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COP23:Side Event

STRENGTHENING THE PARIS AGREEMENT TRANSPARENCY FRAMEWORK: A WHOLE-OF-GOVERNANCE STANDARD FOR CLIMATE FINANCE

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Climate Finance Governance Mechanism

- Transfer of funds from the developed to the developing countries either bi-lateral or through multilateral institutions

Allocation

- Country's ability to both access finance directly for project, as well as from multiple sources in order to support projects

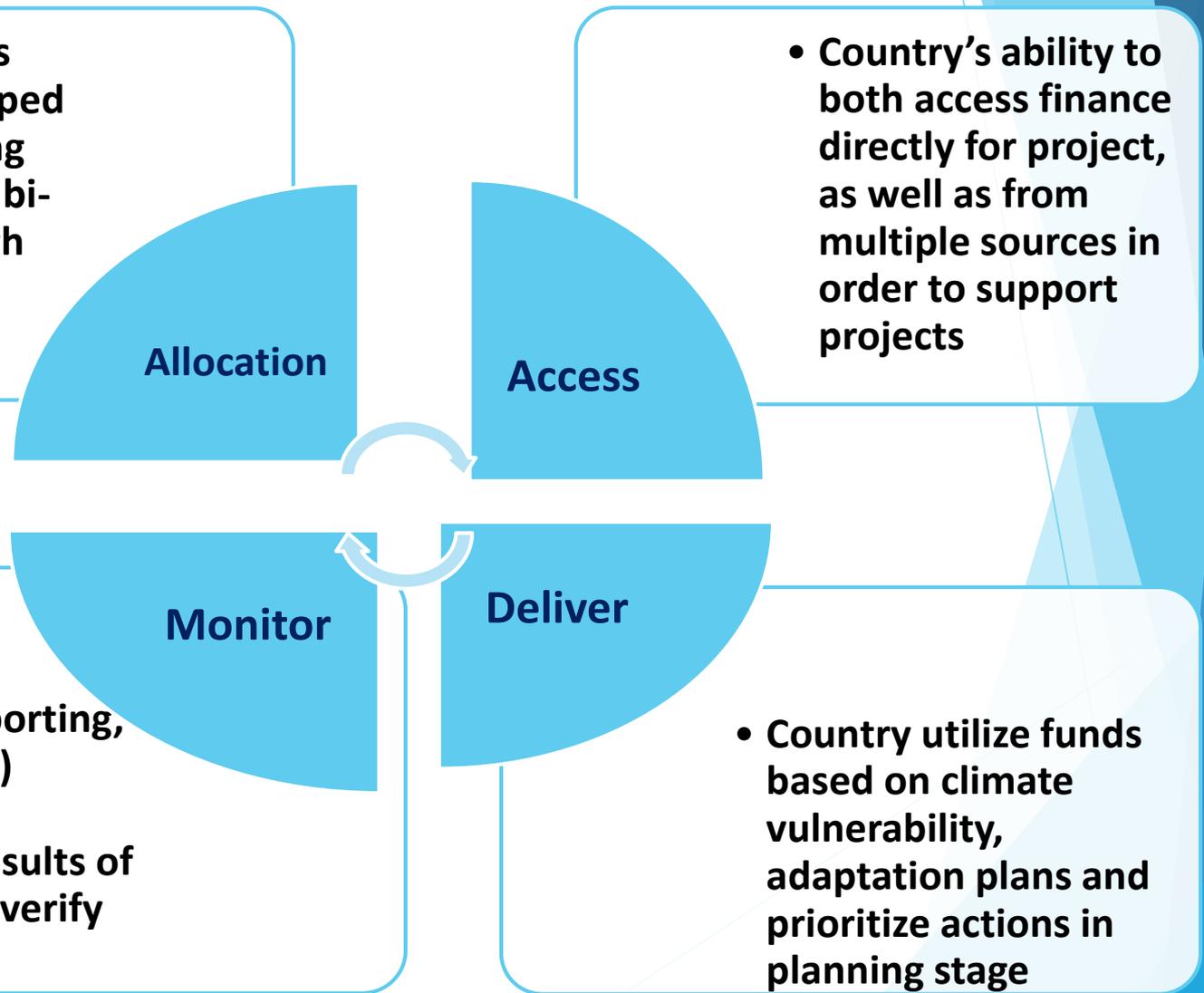
Access

- Monitoring, reporting, and verify (MRV) financial flows, expenditures, results of projects, and to verify the accuracy of information

Monitor

- Country utilize funds based on climate vulnerability, adaptation plans and prioritize actions in planning stage

Deliver



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 Development 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

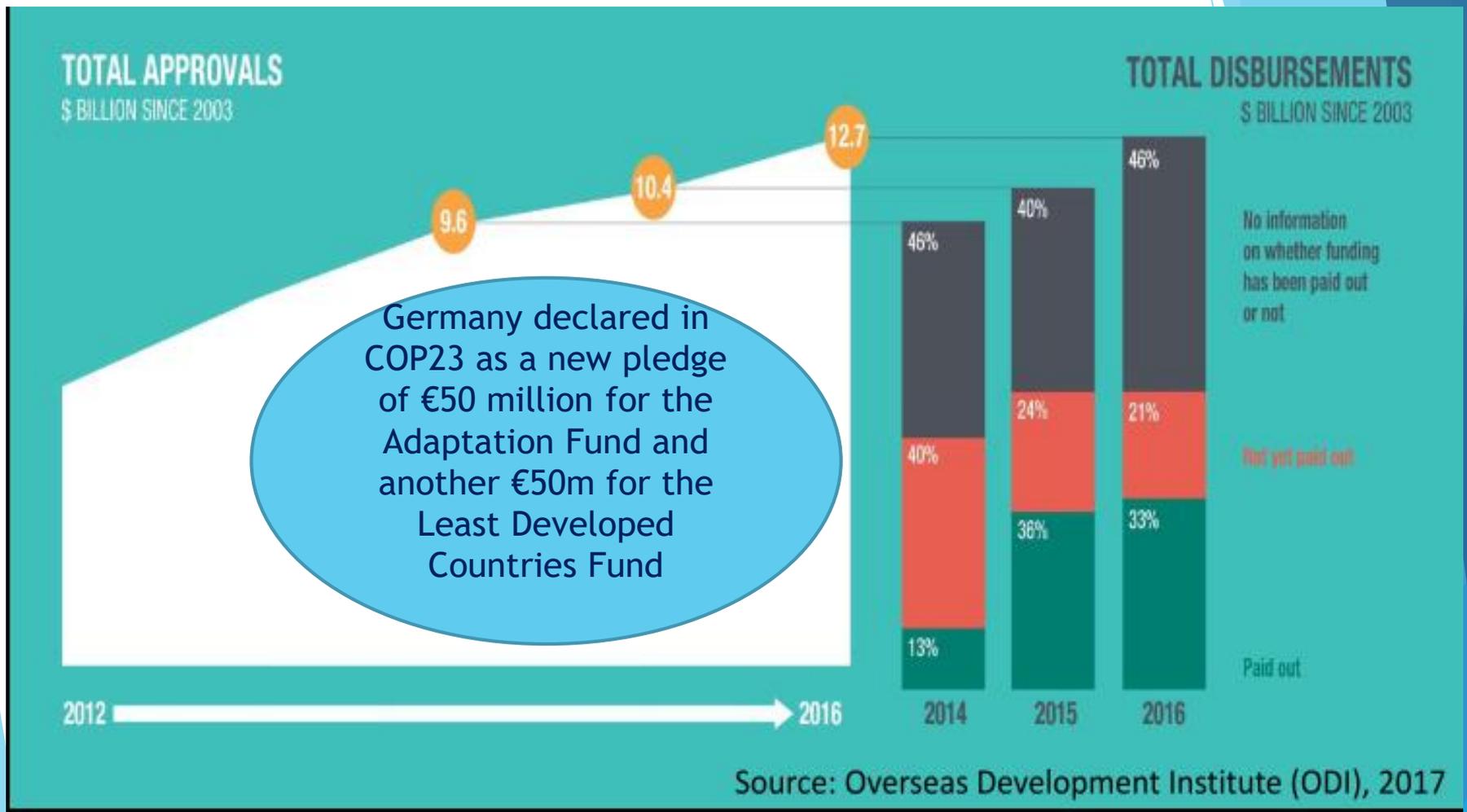
The Paris Agreement and Climate Finance

- ▶ Developed country Parties **shall** provide financial resources to assist developing country Parties with respect to both mitigation and adaptation
- ▶ “Each Party **shall** prepare, communicate and maintain successive nationally determined contributions that it intends to achieve.”
- ▶ As part of a global effort, developed country Parties **should** continue to take the lead in mobilizing climate finance ----- noting the significant role of public funds,
- ▶ **Supporting** country-driven strategies, and taking into account the needs and priorities of developing country Parties **especially the LDC and SIDS**
- ▶ Such mobilization of climate finance should represent a progression
- ▶ Scaled-up financial resources **should** aim to achieve a balance between adaptation and mitigation
- ▶ Considering the need for **public and grant-based** resources for adaptation

Climate Finance and the Paris Agreement

- ▶ Green Climate Fund (GCF) and the Global Environment Facility (GEF) will continue to co-exist as operational entities for **Climate Finance** under the Agreement
- ▶ The GCF will also be enabled to provide support for LDCs and preparing the 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)
- ▶ Continue to serve Kyoto Protocol (KP) and **Adaptation Fund (AF) will not be dried out**
- ▶ ‘**Urges**’ (??) delivery of finance through ‘**simplified and efficient application and approval** procedures’ (65)

Climate specific funds from the Developed Countries



- ❑ MDB's provided only 4% of climate specific funds as grant in 2016
- ❑ Around 50% of US\$41 billion provided by developed country was grant
- ❑ GCF provided only 32% of its funds for adaptation in vulnerable countries

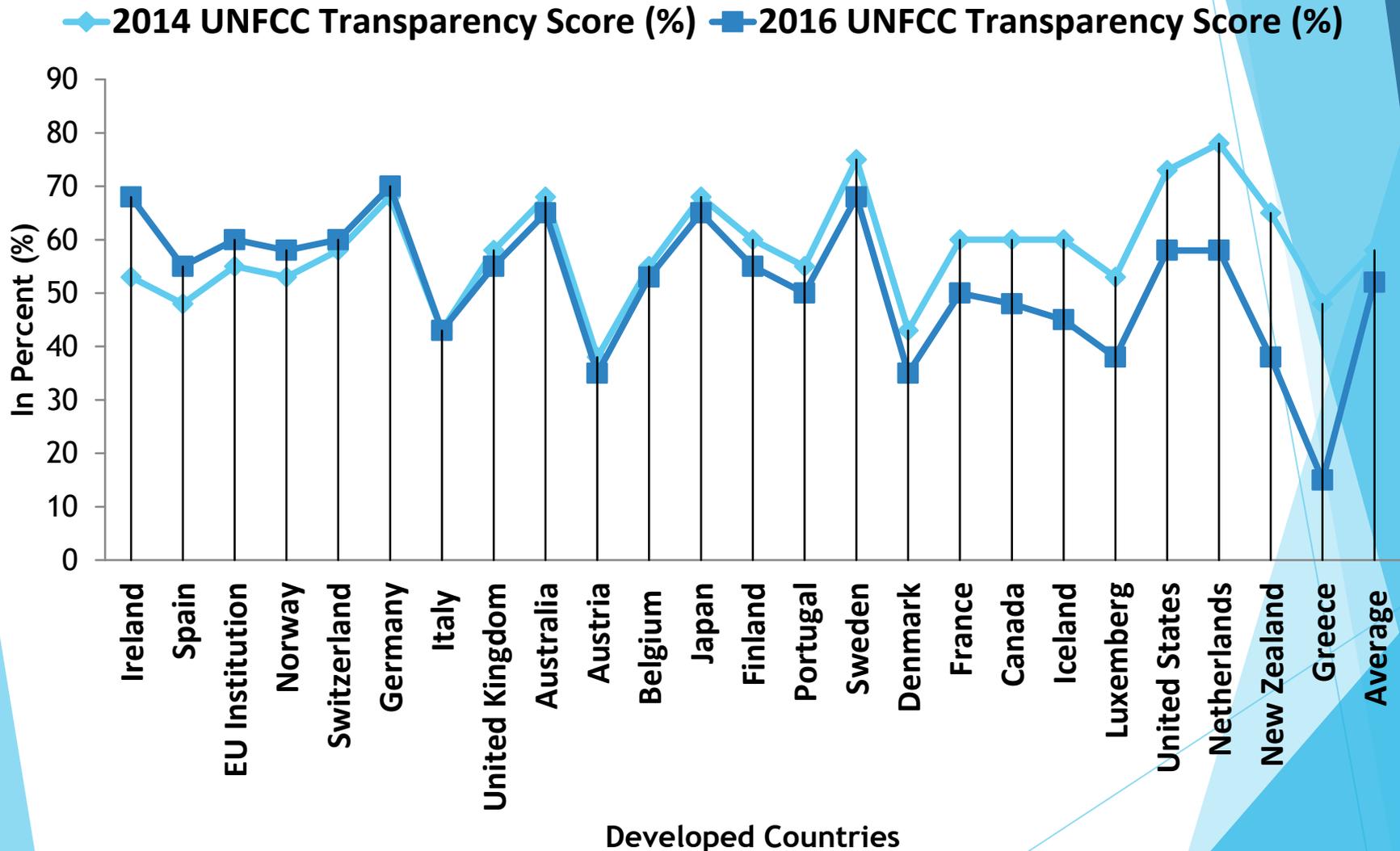
Transparency Framework in the Paris Agreement

- ▶ ----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 (13.1)**
- ▶ Purpose of the framework for transparency of support is to provide clarity on **support (including climate finance)** provided and received relevant individual Parties --to provide a full overview of aggregate financial support provided, *to inform the global stock take under Article 14 (13.6)*
- ▶ Each Party should also provide information related to climate change impacts and adaptation (13.8)
- ▶ **Developed country** Parties **shall**, and other Parties that provide support **should**, provide information on **financial** ---to developing country Parties

Transparency in PA and Climate Finance

- ▶ Developed country Parties ***shall*** biennially communicate indicative quantitative and qualitative information on projected public finance to developing country Parties; for other parties **such information on a voluntary basis (9.4)**
- ▶ Developed country Parties ***shall*** provide **transparent and consistent information on support for developing country Parties provided and mobilized through public interventions biennially (9.6)**
- ▶ **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 LDCs and SIDS **(9.8)**

Ranking of Developed Countries on Reporting to the UNFCCC for bilateral public climate finance



Source: Adaptation Finance Transparency Gap Report 2016 by Adaptationwatch (Page 53) based UNFCCC 2016 Biennial Reports

Transparency Framework: A Whole of Governance Standards

- ▶ Develop ‘modalities, procedures and guidelines’ following A13.13, to be presented to 1st CMA, but ‘considered’ at COP24 on 2018-
 - Promote transparency, accuracy, completeness, consistency, and comparability’
 - Avoid duplication/double accounting
 - Avoid ‘undue burden’ on climate vulnerable countries
 - Ensure environmental integrity
 - Improved/Quality of reporting and transparency over time
 - ‘Flexibility’ for developing countries given capacity
 - Consistency between INDC reporting (actions, and plans, including NAP), and progress, methodologies
 - Information on
 - biennial assessments, financial reports
 - social and economic impacts of response measures

Transparency Framework and Climate Finance: Developed Countries Perspective

Transparency

- Both proactive and on-demand disclosures of complete/accurate information on fund delivery
- Easy access to information about the availability and allocations by stakeholders

Accountability

- Accurate and improved reporting
- Introducing of accountability mechanism/tools e.g. Code of conducts for the concerned stakeholders
- Timely, predictable delivery of climate finance giving priorities to local vulnerability

Integrity

- Practicing integrity and strong moral principles;
- Moral uprightness - no double counting,
- Environmental integrity in practices

Transparency Framework and Climate Finance: Developed Countries Perspective

Participation

- Proper consultation with the CSOs and Parties of the developing countries

Equity

- Avoid imposing 'undue burden' on climate vulnerable countries e.g. conditional grant
- "Fair shares" and "fair opportunities" in the distribution of and access to finance made available to the most vulnerable LDCs and SIDS

Coherence/ Consistency

- Strict compliance with the UNFCCC funding principles/strategies and also national policies and priorities
- Consistency between INDC reporting (actions, and plans, including NAP), and progress, methodologies

Reporting Approaches for Financial Support Received by Developing Countries

Non-Annex I Party	REPORTED IN TABULAR FORMAT				ALLOCATION CHANNELS								SECTORS		FINANCIAL INSTRUMENTS						OTHER				
	PER PROJECT	PER DONOR	PER THEMATIC AREA	ONLY HEADLINE FIGURES	TOP DONORS	BILATERAL	MULTILATERAL	MULTILATERAL FINANCIAL INSTITUTIONS	MULTILATERAL CLIMATE CHANGE FUNDS	SPECIALIZED UNITED NATIONS BODIES	GEF	PRIVATE FOUNDATIONS	PRIVATE SECTOR	MITIGATION/ADAPTATION	ECONOMIC	GRANT	CONCESSIONAL LOAN	LOAN	NATIONAL BUDGET	RESULT-BASED PAYMENT	LEASING	ODA/NON-ODA	STATUS OF FINANCE	DOMESTIC FINANCE FLOWS	CO-FINANCING
Argentina		✓			✓					✓															✓
Armenia	✓					✓		✓	✓																
Brazil		✓				✓	✓			✓															
Chile	✓					✓	✓	✓	✓				✓	✓									✓		
Colombia		✓				✓		✓	✓				✓												
Ghana	✓					✓	✓			✓	✓	✓	✓	✓	✓		✓	✓	✓					✓	✓
Indonesia		✓				✓		✓	✓						✓		✓						✓	✓	
Lebanon		✓			✓	✓		✓	✓																
Malaysia	✓					✓		✓	✓	✓															
Mauritania	✓					✓		✓	✓				✓		✓		✓			✓					
Mexico				✓									✓	✓	✓		✓	✓							
Montenegro		✓			✓				✓	✓					✓		✓								
Morocco	✓					✓		✓	✓	✓			✓		✓	✓								✓	
Paraguay		✓				✓		✓	✓	✓					✓										
Peru	✓					✓		✓	✓				✓		✓	✓						✓		✓	
Moldova (R. of)	✓					✓		✓	✓	✓			✓	✓	✓		✓								
South Africa	✓					✓		✓	✓				✓		✓		✓					✓	✓	✓	
Thailand	✓					✓			✓	✓			✓												
Tunisia	✓					✓			✓	✓			✓												
Viet Nam			✓										✓											✓	

Source: Weikmans and Roberts (Forthcoming); Data extracted from UNFCCC (2016).

Corruption Perception Index 2016 and Position of Climate Vulnerable Countries

The Most Vulnerable Countries	Climate Risk Index 2016	Corruption Perception Index (CPI) (Score out of 100)	CPI Ranking (From the Top)
Honduras	1	30	123
Myanmar	2	28	136
Haiti	3	20	159
Philippines	4	35	101
Nicaragua	4	26	145
Bangladesh	6	26	145
Vietnam	7	33	113
Pakistan	8	32	116
Thailand	9	35	101
Guatemala	10	28	136

Transparency Framework and Climate Finance: Developing Country Perspective

Transparency

- Both proactive and on-demand disclosures of complete/accurate information on vulnerability assessment, fund allocation, project/program actions fund requirements
- Easy access to information by stakeholders

Accountability

- Introducing of accountability mechanism/tools e.g. Code of conducts for the concerned stakeholders
- Proper environmental, social and economic assessment
- Due consideration to country-driven policies e.g. National Adaptation Plan (NAP), indigenous knowledge
- Proper prioritization of project/programs
- Gender-sensitive, consideration marginalized community

Transparency Framework and Climate Finance: Developing Country Perspective

Participation

- Introduction of community-led Adaptation planning
- Participation of community in climate finance related decision making
- Independent/Citizens-led MRV mechanism

Integrity

- Practicing integrity and strong moral principles;
- Proper estimation and proper utilization of funds
- Environmental integrity in practices

Equity

- "Fair shares" and "fair opportunities" in the distribution of fund to the most vulnerable areas/communities

Coherence/ Consistency

- Coherence/consistency with Adaptation Principles in the Paris Agreement and also strict consideration of the national climate change vulnerability assessment, policies

Application of Social Accountability Tools by TI- Bangladesh



Interview and Discussion with beneficiary communities



Public hearing: Interface between authority and communities

Disseminating project information



Conclusions

- ▶ Information on the country's total level of climate finance separating support for adaptation and mitigation
- ▶ Reporting on the share of climate finance going to LDCs and Small Island Developing States
- ▶ Developed countries have more obligations ('shall') than developing countries ('should') in ensuring good governance
- ▶ Both the developed and the developing country Parties must be proactive to frame robust and meaningful modalities of Transparency Framework focusing on "Whole-of-Governance" approach for the effective uses of climate finance
- ▶ LDCs and SIDS should work together to propose the robust measurable indicators of CF, transparent MRV process with anti-corruption safeguards for both CF and additional finance for loss and damages
- ▶ Under the "Capacity-building Initiative for Transparency" (CIT) adequate resource should be mobilized immediately for the affected LDCs, SIDS to meet the standards in accessing funds
- ▶ Adaptation communications, capture common points, sort out the differences and draft guidelines as per Article 7.5 of the PA



Thank You

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