

## **India's Submission on Agenda item 5 – Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement**

India welcomes the opportunity to submit its views on Agenda item 5, 'Modalities, procedures and guidelines (MPG) for the transparency framework for action and support referred to in Article 13 of the Paris Agreement.' This submission provides input taking into account the possible "headings and subheadings" contained in the annex to the informal note prepared by the co-facilitators on this Agenda item at the conclusion of the APA Session 1.3.

At the outset, India would like to note that the transparency framework for action and support is a central and foundation of the Paris Agreement. It forms an important element of the 'top-down' part of the Paris Agreement, and can, if designed to be equitable, efficient and effective, foster mutual trust and confidence among Parties and thus trigger ever more ambitious actions towards the long-term goals of the Agreement.

Specific views on MPG "headings and subheadings" are in subsequent paras.

### **A. Overarching considerations and guiding principles**

#### **1. Objectives;**

- Ensure trust among the Parties and enhance implementation of the Paris Agreement and the Convention.
- Ensure objectives of the Convention and the Paris Agreement with respect to transparency framework are complied with.
- To provide information to stakeholders about actions taken and efforts made so as to foster confidence and good will that NDCs are being implemented fairly, adequately and at the desired pace.
- To generate credible information that can inform the global stock take and enable a reliable assessment of collective progress towards the purpose of the Paris Agreement and its long-term goals, keeping in mind the need to generate information not just on mitigation but also on adaptation and the means of implementation and support, in light of equity and the best available science.
- To generate information that can feed into the Article 15 mechanism to facilitate implementation and promote compliance, keeping in mind that this mechanism is facilitative in nature, and must take into account the national circumstances and capabilities of Parties.

## **2. Guiding principles;**

The transparency framework for action and support, to be equitable, efficient and effective, should:

- enhance the implementation of the Convention and strengthen the global response to the threat of climate change in a manner that reflects equity and common but differentiated responsibilities and respective capabilities;
- generate clear and credible information on efforts undertaken by parties on mitigation, adaptation, finance, technology and capacity-building, so as to enable a balanced assessment of collective efforts to meet the long-term goals of the Paris Agreement;
- build on existing arrangements under the Convention and ensure enduring built-in differentiation and flexibility for developing countries, in light of their differing capacities, and in the context of their sustainable development and poverty eradication challenges;
- be facilitative, non-punitive, and non-intrusive, and refrain from placing excessive informational and other burdens on developing countries; and
- ensure that enhanced transparency on action is in lockstep with enhanced transparency on support, that equal weight is placed on guidelines for transparency of action and transparency of support, and that both sets of guidelines are designed to be equally rigorous.

## **3. Structure/design of the MPGs;**

Structure/Design of MPGs should reflect differentiation and balance between transparency of action and support. As provided in the Paris Agreement, the existing transparency arrangements (reporting and review guidelines) should form the basis. Therefore, MPGs should have two distinct sections for developed and developing countries that take into consideration differences between developed and developing countries. It must encourage Parties to provide information on their action and support of a quality and rigor that advances implementation and enhances trust among Parties.

## **4. Interlinkages with other transparency related items;**

MPGs must be designed so as to take into account the interconnected nature of provisions of the Paris Agreement and avoid additional burden on Parties especially developing country parties. Article 13 applies to mitigation, adaptation, finance, technology transfer and capacity building. It is necessary to ensure coherence between other reporting requirements under Paris Agreement and avoid duplication of efforts. It must accord with the rest of the elements of the Paris Rulebook and facilitate effective implementation of the Paris Agreement.

**5. Building on and enhancing the transparency arrangements under the Convention, recognizing that the transparency arrangements under the Convention shall form part of the experience drawn upon for the development of the MPGs;**

Transparency framework under the Paris Agreement should be based firmly on existing transparency arrangements under the Convention. Existing modalities, procedures, guidelines and processes should continue to play a fundamental and significant role in the transparency framework for the Paris Agreement. There exists no compelling reason to abandon the existing transparency arrangements under the Convention, including in particular the relevant modalities, procedures and guidelines related to the national communications and GHG inventories, as they can be applied to the transparency framework under the Paris Agreement, a ‘related legal instrument’ under the Convention.

The existing transparency arrangements under the Convention, contained in decisions 1/CP.16, 2/CP.17, and 1/CP.18, have established a transparency framework for both action and support that reflects differentiation between developed and developing country Parties. The differentiated transparency arrangements under the Convention requires that developed country Parties’ implementation be made comparable with each other, with more and more detailed information at more frequent intervals, and more stringent verification processes; while developing countries would have greater flexibility and less stringency in terms of what to submit, when to submit, and how the information would be verified. India strongly supports the formulation of separate guidelines for developed and developing country Parties, so as to facilitate the implementation/achievement of NDCs

**6. Flexibility to those developing countries that need it in the light of their capacities;**

It is of critical importance that ‘flexibility’ be continued to be provided to developing countries. The determination of the need for flexibility in the light of their capacities should be made by the developing countries themselves, in a country-driven manner and based on their particular needs.

In this respect, it is imperative that while developing MPGs, Parties build, as already indicated, on the existing transparency arrangements under the Convention and ensure continuity of differentiation. Article 13 (paras 3, 4 and 13) of the Paris Agreement explicitly premise the Paris Agreement’s transparency framework for action and support on the existing transparency arrangements under the Convention. Article 13 (paras 1 and 2) clearly indicate that flexibility shall be provided to developing countries in the implementation of the transparency framework under the Paris Agreement.

India would like to see that these flexibilities reflected in the scope of reporting, and frequency, level and detail of reporting, as well as the stringency of the review. The

flexibility to be provided to developing countries must be systemically applied to the entire transparency arrangement in addition to flexibility being reflected and integrated in the operational modalities, procedures and guidelines for reporting, technical review and multilateral consideration processes that may be established.

As an example, there should be flexible rules for the timing of the delivery of reports, ensuring that it does not add an unnecessary additional burden on developing countries, (Para 92, sub-para d, of Decision 1/CP.21) and taking into account the flexibility under the Convention, Article 12 (para 5), in particular as concerns the availability of financial resources for reporting, and the operationalization of Article 13 (para 14) of the Paris Agreement.

All developing country Parties need such flexibility due to their insufficient capacities in institutional arrangements, necessary resources, etc. The transparency framework developed under the Paris Agreement must continue to honour the common but differentiated responsibilities, commensurate to respective capabilities.

#### **7. Facilitating improved reporting and transparency over time;**

The transparency framework should be enhanced, drawing on the experience of existing transparency arrangements. The enhanced transparency framework should, for instance:

- aim to reduce uncertainties in relation to action and support, as well as the mismatched perceptions of developed and developing countries on the extent of support received and extended. Better documentation of finance received and provided and information on the balance between mitigation and adaptation related support and action will enable Parties to reduce the scope for discord and address gaps going forward;
- enable a clear documentation of capacity-building efforts undertaken (either solely by developing country Parties or in conjunction with developed country Parties); and
- enable a clear identification of gaps in the way technology is transferred or developed, and methods to both address these gaps, and make suitable recommendations. Existing technology partnerships (to enable development or transfer) do not typically extend beyond sharing knowledge and preliminary research and development activities, few focus on actual transfer of equipment, joint production, or extensive deployment mandates.

To achieve these aims, there is a need for capacity building of developing countries on continuous basis with focused result oriented initiatives. The CBIT should be adequately funded to meet these requirements.

## **8. Avoiding duplication as well as undue burden on Parties and the secretariat;**

MPGs must identify the areas where existing arrangements can be adopted straight away or with slight modifications. Multiple reporting on similar aspects e.g. adaptation and mitigation actions must be avoided. This could also be achieved by carefully ensuring inter-linkages with other requirements under Paris Agreement.

## **9. Inter-linkages with other elements of the Paris Agreement;**

The outputs of reporting requirements under the Transparency framework under Art 13 must inform the global stock take defined under Art 14 and feed into the implementation and compliance mechanism under Art 15. APA should prepare guidance in this regard.

## **10. Procedural aspects;**

The MPGs prepared by APA in accordance with Article 13 (para 13) of the Agreement would be considered by the CMA/COP. APA will also define the year of their first and subsequent reviews and updates at regular intervals. APA's recommendation will be considered by the COP at its 24<sup>th</sup> session (2018) with a view to forwarding them for adoption by CMA at its first session. The implementation schedule should take into account Parties' differing national circumstances and capacities.

## **B. National inventory report on anthropogenic emissions by sources and removals by sinks of greenhouse gases**

### **1. Objectives and principles;**

National GHG inventory reports provide information on emissions and trends, and are critical in providing a state of play as well as in assessing progress towards achievement of NDCs, and long-term goals of the Paris Agreement.

### **2. Definitions;**

It must include universally accepted, scientifically correct, standard definitions.

### **3. National circumstances and institutional arrangements:**

Developing countries should have flexibility to list constraints, and technical, administrative, finance and technology gaps.

#### **4. Methods:**

Developing country Parties should use the methodologies established by the latest UNFCCC guidelines for preparation of national communications from developing country Parties under the Convention, approved by the COP or those determined by any future decision of the COP on this matter.

Developing countries should retain the flexibility to:

- determine the scope of the inventory (which gases, sectors, and time periods)
- use country specific data and models to account for national circumstances, priorities and constraints
- adopt methodologies and approaches tailored to national circumstances, priorities and constraints

#### **5. Metrics;**

Parties should follow common acceptable metrics for easier comparison of GHG data.

#### **6. Reporting guidance:**

##### *a) Information on methods;*

Parties shall report the summary of methodologies followed for national GHG inventory in accordance with the relevant UNFCCC guidelines applicable to them.

Parties should, as far as their national circumstances permit, provide a descriptive summary and figures illustrating the GHG emissions reported in the summary tables and description of the factors underlying emission trends.

##### *b) Sectors and gases;*

To the extent that developing country need flexibility in the light of their capacities, they shall be entitled to determine, inter alia, the coverage of GHG gases and sectors, all the while aiming over time to move towards greater coverage of GHG gases and sectors.

##### *c) Time series;*

Developed countries shall provide time series data for the period from 1990 to the latest year. Developing countries should, to the extent that they have the capacity to do so, provide time series data for the period from the reporting year of their first national communication to the latest year.

##### *d) Frequency;*

Parties shall follow the relevant inventory reporting guidelines applicable to them. To the extent that developing country parties need flexibility in the light of their capacities, they shall be entitled to determine, inter alia, the reporting year(s).

**7. Constraints and capacity-building needs;**

The requirements for national GHG inventory shall be tailored to the capacity building needs of Parties. Capacity building support is required by developing countries for migrating to 2006 IPCC National GHG guidelines, key category analysis, uncertainty assessment and quality assurance/quality control.

**8. Improvement plans;**

Parties are free to provide such plans where applicable.

**9. Submission process, and reporting formats and tables;**

Existing guidelines may continue to be followed.

**C. Information necessary to track progress made in implementing and achieving its nationally determined contribution under Article 4 of the Paris Agreement**

**1. Objectives and principles;**

Nationally Determined Contributions are at the heart of the Paris Agreement. While Parties are not legally bound under Article 4 (para 2) to achieve their NDCs, there is a good faith expectation that they will. The information necessary to track progress in the implementation/achievement of NDCs is thus central to the effective functioning of the Paris Agreement.

The quality and credibility of the information generated through this process is also critical to the assessment of collective progress through the global stock take, and thus must be provided with due seriousness.

**2. National circumstances and institutional arrangements;**

Parties may describe the national circumstances and institutional arrangements which impact in implementing NDCs and reporting on their progress. Parties may also provide information on aspects of their national circumstances that contextualize their NDCs, in particular on aspects that speak to the fairness and equity of their contribution, and the efforts required, given various domestic constraints, to achieve their NDCs.

**3. Description of a Party's NDC under Article 4, including updates;**

Parties must provide all relevant information so as to enable a clear account and understanding of their NDCs, however as NDCs vary in detail, category, component; guidelines on the information to be provided cannot be too prescriptive. Minimum information that should be provided includes the details of the NDC, components that are conditional and unconditional, its coverage in terms of sectors/economy, its scope, its

reference year, any adjustments/updates to it, and any additional factors that might be relevant.

**4. Progress made in implementing its NDC under Article 4 to date;**

*a) Indicators to track progress made in implementing its NDC under Article 4;*

Parties shall specify whether or not their NDC covers components of mitigation and/or adaptation and for developed country parties, provision of financial, technology transfer and capacity building support to developing countries Parties. Parties shall also describe their NDCs, including any conditions or assumptions that are relevant to the attainment of their NDCs.

Developed country Parties shall describe in particular conditions or assumptions that are relevant to the attainment of relevant targets related to mitigation, adaptation and provision of support, and evaluation of the progress towards its NDC. They should also provide information on policies and measures, sectors and GHGs affected, type of instrument, status of implementation and estimate of mitigation impact. To the extent that domestic mitigation measures are suspended or replaced, such information shall also be provided in a timely fashion.

Developing country Parties should specify what indicators are applicable to the Party, and suitable for the NDC they have adopted, aiming for greater comprehensiveness in the provision of relevant information over time. Each developing country Party shall provide information necessary to track progress made in implementing and achieving its mitigation efforts in the NDC at a frequency no less than its practice under the Convention before 2020 and shall be consistent with the level and timely support provided by developed country Parties for the preparation of such information. To the extent that developing country Parties need greater flexibility in the light of their capacities, they shall be entitled to determine the frequency of submission.

**5. Progress made in achievement of the Party's NDC under Article 4 for the target year/period;**

*a) Indicators to track progress made in achieving its NDC under Article 4;*

In addition to the information Parties are required to provide under point 4 above, developed country Parties shall provide specific, result and impact oriented information in relation to the achievement (or lack thereof) of their NDCs, as well as information in relation to the provision of support to developing countries. Developing country Parties, to the extent their capacities and the nature of their NDCs permit, are also encouraged to provide similar information. Information from Parties on the achievement of their NDCs

will prove useful in the assessment of collective progress under the global stock take, in particular in determining the contours of ‘equity’ as required under Article 14 of the Paris Agreement.

**6. Mitigation policies and measures, actions, and plans, and other actions with mitigation co-benefits, related to the implementation and achievement of an NDC under Article 4, including effects (historical and expected), barriers and costs;**

Developed country Parties shall provide information on mitigation policies and measures by sector, indicating which GHGs (CO<sub>2</sub>, methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), Sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>)) are affected by which policies and measures. Developed country Parties may include separate text describing cross-sectoral policies and measures. Policies and measures influencing GHG emissions from international transport should also be reported. Developed countries shall provide information in particular on policies and measures that have most significant impact on GHG emissions and removals, structure of policies and measures indicating which GHGs are affected and measured impact of each of the policy. Developed country Parties shall also provide information on the steps taken, and the progress of implementation of the policies and measures and on domestic MRV arrangements.

Developing countries should provide information for each mitigation action included in their NDCs with details such as nature of action, coverage (sectors and gases), objective of the action and steps taken, information on the progress of implementation of the mitigation action and on domestic MRV arrangements. To the extent that developing country parties need flexibility in light of their capacities, they shall be entitled to determine the level of details of actions taken they provide.

**7. Summary of greenhouse gas emissions (GHG) and removals;**

This is part of the National GHG inventory report.

**8. Projections of GHG emissions and removals, as applicable;**

Information on projection GHG emissions has uncertainties surrounding such projections; therefore, use of such information would have to be taken on with caveats. Developed countries shall provide detailed basis and assumptions for the projections. Developing countries should provide relevant information wherever possible.

**9. Information on Parties' accounting under Article 4, paragraphs 13 and 14;**

Parties shall provide information on emissions and removals corresponding to their NDCs taking into consideration TACCC principle. Developing country parties should have less stringent accounting system taking into account their many constraints and capacity building needs.

**10. Information related to Article 6, as applicable;**

Parties are free to provide information related to Article 6, if applicable.

**11. Other information, where applicable and appropriate;**

Parties are free to provide other information where applicable.

**12. Capacity-building needs;**

The requirements for both implementing and tracking NDCs should be tailored to the capacity-building needs of Parties.

**13. Improvement plan;**

Parties are free to provide such plans where applicable.

**14. Reporting format;**

The reporting formats should cover mitigation, adaptation and provision of support, where applicable, and be tailored to the capacities of developing countries.

**D. Information related to climate change impacts and adaptation under Article 7 of the Paris Agreement, as appropriate**

**1. Objectives and principles;**

- To project the need for adaptation and status of funds required and provided to meet the adaptation goal.
- To generate the information necessary to enable a clear assessment of collective progress through the global stock take, and in particular the adequacy and effectiveness of adaptation and support provided for adaptation, as well as review the overall progress made in achieving the global goal on adaptation.

**2. National circumstances and institutional arrangements;**

The extent to which information on national circumstances and institutional arrangements is provided elsewhere, its duplication here can be avoided.

**3. Vulnerabilities, risks and impacts, and methodologies used;**

Existing NATCOM guidelines on IVA can continue.

**4. Adaptation policies, strategies, plans and actions and efforts to mainstream adaptation into national policies and strategies;**

Where an Adaptation communication under Art 7 has been submitted, the information provided there can be used.

**5. Information related to loss and damage;**

This is important information and should be included in the adaptation report, ongoing and projected loss and damage, and associated costs thereof.

**6. Adaptation priorities, barriers, costs and needs;**

Where an Adaptation communication under Art 7 has been submitted, the information provided there can be used.

**7. Progress on implementation of adaptation;**

Where an Adaptation communication under Art 7 has been submitted, the information provided there can be used.

**8. Monitoring and evaluation of adaptation actions and processes;**

Parties should provide information, where relevant, on adaptation actions and processes, with the aim of sharing good practices, experiences and lessons learned and fostering cooperation, where applicable.

**9. Cooperation, good practices, experiences, and lessons learned;**

Parties should provide information, where relevant, on adaptation actions and processes, with the aim of sharing good practices, experiences and lessons learned and fostering cooperation, where applicable.

**10. Effectiveness and sustainability of adaptation action;**

Parties may provide this information to extent it is available and useful in fostering good practices and cooperation.

**11. Recognition of adaptation efforts;**

Parties' adaptation efforts should be recognized and supported, and information Parties choose to provide in relation to their adaptation efforts and support needs should feed into the global stock take process.

## **12. Reporting formats;**

Adaptation needs, actions and priorities are by definition, country-specific thus reporting formats should enable and guide reporting rather than be prescriptive.

## **E. Information on financial, technology transfer and capacity-building support provided under Articles 9–11 of the Paris Agreement**

### **1. Objectives and principles;**

In contrast to the well-developed arrangements on transparency of action already established under the Convention, arrangements on transparency of support are still at a nascent stage. Enhancing transparency of support is vital to building mutual trust and confidence and to promoting effective implementation of NDCs. Such enhancement must take the form of increased precision, detail, and rigor in the reporting of support provided.

The Paris Agreement places greater emphasis on transparency of support than has thus far been the case in the climate change regime. Article 9 (para 5) notes that ‘developed country parties shall biennially communicate quantitative and qualitative information... related to... projected levels of public financial resources being provided to developing country parties.’ This is a binding obligation (‘shall’) placed on developed countries in relation to the provision of information on the support provided to developing countries. Article 9 (para 5) is complemented by Article 13 (para 9) and 13 (para 10) that differentiates between developed and developing countries regarding the provision of information relating to the support provided to and received by developing countries. Article 13 (para 9) obliges (‘shall’) developed countries to report on support provided. Article 13 (para 10) recommends (‘should’) that developing countries provide information on the support needed and received.

Enhancing transparency of support will necessitate more detailed and frequent reporting by developed countries on the financial support extended. This should include the overall process of planning for support, and documenting projected levels of support in light of country specific needs on mitigation and adaptation. Further, the reporting of support mandated under Article 13 has to adopt a clear, uniform and consistent method of accounting in relation to the financing support for climate change as recognized under the Convention. In addition, there should be structured and facilitative dialogues (at periodic intervals) to ensure that developing country parties and developed country parties are able to match the needs and expectations (of developing country parties) and the total available resources (from developed country parties) in a transparent manner. Better reporting is a prerequisite for these facilitative dialogues. Modalities for the provision and mobilization of finances are being developed in line with Article 9 (7) and para 57 of decisions 1/CP.21. The information to be provided by developed countries under the transparency framework will need to be consistent with guidance developed thereunder. However, the general principle - of greater specificity, rigor and frequency of reporting as well

as stringency of review relating to the provision and mobilization of finance, including demonstrable efforts at progression in mobilization - continues to apply.

## **2. National circumstances and institutional arrangements:**

Enhanced but differentiated: As stated in its Article 2, the Paris Agreement, in enhancing the implementation of the Convention, including its objective, “will be implemented to reflect equity and the principle of common but differentiated responsibilities and respective capabilities in the light of national circumstances.” The Paris Agreement therefore recognizes the differentiated obligations of developed and developing country Parties, as well as their different capabilities and capacities. This differentiation forms the foundation of the MPGs of the transparency framework, with its two pillars of transparency of action and transparency of support. Developed country Parties should provide detailed information on the financial, technology transfer and capacity-build support provided, as well as domestic institutional arrangements and relevant national circumstance for doing so. In paragraph 89 of Decision 1/CP.21, the COP decided that, “in accordance with Article 13, paragraph 2 of the Agreement, developing countries **shall** be provided flexibility in the implementation of that Article, including in the scope, frequency and level of detail of reporting, and in the scope of the review, and that the scope of the review could provide for in-country reviews to be optional, while such flexibilities shall be reflected in the development of MPGs.

## **3. Underlying assumptions, definitions, and methodologies for financial, technology transfer and capacity-building support provided to developing country Parties under Articles 9–11 of the Paris Agreement;**

- Operational Objectives and principles should clearly state that developed countries’ provision of support in continuation of existing mandatory obligations under the Convention.
- Climate finance should be clearly defined to reduce subjectivity. CMA needs to adopt guidelines on what kinds of support will qualify as “climate change finance support”. First and foremost, Parties need to agree on a common guideline for climate finance.
  - Public provision of support by developed to developing countries needs to be “Concessional”. Concessionality is to be determined by the grant component in support provided i.e. converted to grant equivalence of support.
  - Climate finance should be predictable, accessible, adequate, and scalable; there should be progression in financing and financing should not be conditional.
  - In case of support to programs involving multiple objectives, separation of support for each objective / intervention may not be possible. In such cases, COP to provide guidance to determine whether programs are “overwhelmingly” for climate actions, and developed country party concerned to justify the same in their National Communications.

- The assistance provided by developed country in response to the destination country's requirement shall be accounted towards climate finance. This may help in distinguishing pure commercial flows into a country from that towards country's needs and requirements for climate finance.
- The assumptions, definitions and methodologies considered in this context have to be consistent with the modalities for the accounting of financial resources provided and mobilized under decision1/CP.21, paragraph 57(SBSTA agenda item 12). There must be balance between adaptation and mitigation finance.

**4. Information on financial support provided and mobilized under Article 9 by developed country Parties to developing country Parties:**

*a. Information on financial support provided and mobilized under Article 9 by developed country Parties to developing country Parties;*

The Convention provides the existing obligation of each developed country Party and each other developed Party included in Annex II of the Convention for the incorporation of details of measures taken in accordance with Article 4, paragraphs 3 (provision of financial resources), 4 (meeting costs of adaptation), and 5 (facilitated access and financing transfer of technology), of the Convention., in its national communications. The reporting obligations of developed country Parties in the Paris Agreement builds upon this existing obligation.

The crucial point to note here is that under the transparency principles, the reporting or tabulation of support provided, cannot differ in the end substantially from the reporting or tabulation of support received. In other words, the two have to reconcile or get very close to each other. There are several implications that follow: (1) reporting of both to coincide has to follow strict and common definitions, which must be easily verifiable, to the satisfaction and build trust among both Parties that provide support and Parties that receive such support. (2) This cannot be achieved by the usual standards of one-sided DAC 'aid-reporting'. Flows of support can take a variety of shapes and forms---from grants to loans, under varying rates of interest, and terms and conditions, guarantees, equity and public support to private flows---they must also be commonly expressed under a single comparable and measurable concept or number, such as the commonly used concept of grant-equivalency or otherwise 'marked-to-market' competitive value of such support.

Otherwise, there is no way to compare flows of support across instruments and purposes across countries and sources. The only way to do this well must be a

grounded bottom-up approach at the recipient country level: a ‘common book of entry or accounts’ anytime that support is received, agreed and used by a country, from a source country or agency, and with detailed common standardized records of terms of such support and actual commitments and flows which can be converted to a comparable number and reconciled with the sources of such support flows from sources. Such systems of reporting should be transparently available to both contributors and recipients. Such a common “Sources and Uses’ format is a standard reporting device under all accounting, auditing and transparency principles that are followed world-wide, and there is no reason absolutely not to do the same in the case of climate support flows. Shining such lights of transparency will also have the added advantage of showing clearly where the ‘money is coming from and where it is going’.

A common ‘book of accounts’ be maintained at recipient country levels which can be used by both source and recipient countries, and valuation methods of such support on a common comparable and competitive basis; and, up-front and explicit discussion of several contested issues of defining climate finance support, including differentiated by actual support versus support ‘mobilized’ and agreeing on how to value such support.

A clear distinction has to be made between financial support provided and financial support mobilized. Under the enhanced transparency framework for support, developed country Parties shall provide information on financial, technology transfer and capacity-building support provided to developing country Parties. This information shall undergo a technical expert review. In addition, each Party shall participate in a facilitative, multilateral consideration of progress.

On policy framework of transparency in reporting; the procedure has to be based on the ‘counter-factual’, what would have happened in the absence of such support, and methods must address the careful measurement of such a counter-factual. Second, the value of ‘mobilized’ support also has to be discounted appropriately, if the burden of financing falls on the recipient rather than the source of origin of such support. For example, an official guarantee provided on a climate financing flow will need to be valued on ‘marked-to-market’ basis, and the value of the additional flows mobilized suitably valued on different terms than implied by the face value of the mobilized funds. Clear principles will need to be defined, understood and accepted by all Parties.

Anytime an actual support or mobilization of other support from developed country Parties to developing Parties are reported for a particular project or entity

or purpose, it must also be accompanied at the same time by a clear reporting of the obligations and value of the contributions from national financial institutions, and national projects towards such same projects, entities or purposes---so that a clear apportioning of the reported contributions of support mobilized from developed Parties for the same can be balanced against the attribution to national actions and flows of support. For example, if funds are ‘mobilized’ in a particular project which is co-supported by both national efforts and financial or other support, and support from developed country Parties, then the attribution has to balance between these sources.

The decision has to be consistent with the modalities for the accounting of financial resources provided and mobilized under 1/CP.21, paragraph 57(SBSTA agenda item 12).

**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:**

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

Other Parties that voluntarily provide support may choose to communicate this information. Such information, however, may not be used to mitigate the obligation of developed country Parties to provide financial support.

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

Other Parties that voluntarily mobilize support for developing countries may choose to communicate this information. Such information, however, may not be used to mitigate the obligation of developed country Parties to take the lead in mobilizing financial support.

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

In relation to technology (Article 10), there is little clarity either on long term goals or on how progress towards these will be established. More detailed and systematic reporting on the support extended by developed country parties and efforts undertaken by developing country parties will help identify and address the gaps and needs in technology.

**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;**

Other Parties that voluntarily provide technology development and transfer support may choose to communicate this information. Such information, however, may not be used to mitigate the obligation of developed country Parties to provide technology development and transfer support.

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

In relation to capacity building (Article 11), there is little clarity either on long term goals or on how progress towards these will be established. More detailed and systematic reporting on the support extended by developed country parties and the efforts undertaken by developing country parties will help identify and address the gaps and needs in capacity building efforts.

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

Other Parties that voluntarily provide capacity-building support may choose to communicate this information. Such information, however, may not be used to mitigate the obligation of developed country Parties to provide capacity-building support.

**10. Reporting format;**

Format of the report should provide clear information on quantum and mode of support provided along with associated costs, beneficiary and purpose.

**F. Information on financial, technology transfer and capacity-building support needed and received under Articles 9–11 of the Paris Agreement**

**1. Objectives and principles;**

The main objective is to identify the gaps in support needed by developing countries and support received.

**2. National circumstances and institutional arrangements: a. Priorities and country-driven strategies;**

The developing country parties should have flexibility to report.

**3. Underlying assumptions, definitions and methodologies related to tracking and reporting mitigation and adaptation support;**

- Climate finance should be clearly defined to reduce subjectivity
- Climate finance should be predictable, accessible, adequate, and scalable; there should be progression in financing and financing should not be conditional.
- There must be balance between adaptation and mitigation finance.

**4. Information on financial support needed by developing country Parties under Article 9;**

Developing country Parties may be encouraged to provide updated information on constraints and gaps, and related financial needs consistent with the level and timely support provided by developed country Parties for preparation of such information.

**5. Information on financial support received by developing country Parties under Article 9;**

Developing country Parties may be encouraged to provide updated information on financial resources and support received from developed country Parties, the Global Environment Facility, the Green Climate Fund and multilateral institutions for activities relating to climate change, including for the preparation of the reports provided under the Paris Agreement, consistent with the level and timely support provided by developed country Parties for the preparation of such information.

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

Developing country Parties may be encouraged to provide updated information on constraints and gaps, and related technology development and transfer needs consistent with the level and timely support provided by developed country Parties for preparation of such information.

**7. Information on technology development and transfer support received by developing country Parties under Article 10;**

Developing country Parties may be encouraged to provide updated information on technology development and transfer support received from developed country Parties, the Global Environment Facility, the Green Climate Fund and multilateral institutions for activities relating to climate change, including for the preparation of the reports provided under the Paris Agreement, consistent with the level and timely support provided by developed country Parties for the preparation of such information. The information should include both quantifiable and qualitative support received. Information on transaction costs/IPR costs should also be included.

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

Developing country Parties may be encouraged to provide updated information on constraints and gaps, and related capacity building needs consistent with the level and timely support provided by developed country Parties for the preparation of such information.

**9. Information on capacity-building support received by developing country Parties under Article 11;**

Developing country Parties may be encouraged to provide updated information on capacity building support received from developed country Parties, the Global Environment Facility, the Green Climate Fund and multilateral institutions for activities relating to climate change, including for the preparation of the reports provided under the Paris Agreement, consistent with the level and timely support provided by developed country Parties for the preparation of such information.

**10. Information on support received by developing country Parties for the implementation of Article 13;**

Developing country Parties may be encouraged to provide updated information on support received for the implementation of Article 13.

**11. Information on support received by developing country Parties for the building of transparency-related capacity;**

Developing country Parties may be encouraged to provide updated information on support received for the building of transparency-related capacity.

**12. Reporting format;**

Format should be simple and easy to complete by the developing countries.

**G. Technical expert review**

The information provided by Parties in relation to inventories, tracking progress with their NDCs, as well as that provided by developed countries in relation to their provision of support is subject to ‘technical expert review’ (Article 13 (paras 11 and 12)). The mechanics of this process including its outputs are yet to be determined, but the processes must be rigorous, detail-oriented and consequential. However, they must also be facilitative, non-punitive, non-intrusive, and respectful of national sovereignty. Further, technical expert review may be duly deferential to the respective national capabilities and circumstances of developing country parties.

**1. Objectives, functions and purposes;**

The main objective of the TER is to ensure the accuracy of data provided in the national reports submitted by Parties to the UNFCCC as part of the transparency framework.

**2. Principles;**

The TER should be facilitative, non-intrusive, non-punitive, respectful of national sovereignty and avoid placing undue burdens on the Party being reviewed.

The TER should not include a review of the appropriateness (or otherwise) of domestic policies and measures, but should be limited to verifying the accuracy of the data provided by Parties.

**3. Scope;**

The TER should be limited to reports on national GHG inventory and tracking of NDCs of all Parties and support provided by developed Parties to developing Parties.

**4. Information to be reviewed;**

Any information provided by Parties in relation to their national GHG inventory, tracking of NDCs of their Parties and support provided by developed Parties to developing Parties.

**5. Format and steps, including those related to specific types of information reported under Article 13, and the role of Parties, and the roles and responsibilities of the technical expert review team and the secretariat;**

Experiences and lessons learned from existing expert review processes should be used to design the Technical Expert Review process, to outline its steps and to organize its work. The design, format and steps of the Technical Expert Review process should take into account the nature of the process as non-intrusive and respectful of national sovereignty.

**6. Composition of the technical expert review team;**

The technical expert team should consist of experts nominated to the UNFCCC roster of experts, taking into account the expertise needed to cover the areas of information contained in the reports of Parties. The overall composition of the technical expert review teams shall ensure geographical balance among its members.

**7. Frequency and timing;**

The TER should be completed in less than three months period. The frequency of TERs should be not be less than 5 years for developing countries and 2 years for developed countries.

**8. Technical expert review report;**

Reports prepared by the technical expert review team should be limited to the accuracy of the data reported under the relevant categories by Parties, and not extend to prescribing future courses of action. In any case, Parties must be afforded an opportunity to comment on a draft report, and have these comments reflected in the report before it is finalized. The technical expert review report must follow a structure which is easily understood by reviewed Party.

**H. Facilitative, multilateral consideration of progress**

Each party is subject to a ‘Facilitative, multilateral consideration of progress’ with respect to its efforts in relation to finance (Article 9), and the implementation/achievement of its NDC. The mechanics of these processes including their outputs are yet to be determined, but this process must be rigorous, detail-oriented and consequential. However, it must also be facilitative, non-punitive, non-intrusive, and respectful of national sovereignty. Further, it must, as mandated, to be duly deferential to the respective national capabilities and circumstances of developing country parties.

**1. Objectives, functions and purposes;**

Main objective FMCP is to review progress with respect to efforts under Article 9 and implementation and achievement of Parties’ NDCs.

**2. Principles;**

FMCP should be facilitative, non-intrusive, non-punitive, respectful of national sovereignty and avoid undue burden on the Party being reviewed.

**3. Scope;**

To review progress in efforts of Parties under Article 9, and implementation and achievement of Parties’ NDCs.

**4. Information to be considered;**

Any information provided by Parties in relation to the progress of their efforts under Article 9, and implementation and achievement of their NDCs.

**5. Format and steps, including events to be convened, the roles of Parties and the secretariat;**

Parties could be requested to present their reports in a plenary setting. Other Parties should be encouraged to study the reports, and submit their questions in writing beforehand to the extent possible. In any case, Parties should be afforded an opportunity to respond to these questions. The Secretariat should be tasked with preparing a factual summary of the proceedings as they occurred. The Party in question should be afforded

an opportunity to comment on a draft of the report, and have its comments reflected, before the Report is finalized.

**6. Frequency and timing;**

Information provided by Parties in relation of the progress of their efforts under Article 9 could be considered every two years and the FMCP of NDCs undertaken every five years.

**7. Summary report content and format;**

The summary report should accurately reflect the deliberations in plenary of each Party's efforts, as well as the comments of the Party concerned. This report should feed into the global stock take process.

**India reserves the right to make additional submissions and present further views on issues relevant to Transparency Framework for Action and Support in the Paris Agreement.**