance (SCF) will continue to serve Agreement under responsibilities identified by COP, Green Climate Fund (GCF) and the Global Environment Facility (GEF) will continue to co-exist, with both acting as operational entities for Climate Finance under Agreement.

▶ The GCF will also be enabled to provide support for Least Developed Countries’ (LDCs) National Adaptation Plans (NAP)

▶ Developed countries will continue funding for ‘meaningful mitigation actions and transparency on implementation’ with a ‘floor’ of $100 Billion, and to set a new goal in 2025 (54)

▶ Adaptation Fund (AF) - Continue to serve Kyoto Protocol (KP) and Agreement, under CMP and CMA (60) subject to decisions of COP (61)

▶ ‘Institutions serving the Agreement’: ‘urges’ delivery of finance through ‘simplified and efficient application and approval procedures’ (65)
Transparency Framework under the Paris Agreement

13.1. In order to build mutual trust and confidence and to promote effective implementation, an enhanced transparency framework for action and support, with built-in flexibility which takes into account Parties’ different capacities and builds upon collective experience is hereby established.

13.6. The purpose of the framework for transparency of support is to provide clarity on support provided and received relevant individual Parties in the context of climate change actions —— to provide a full overview of aggregate financial support provided, to inform the global stock take under Article 14.

13.8. Each Party should also provide information related to climate change impacts and adaptation under Article 7, as appropriate.
Transparency Framework under the Paris Agreement

13.9. **Developed country** Parties shall, and other Parties that provide support should, provide information on **financial**, technology transfer and capacity-building support provided to developing country Parties under Articles 9, 10 and 11.

13.10. **Developing country** Parties should provide information on **financial**, technology transfer and capacity-building support needed and received under Articles 9, 10 and 11.
Climate Finance Governance Mechanism

- Transfer of funds from the developed to the developing countries either bilateral or through multilateral institutions
- Monitor, report, and verify (MRV) financial flows, expenditures, results of projects, and to verify the accuracy of information
- Country utilize funds based on climate vulnerability, adaptation plans and prioritize actions in planning stage
- Country’s ability to both access finance directly for project, as well as from multiple sources in order to support projects
Summary

- Integrity refers to the extent to which institutional actions accord with stated intentions (public institutional justification)
  - subject to issues of consistency, coherence, context and contingency
  - The more these accord one with another, the fuller or more comprehensive the level of integrity

- Governance refers to the structures and processes (organisational arrangements) for steering and co-ordinating relations between actors within institutions
  - Quality (strength) of governance is determined by values
  - Can be ‘thick’, ‘thickish’ or ‘thin’ depending on the values adopted

- Quality of governance, institutional integrity and regulatory frameworks will be critical to ensuring the legitimacy of the Paris Agreement, in multiple contexts,
  - Article 13 - transparency framework for action and support but also emissions reduction payments (A5) sustainable development mechanism (A6), finance (A9) capacity building (A11), etc.
  - A 13 refers to “The need to promote transparency, accuracy, completeness, consistency and comparability”
    - This MUST apply to all action (adaptation, mitigation) and support (capacity building) under the agreement
    - The Paris ‘Rulebook’ MUST be better than existing MRV arrangements (which it replaces) - or we are ‘back to square one’...
Transparency

AWP - ‘requests’

- Develop ‘modalities, procedures and guidelines’ following A13.13, to be presented to 1st CMA, but ‘considered’ at COP 24 2018 (92), to take into account (93):
  
  a) ‘facilitating improved reporting and transparency over time’
  b) ‘Flexibility’ for developing countries given capacity
  c) ‘promote transparency, accuracy, completeness, consistency, and comparability’
  d) ‘avoid duplication’ and ‘undue burden’ on CCS and Parties
  e) Parties maintain ‘frequency and quality of reporting’
  f) Avoid ‘double accounting’
  g) ‘ensure environmental integrity’

- As well as (95)
  
  a) ‘types of flexibility’
  b) Consistency between INDC reporting-, and progress-, methodologies
  c) Reporting includes actions, and plans, including NAP
  d) Support provided for adaptation and mitigation taking SBSTA methods into account
  e) Information on biennial assessments, SCF reports, and other bodies
  f) ‘Information on the social and economic impacts of response measures’
Summary of decisions - transparency of action and support

Transparency

- ‘create a ‘Capacity-building Initiative for Transparency’ (CIT) (85-89)
  - ‘build institutional and technical capacity, both pre- and post-2020’
  - Help improve transparency ‘over time’ (86)
  - Use 7th review of FM to assess CIT (88)
  - Developing countries have ‘flexibility in implementation of provisions’ [A13.2] (90)
  - Under A13.7-10 least developed countries (LDCs) ‘shall’ submit information no less frequently’ than bi-annually but ‘may’ submit at their discretion (?) (91)
Transparency cont.

- **AWP - ‘requests’ (cont.)**
  - Draw on experiences of other processes (94)
  - Enhance transparency of support from developed countries [A9] (96)
  - Provide a progress report on modalities no later than 2018 (97)
  - Modalities, procedures & guidelines enter into force with Paris Agreement (98)
  - Will ultimately replace measurement reporting and verification (MRV) under 1/CP.16 (99)
Transparency Framework and Its Implications for Climate Finance

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
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<tbody>
<tr>
<td>Transparency</td>
<td>• Transparency relates to both the disclosures of complete/accurate information on fund delivery, open as well as easy access to information about the availability and allocations</td>
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<tr>
<td>Accountability</td>
<td>• Reporting properly and accountability mechanism to be used to evaluate the agreement of the Paris Agreement in delivery of climate finance in time and giving priority to vulnerability of LDCs and SIDS</td>
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<td>Participation</td>
<td>• The extent to which climate vulnerable community could able to contribute to climate change finance related decision making and different cycle of the climate projects</td>
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<td>Proper Counting/Integrity</td>
<td>• The qualifications of being honest and having strong moral principles; moral uprightness - not double counting, environmental integrity</td>
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<td>Equity/Country Need</td>
<td>• Fair shares&quot; and &quot;fair opportunities&quot; in the distribution of and access to resources and services. Equity means that greater resources and more services should be made available to the most vulnerable and needy groups.</td>
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<tr>
<td>Coherence/Consistency</td>
<td>• Coherence/consistent with both with UNFCCC fundings principles /strategies and also national climate change vulnerability assessment, policies and priorities</td>
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Article 11: Capacity building

1. Capacity-building under this Agreement should enhance the capacity and ability of developing country Parties.

2. Capacity-building should be an effective, iterative process that is participatory, cross-cutting and gender-responsive.

3. All Parties should cooperate to enhance the capacity of developing country Parties to implement this Agreement. Developed country Parties should enhance support for capacity-building actions in developing country Parties.

4. All Parties enhancing the capacity of developing country Parties to implement this Agreement, including through regional, bilateral and multilateral approaches, shall regularly communicate on these actions or measures on capacity-building. Developing country Parties should regularly communicate progress made on implementing capacity-building plans, policies, actions or measures to implement this Agreement.
Conclusions

- Developed countries have more obligations (‘shall’) than developing countries (‘should’) relating to:
  - Enhancing activities under Agreement and Convention
  - Amount of finance pledged and provided (including in the global stocktake)
  - Transparency of finance around technology transfer and capacity-building support including
  - Reporting on actions and measures
  - Assisting developing countries to implement transparency provisions
  - Communicating on capacity building actions/measures
  - No obligation to capacity building (‘should’)

- Good ‘troubleshooting’ - but does this give too much leeway to developing countries and too little to developed?
Conclusions cont.

- Many ‘may’, ‘should’ not just ‘shall’ clauses...
- Only one reference to ‘governance’ (A6.2, only to voluntary mitigation/adaptation activities), and none to standards
- Transparency is only ONE governance value
- The Paris ‘rulebook’ MUST have comprehensive ‘thick’ governance standards covering, but not confined to climate finance
  - ‘safeguards’ not enough)
- How will ‘transparency, accuracy, completeness, consistency, and comparability’ (93c) be achieved without them?
Thank You

Email: zhkhan@ti-Bangladesh.org