

Parties engage in intense discussion on transparency of support

26 May, Penang (T Ajit) — Parties to the UNFCCC's Ad hoc Working Group on the Paris Agreement (APA) had an intense discussion on transparency of support, relating to the provision of finance, technology transfer and capacity building under the Paris Agreement (PA).

The rich exchange which revealed deep divisions between developed and developing countries happened in the informal consultations on 'transparency of support' that took place over the two weeks of the recently held climate talks in Bonn from 8-18 May.

Ahead of the discussions, the co-facilitators of the transparency framework, **Xiang Gao (China)** and **Andrew Rakestraw (United States)** presented to Parties, "under their own responsibility", a slide on the screen containing possible headings and sub-headings to focus the discussions. They said that this was "a tool" to guide Parties and that the contents were drawn from the submissions of Parties as well as the transparency workshop held in March 2017 in Bonn.

The co-facilitators presented the following headings for discussion:

"Information on financial, technology transfer and capacity-building support provided under Articles 9 - 11 of the PA:

1. Objectives.

2. National circumstances and institutional arrangements.

3. Underlying assumptions and methodologies.

4. Information on financial support provided and mobilized under Article 9 by developed country Parties and other Parties that provide support, consistent with the modalities for the accounting of financial resources provided and mobilized under 1/CP.21, paragraph 57.

5. Information on technology transfer support provided under Article 10 by developed country Parties and other Parties that provide support.

6. Information on capacity-building support provided under Article 11 by developed country Parties and other Parties

that provide support."

The slide had the following footnote: "(Note: specific elements that may apply to (4) (6): recipient, objectives and descriptive information, amount, sector, type of support, status, financial instrument, funding source, allocation, channel, implementing institution, proof on how this support is new and additional; information pursuant to Article 9.5). They also indicated that the list was not exhaustive and further headings and sub-headings could be added in subsequent sessions.

The main point of divergence between developed and developing countries centered around the words "other Parties that provide support" referred to in headings 4, 5 and 6 of the so-called tool.

Developing countries referred to Article 9.5 of the PA and said that developed countries are mandated to provide information and other Parties are only encouraged to communicate such information on a voluntary basis and therefore the reference to other Parties that provide support should be deleted.

(Article 9.5 reads: *Developed country Parties shall biennially communicate indicative quantitative and qualitative information...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.*)

In discussing the 'tool' several developed countries said that the discussion on support provided belonged to the Subsidiary Body for Scientific and Technological Advice (SBSTA) and that there was no need to discuss it under transparency of support under the APA.

Australia said that since a lot of the work on transparency of support was happening in other bodies of the UNFCCC, Parties should focus on

nationally determined contributions (NDCs) (in an apparent reference to the ‘mitigation’ element only) and about transparency of mitigation action.

Developing countries responded sharply, saying that support is a “life and death” issue for them and information on support provided by developed countries must be discussed under the APA.

China said that there should be no renegotiation of the PA by indicating that Parties other than developed countries have to provide information on support. To emphasize the point further, it said that if some countries insisted on it, then “they could create another ad hoc body to discuss the renegotiation of the PA, or go to a parallel universe to discuss the issue,” which stunned many in the meeting room.

Developing countries also underscored the importance of transparency of support in their interventions, and proposed further headings and elements to be added to the co-facilitators’ tool. These ranged from ‘predictability’, ‘accessibility’, ‘adequacy’, ‘scalability’, ‘progression in financing’, to ‘conditionalities’ (imposed by developed countries) for climate finance.

Developing countries also underscored the need to have definitions and said that Parties must get down to defining what ‘climate finance’ is.

Highlights of some interventions

Speaking for the **G77 and China, Philippines** reiterated that the transparency framework must be made of two solid foundations: transparency of action and transparency of support, adding that support is an enabler of action and support is for finance, technology transfer and capacity building.

It said that the purpose of the transparency of support is clear, in that information must be clear on support received under both Articles 9 (finance) and 13 (transparency) of the PA. Support is from developed to developing countries and what is needed is predictability, accessibility, adequacy, scalability and progression of finance, it added further.

Philippines said that there is need for modalities, procedures and guidelines (MPGs) for transparent and consistent information on support provided and mobilized by public interventions. There are ongoing processes that would have to be taken into these elements, based on ongoing processes such as national communications (NATCOMs),

biennial reports (BRs) and strategies for scaling of climate finance, in particular the assessment and overview of climate finance flows, it said further.

Representing the **Like Minded Developing Countries (LMDC), Ecuador**, referring to bullets 4 to 6 of the slide, said that there should be a clear differentiation between support provided and support mobilized since the two are different.

“There is a great focus on who provides support and who receives support. We would like to see support provided through developed countries, and support mobilized through developed countries,” said Ecuador. It also said that the provision and mobilization of support should have specific information to track the predictability, adequacy, accessibility, scalability of finance and balance between adaptation and mitigation finance.

It said further that under predictability, it would be useful to have projections. Under adequacy, there should be information on how support is being provided to address developing countries’ needs and how such support is taking that information into account. On accessibility, Ecuador said that there should be information on mechanisms being used for finance, technology and capacity-building support. On scalability, there should be information on progression; and on balance, there should be information on how the balance between adaptation and mitigation was being promoted. It also added that there should be qualitative and quantitative information.

Speaking for the **Least Developed Countries (LDCs), Tuvalu** said Parties should have a broader discussion along the lines of information necessary to track progress under Article 13.6, and not just in the context of Articles 9,10,11 of the PA. Tuvalu also said that it would like to see specific information on relevant articles of the PA and gave the examples of Articles 4,5,7,8 and said that these embrace transparency of support. Tuvalu also underscored the need to include definitions in the broader context of the discussion on transparency of support.

Speaking for the **African Group, Egypt** referred to the 4th point of the co-facilitators’ slide and indicated that it says “developed countries and other Parties” while Article 9.5 is very clear that the responsibility to provide support is on developed countries, adding that it was therefore

not a correct reflection.

Egypt added that for reporting there should be clear information on additionality and deviation of information, which should reflect raising ambition, taking into account that financial support provided raises ambition in developing countries.

“There is concern in the current approach that everything under the sun is counted as climate finance,” lamented Egypt, and added that the information should allow for comparability (of efforts among developed countries).

In this respect, Egypt said that there needs to be coherent information from reporting on finance, technology transfer and capacity building and that coherence is an important element which needs to be taken into consideration. It also said that elements of great importance were conditionalities/criteria (imposed by developed countries) on the provision of finance. It added that if some countries give priority to some countries, that should be included to enhance transparency. Egypt also said that Parties should talk about the net value of support provided rather than the gross value. Its concern stemmed from the fact that there is no agreed definition of climate finance and it is unclear what gets counted as climate finance.

China also echoed the concerns of other developing countries and said that the mention of “other Parties providing support” should be deleted and “that voluntary support could not be turned into mandatory support”, with the latter being mandated to developed countries.

“We can establish another ad hoc working group on whether we want to renegotiate the PA”, it said or “another parallel universe, but not in this universe,” it stressed.

The issue of support is “a life and death issue” for developing countries, said China and proposed that there should be sub-items under headings such as finance, technology and capacity building. It called for more elements such as plans, strategies and measures. For capacity building, it said a specific element could have a specific focus on whether it is for mitigation, adaptation, transparency or public awareness building. On technology, there should be enabling policies for joint innovation, it said further.

In response to those who said that discussions

were happening in other bodies, China said that except for the discussion on accounting of financial resources in SBSTA, no discussions were happening elsewhere on accounting or methodologies for technology transfer or capacity building and that they must discuss all the issues under the APA.

India also said that the transparency framework has two solid foundations and that equal rigour must be applied to both (on action and support). The reason is while all Parties take action, the PA provides for support to be provided by developed countries to developing countries, said India adding that support is a critical enabler of action and that enhanced action would require enhanced support.

The purpose of transparency, said India, is that Parties need more clarity on support mobilized and support received. It also called for a process to be established, which assists developing countries to identify financial needs on enhanced actions under the NDCs. Referring to the co-facilitators’ slide on point 4, it reiterated that Article 9.5 restored the voluntary nature of other Parties’ contribution and that the point did not belong to the discussions.

Saudi Arabia called for a joint session of transparency of support with SBSTA in the light of hearing interventions on “duplication of work”. It said it refused to recognize the co-facilitators’ slide, adding it would refer to the transparency workshop. It wished to see that Parties agree on the principles of transparency and agree to the MPGs adding that Parties need to agree on overarching MPGs that would cover action and support.

It also said that climate finance must be defined and added that there were huge challenges with that. It said that when some Parties talk of accounting for climate finance, they count everything but when developing countries want to spend the money, there are questions as to whether the finance is for ‘development’ or ‘climate change’. It said that the transparency requirement is for those developed countries who have the commitment to provide resources and Parties are not talking about “donors”. “We have to agree on those principles before we agree on going further,” said Saudi Arabia.

The **European Union (EU)** said that of the list on the slides, Parties needed to see whether some

of the issues were covered in the work under the SBSTA dealing with accounting of financial resources. The EU said they needed to define whether the work in the transparency of support was different from the SBSTA work.

Switzerland said that points 3 and 4 were being dealt with under the SBSTA and that the APA should not be duplicating the work. It said that many things that the Africa Group or India had said, had been raised in the SBSTA and that developed countries were willing to engage on the issues raised there.

Norway said it would be valuable to know what other Parties were contributing with respect to finance as it would feed into the global stocktake.

Canada said it was happy with the co-facilitators' slide. Responding to Tuvalu, Canada said that the title reflected what Parties need to do under Article 13.9, and also has the necessary flexibility what donor countries and other countries are doing under Articles 9,10,11 of the PA. It also said that the SBSTA was progressing on the modalities and that work would feed into the transparency framework and added that since technical conversations were happening there, there was no need for Parties to get into technical discussions under transparency of support.

New Zealand said there were lots of overlaps with SBSTA and said that some of the issues raised in the session belonged to there. It added that the APA needs to pick up technology and capacity building and said it would have liked to know what kind of information would be useful for Parties.

The **US** said in reference to Parties quoting Article 9.5, it was perhaps a "misquote". "Article 9.5 is about ex-ante information. They meant to refer to Article 9.7, which is about ex post reporting for both developed countries and other Parties. It said that the scope was clearly defined in Article 13.9 and that work was already ongoing under the SBSTA adding that the APA should coordinate closely with the SBSTA work.

(Article 9.7 reads: *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 this Agreement, at its first session, as stipulated in Article 13, paragraph 13. Other Parties are encouraged to do so.*)

(Article 13.9 reads: *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.*)

After the discussions, the co-facilitators updated their slide in an informal note, where they reflected the discussions. In the final version, the co-facilitators reflected the following: "4. *Information on financial support provided and mobilized under Article 9 by developed country Parties to developing country Parties*

5. *Information on financial support provided and mobilized under Article 9 by other Parties that provide support to developing country Parties, on a voluntary basis.*

6. *Information on technology development and transfer support provided under Article 10 by developed country Parties to developing country Parties;*

7. *Information on technology development and transfer support provided under Article 10 by other Parties that provide support to developing country Parties, on a voluntary basis;*

8. *Information on capacity-building support provided under Article 11 by developed country Parties to developing country Parties;*

9. *Information on capacity-building support provided under Article 11 by other Parties that provide support to developing country Parties, on a voluntary basis."*

Further discussions on the matter will be taken up at the next session of the APA in Bonn later this year in November.

Edited by Meena Raman