

SUBMISSION BY PARAGUAY ON BEHALF OF THE AILAC GROUP OF COUNTRIES COMPOSED BY CHILE, COLOMBIA, COSTA RICA, HONDURAS, GUATEMALA, PANAMÁ, PARAGUAY AND PERU

Methodological issues under the Paris Agreement: iii) Common tabular formats for support provided, mobilized, needed and received of financial, technology development and transfer and capacity-building

Introductory Remarks

- ❑ Following the invitation by the SBSTA Chair, AILAC welcomes the opportunity to provide views on: iii) the common tabular formats on financial, technology development and transfer and capacity-building support, including examples and options for the summary tables, the structure and content of the tables, and how to improve comparability and ensure consistency across specific tables.
- ❑ AILAC is presenting specific views and examples aimed to complement previous submissions and explain better how to work with and complete reporting tables already proposed by the group. Therefore, this submission must be read in conjunction with the voluntary submission presented by AILAC in November 2020¹.

¹ This submission can be found in the UNFCCC submissions portal using search tags “SBSTA52” “Submission”

Common tabular formats for support provided, mobilized, needed and received of financial, technology development and transfer and capacity-building

For AILAC, the development of common tabular formats (CTFs) for sections V (reporting on support provided and mobilized of financial, technology development and transfer and capacity-building (FTC)) and VI (reporting on support needed and received of FTC) of the MPGs of the enhanced transparency framework, as well as their subsequent completion as part of Biennial Transparency Reports, are a crucial element to provide clarity, transparency, comparability and an overall better understanding of global climate financial flows.

In order to foster a conversation over how to pursue the development of the abovementioned CTFs, AILAC would like to provide with additional considerations for the elaboration of proposed tables for FTC support provided and mobilized, as well as with examples for proposed tables for FTC support needed and received, included in Annex B.

Support provided

1. Inflows and outflows

- For the purpose of the reporting of support provided by developed countries through multilateral channels it is essential to have a clear picture of both, inflows directed to climate change as well as outflows that are attributable to developed countries and benefitting developing countries. Inflows and outflows have a different nature and cannot be aggregated; hence these two concepts cannot be presented in the same column.
- It is in this sense that AILAC deems necessary that there is a specific column in the CTF for multilateral support provided where developed countries identify their outflows following best practices and methodologies already being used, for example by the OECD, in order to better understand how much support is flowing to developing countries and can enact transformations aligned to the long-term goals of the Paris Agreement.
- Likewise, developed country Parties information on inflows to multilateral channels should represent the calculation of “imputed multilateral contributions” that give an estimation of the climate-related share of contributions received from bilateral providers.

2. Climate-specificity of support

- For AILAC it is fundamental that additional explanations on the methodology used to determine climate-specific finance should be provided, including in-depth information on how to address accounting issues such as:
 - current differences in how to apply and account for climate finance using Rio Markers which can reduce consistency and comparability of climate finance estimates and lead to over-reporting,
 - use of different methodologies and definitions in the reporting of multi-donor projects,
 - calculation of climate finance in projects with multiple objectives,
 - use and definition of climate-specific financing.

2. Grant-equivalence

- AILAC recognizes that there is no experience in the reporting of grant equivalence and that a common methodology has not been agreed upon.
- Notwithstanding this, for AILAC it is necessary to count on a specific column for the component of grant-equivalency of support provided as well as for support mobilized, with an explanation in the corresponding documentation box for the calculation methodologies for this purpose, including information on the discount rate applied and the maturity of the loan (final payment date), in order to be able to actually understand the grant component of different financial instruments.
- We know that developed country Parties have been working on the use of OECD/DAC methodologies for the calculation of grant equivalency for some financial instruments, notably ODA bilateral loans to the official sector and ODA loans for multilateral institutions², thus, this experience should be drawn as a basis for the purpose of the elaboration of CTFs of support provided and mobilized by developed country Parties.
- In the future, it would be ideal to define a unified methodology for the accounting of grant equivalency as part of the ETF.

² Carolina Aguirre Echeverri, Carley Reynolds, *Policy Brief: Understanding the Estimation and Tracking of Private Climate Finance*, June 2020, CCAP

Support mobilized

- While recognizing that the elaboration of the CTF for reporting quantitative financial support mobilized will represent additional work and a new aspect of reporting to developed countries including by the fact that there is limited data to this issue, in our view, this is a fundamental element to enable the correct functioning of the transparency framework and a trust-building exercise to better understand how climate financial flows fluctuate. We also understand that some developed countries have already worked on specific methodologies to track private climate finance mobilized in other fora outside of the UNFCCC (OECD and MDBs) and that these experiences may be of use for this process of reporting and to the clear causal link of the said mobilization. Issues that can be enhanced in reporting relate to:
 - ❑ Having clarity on what is private climate finance and to what entities we are referring to as private entities.
 - ❑ Defining the type of support we refer to by mobilized (i.e. leveraged by the active or direct involvement of public resources/entities), as distinct to catalyzed (i.e. attributed to activities such as capacity building and policy support³).
 - ❑ Determining the methodology being followed (either OECD or that of MDBs) and the main areas in the methodology of estimation that will be used, including:
 - a. Point of measurement (e.g. approval date, commitment date, treatment of investments in tranches),
 - b. Causality (whether the private sector would have invested or not in the absence of public funds that leveraged them), including specifying whether it is a “direct” or “indirect” mobilization⁴. The degree of causality should be explained by Parties in the corresponding documentation boxes.
 - c. Attribution -determining if and how an amount mobilised is to be attributed to specific actors⁵- (cross-regional projects, pro-rata calculations) of the mobilized finance

³ MDBs and bilateral DFIs catalyze private investment through: i) helping evaluate and structure high-quality investment projects; ii) helping mitigate real and perceived risk associated with investments that have a positive development impact; iii) mobilizing resources from and co-investing alongside both traditional investors and new sources of commercial financing for development; and iv) developing new financial products to help unlock additional flows, in Joint Group of MDBs, *Mobilization of private finance by Multilateral Development Banks and Development Finance Institutions 2017*, June 2018, p. 6

⁴ MDBs and DFIs in 2017 mobilised a total amount of USD 163.5 billion. Out of these, 68% was indirect mobilisation while only 32% was direct mobilisation. *Ibidem*, pp 11, 13

⁵ *Idem*

- ❑ Making a distinction between the type of financial instruments that would mobilize finance, i.e. grant, concessional loan, non-concessional loan, equity, guarantee, insurance; and the type of policy interventions that would catalyze support, such as capacity-building, technology development and transfer, and technical assistance.
- ❑ Finally, the international nature of large private financiers can make it difficult to attribute private finance to a single country of origin⁶. Notwithstanding that, geographic attribution is necessary to know what flows can be attributed to developed countries and to more granularly understand where private flows are coming from (ideally at the level of individual activities, or at least sub-sectors). Current estimates of mobilized private finance do not differentiate between private finance originating in developed countries or mobilized locally in developing countries. This is an issue that can generate great uncertainty around the accounting of the mobilization of support and only details and granular information can help out in clearing up this to reduce over-reporting or double counting.

Support needed and received

Information included in Annex B corresponds to real projects and activities that are ongoing or have being completed in recent years as well as to needs estimated in relation to NDCs, decarbonisation plans and climate policies of AILAC countries. This information was provided by different AILAC governmental institutions as examples for this exercise, hence different currencies are included for reference only. Also, some adjustments were made to reflect what real CTFs for support needed and received may look like in a given BTR, in particular, we made arbitrary adjustments to the timeframe of some of these projects, so that they are time-consistent with the 2024 BTR.

Tables presented in Annex B have been separated into two sections: support received and support needed.

During the completion of these tables, some considerations surfaced around the following issues:

⁶ *Ibid*, p. 9

- ❑ *On the summary table for support received.* Should there be a summary table for support received, it is necessary to avoid adding together different financial instruments (i.e. grants, loans and any other financial instrument), hence, there should be additional columns to present summary information for each specific financial instrument.
- ❑ *On use, impacts and estimated results.* As stated in Article 13 paragraph 6 of the Paris Agreement, the purpose of the framework for transparency of support is to provide clarity on support provided and received by relevant individual Parties in the context of climate change actions under Articles 4, 7, 9, 10 and 11, and, to the extent possible, to provide a full overview of aggregate financial support provided, to inform the global stocktake under Article 14. However, this particular category of information (use, impacts and estimated results) does not relate directly to transparency of support as much as it relates to transparency of action and the results of mitigation or adaptation of particular projects, programs or activities.
- ❑ It is AILAC's expectation that the fulfilment and improvement over time of Biennial Transparency Reports by developing country Parties will provide an increasingly better overview of the implementation of climate change action, including through the presentation of common reporting tables for the electronic reporting of national anthropogenic emissions by sources and removals by sinks of greenhouse gases and common tabular formats for the electronic reporting of tracking progress in implementing and achieving nationally determined contributions.
- ❑ By presenting in CTFs of support received and needed a category of information that relates to use, impacts and estimated results of each project, program or activity, there is potential for duplication of reporting and generating overburden in developing countries besides the difficulty that may arise by not counting with specific indicators to this end. Furthermore, the report of results obtained or expected will depend on the status of the activity, since activities that are being planned, recently committed or ongoing, may not be delivering concrete indicators in relation to overall mitigation, adaptation or other areas.
- ❑ *On reporting of support for loss and damage.* With increasing losses and damages derived from the adverse effects of climate change, the Loss and Damage (LnD) financial landscape must reflect that LnD, includes, and in some cases involves more than that which can be reduced by adaptation, and entails significant challenges. It is for us essential, as countries that experience constant challenges and adverse effects due to both extreme and slow onset events related to climate change, to have a closer look to how support is being provided, received and needed in relation to loss and damage resulting from adverse climate impacts and consider critical to reflect this category of information in these CTFs.

Annex

Support received

Table 13. Financial support received: summary information in years 2019 - 2020

Financial Support Received: Summary information**												
<i>Allocation channels</i>	<i>Local currency</i>					<i>USD</i>						
	<i>Mitigation</i>	<i>Adaptation</i>	<i>Cross-cutting</i>	<i>Transparency related activities</i>	<i>Other^f</i>	<i>TOTAL</i>	<i>Mitigation</i>	<i>Adaptation</i>	<i>Cross-cutting^e</i>	<i>Transparency related activities</i>	<i>Other^f</i>	<i>Total</i>
Total contributions through multilateral channels												
Multilateral climate change funds		618,152,940 guaraníes paraguayos in grants				618,152,940 guaraníes paraguayos in grants		961,591 in grants				961,591 in grants
Other multilateral climate change funds				4,298,291 soles peruanos in grants		4,298,291 soles peruanos in grants				1,199,000 in grants		1,199,000 in grants
Multilateral financial institutions, including regional development banks	1,456,577.38 quetzales guatemaltecos in grants					1,456,577.38 quetzales guatemaltecos in grants	189,000 in grants	2,792,000 in loans				189,000 in grants
	21,517,252.23					21,517,252.23 quetzales guatemaltecos in loans						2,792,000 in loans

	quetzales guatemlat ecos in loans											
Specialized United Nations bodies												
Total contributions through bilateral, regional and other channels												
Total							623,907,808.3 8 in grants 21,517,252.23 in loans**					2,349,591 in grants 2,792,000 in loans

** For the purpose of this exercise, different currencies have been added up, but it is acknowledged that this will never be the case in a national BTR in which one single domestic currency will be referred to.

Table 13. a. Financial support received through bilateral, regional and other channels in years 2019 - 2020

Financial Support Received through bilateral, regional and other channels (in 2019-2020)																
Channel (bilateral, regional, other)	Title (of activity, programme or project)	Programme/ project description	Recipient entity	Implementing entity	Total amount received		Timeframe	Financial instrument (grant, concessional loan, non- concessional loan, equity, guarantee or other)	Status (Com mitted or received)	Sector	Subse ct	Type of support (adapta tion, mitigati on, cross- cutting)	Contribution to TT [Yes = Y or No = N]	Contribution to CB [Yes = Y or No = N]	Status of activity (planning, ongoing or completed)	Use, impact and estimate d results
					Local currency	USD										
Regional	Sustainable Forest Managemen t Project	The general objective is to contribute to the reduction of the rate of deforestation and emissions of CO2. The specific objectives are: (i) to improve the efficiency	Instituto Nacional de Bosques	IADB	1,456,577 .38 quetzales guatemalt ecos out of 5,972,766 .38 quetzales guatemalt ecos	USD 189,000 out of USD 775,000	2020-2024	Grant	Partia lly receiv ed	LULUC F	Fores t resou rces mana geme nt	Mitigati on	N	Y	Ongoing	N/A since the project has only started there are no results to be reported

		of the forest public services (ii) improve the effectiveness, profitability and inclusion of incentives programs; and (iii) enhance the sustainable use of forest.														
Regional	Sustainable Forest Management Project	The general objective is to contribute to the reduction of the rate of deforestation and emissions of CO2. The specific objectives are: (i) to improve the efficiency of the forest public services (ii) improve the effectiveness, profitability and inclusion of incentives programs; and (iii) enhance the sustainable use of forest.	Instituto Nacional de Bosques	IADB	21,517,252.23 quetzales guatemlat ecos out of 65,135,776.30 quetzales guatemalt ecos	USD 2,792,000 out of USD 8,450,000	2020-2024	Loan	Partially received	LULUCF	Forest resources management	Mitigation	N	Y	Ongoing	N/A since the project has only started there are no results to be reported

Table 13. b. Financial support received through multilateral channels in years 2019 - 2020

Financial Support Received through multilateral channels (in 2019-2020)																
Channel	Title (of activity, programme or project)	Programme/ project description	Recipient entity	Implementing entity	Total amount received		Timeframe	Financial instrument (grant, concessional loan, non-concessional loan, equity, guarantee or other)	Status (Committed or received)	Sector	Subsector	Type of support (adaptation, mitigation, cross-cutting)	Contribution to TT [Yes = Y or No = N]	Contribution to CB [Yes = Y or No = N]	Status of activity (planning, ongoing or completed)	Use, impact and estimated results
					Local currency	USD										
Adaptation Fund	Ecosystem-based approaches for reducing the vulnerability of food security to the impacts of climate change in the Chaco region of Paraguay	This project envisages 3 outcomes: 1. Knowledge management on vulnerability and resilience to climate change improved to implement cost-effective adaptation measures. 2. Adaptive capacity in rural areas of greatest vulnerability strengthened through concrete adaptation measures favouring an ecosystem based	Ministry of Environment and Sustainable Development	UN Environment	618,152,940 guaraníes paraguayos out of 49,645,783,501 guaraníes paraguayos	USD 961,591 Out of 7,128,450	2019-2023	Grant	Partially received	Water	Water for human consumption	Cross-cutting	Y	Y	Ongoing	70,000 inhabitants benefited by improved water management and distribution. Improved water catchment (by 60-65%) 80% of local stakeholders (local officials, farmers, herders and indigenous people)

Project for the installation of a System of Solar Energy in the Hospitals of La Palma and Yacopí in Cundinamarca	A grant was provided by the Government of Japan to install 32 solar panels (including 24 batteries, invertors, monitoring, structures, and installment material) in the Hospital of San José de la Palma and the Health Center of San Antonio Yacopí, equivalent to USD \$787,100	Solar panels	2020-2021	Municipalities of Yacopí and La Palma	Municipalities of Yacopí and La Palma	Mitigation	Energy	Renewable Energy	Completed	Installment of 32 solar panels that benefit 27,678 persons to their access to health services in the mentioned municipalities
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Table 18. Capacity building support received in years 2019 - 2020

Capacity building support received									
<i>Title of activity, programme or project</i>	<i>Programme/ project description</i>	<i>Timeframe</i>	<i>Recipient entity</i>	<i>Implementing entity</i>	<i>Type of support (mitigation, adaptation or cross-cutting)</i>	<i>Sector</i>	<i>Subsector</i>	<i>Status of activity (planned, ongoing or completed)</i>	<i>Use, impact and estimated results</i>
Participation of women in climate governance in Peru in the context of the COVID19 pandemic	To contribute to the active participation of rural and urban women organizations in order to incorporate a gender approach to the National Climate Change Policy and Peru's NDC by establishing a space for dialogue, a training programme and a follow-up system disaggregated by sectorial objectives through a 100,000 contribution by the Government of Spain	2020-2021	Ministry of Environment	Ministry of Environment	Cross-cutting	N/A	N/A	Ongoing	N/A since the project has only started there are no results to be reported

Table 20. Support received by developing country Parties for the implementation of Article 13 of the Paris Agreement and transparency-related activities in years 2019 - 2020

Support received by developing country Parties for the implementation of Article 13 of the Paris Agreement and transparency-related activities							
Title (of activity, programme or project);	Objectives and description	Recipient entity	Channel (multilateral, regional, bilateral, other)	Total amount		Timeframe	Status of activity (planned, ongoing or completed)
				Local currency	USD		
Capacity Building for Peru's Transparency System for Climate Change Mitigation and Adaptation	Develop Peru's institutional and human capacities to meet reporting requirements of the enhanced transparency framework of the Paris Agreement for mitigation, adaptation and means of implementation including in relation to emissions factors, emissions projections, monitoring and evaluation of adaptation actions, quantification and monitoring of public and private expenditures associated with climate action	Ministry of Environment	Multilateral, GEF, CBIT	4,298,291 soles peruanos	1,199,000	2019-2022	Ongoing

Support needed

Table 14. Financial support needed in year 2020

Financial Support Needed											
Sector	Subsector	Title (of activity, programme or project);	Programme/project description;	Estimated amount	Expected Timeframe	Expected Financial instrument	Type of support (mitigation,	Contribution to TT [Yes = Y or No	Contribution to CB [Yes = Y or	Is the activity anchored in	Expected use, impact and estimated

				Local currency	USD		(grant, concessional loan, non-concessional loan, equity, guarantee or other)	adaptation, cross-cutting)	= N]	No = N]	a national strategy and/or NDC?	results
Energy	Energy Efficiency	Energy efficiency in the Industrial Sector	This project aims to promote concrete actions to drive energy efficiency in the industrial sector, including: - energy audits for the private sector - piloting the application of the system ISO50001 - guidelines for the application of NTP ISO50001 - training for ISO50001	\$26,091 566 soles peruanos	\$7,277,497	2020-2030	Grant	Mitigation	No	Yes	Yes, it is a mitigation measure of Peru's NDC	0.086 mtCO2e to be reduced
Energy	Road Transportation	Electrification of public and private transport	Developing an incentives scheme , planning of charging station network and communication platform , business model for infrastructure development and promotion of e-vehicles, vehicle disposal, capacity building activities, financial support for the deployment of technologies	\$132,921,511, 620 colones costarricenses	\$223,800,000	2020-2030	Grant Concessional loan	Mitigation	Yes	Yes	Yes, it is a mitigation measure of Costa Rica's updated NDC	1,229,820 tCO2e to be reduced annually
Waste	Waste management	Separation of organic solid waste for their use in composting plants	Construction of 30 composting facilities to recover organic solid waste from local markets so to generate richer soil for land use and avoid methane emissions.	\$78,615,905 soles peruanos	\$21,927,661	2017-2030	Concessional loan	Mitigation	Yes	Yes	Yes, it is a mitigation measure of Peru's NDC	0.004 mtCO2e to be reduced

Table 15. Technology development and transfer support needed in year 2020

Technology development and transfer support needed							
<i>Sector</i>	<i>Subsector</i>	<i>Title (activity, programme or project)</i>	<i>Programme/ project description</i>	<i>Type of support (mitigation, adaptation, cross-cutting)</i>	<i>Type of technology</i>	<i>Expected timeframe</i>	<i>Expected use, impact and estimated results</i>
Energy	Energy efficiency	Replacement of electric water heaters by solar water heaters	To replace electric water heaters by solar water heaters in places with intensive use such as livelihoods, gyms, pools and hotels to drive economic savings and reduction of GHG emissions	Mitigation	Solar water heaters	2025-2030	0.510 mtCO2e to be reduced

Table 17. Capacity building support needed in year 2020

Capacity building support needed						
<i>Sector</i>	<i>Subsector</i>	<i>Title of activity, programme or project</i>	<i>Programme/ project description</i>	<i>Type of support (mitigation, adaptation or cross-cutting)</i>	<i>Expected timeframe</i>	<i>Expected use, impact and estimated results</i>
Climate Finance Public Policy	N/A	Technical assistance and capacity building for the development of a national strategy on climate finance	To overcome the current limited sources of funding for climate action and enable the operationalization and capitalization of the National Climate Change Fund of Paraguay through the determination of financial costs and investment needs for the implementation of our NDC; the identification of a series of funding sources (international, national, public and private) and providing particular importance to public budgeting for climate action and ways to ensure	Cross-cutting	2024-2025	Elaboration of a national climate finance strategy

their sustainability over time

Table 19. Support needed by developing country Parties for the implementation of Article 13 of the Paris Agreement and transparency-related activities in year 2020

Support needed by developing country Parties for the implementation of Article 13 of the Paris Agreement and transparency-related activities							
Title (of activity, programme or project);	Objectives and description	Recipient entity	Channel (multilateral, regional, bilateral, other)	Total amount		Timeframe	Status of activity (planned, ongoing or completed)
				Local currency	USD		
Human and institutional enhancement for the National Greenhouse Gas Inventory	To strengthen the institutional and human capacities of the Environment Ministry in order to consolidate a national team of experts for the continuous and improved elaboration of the National Greenhouse Gas Inventory including for the reporting of activities of the LULUCF, Energy and Transport, Waste and Industrial Processes and Product Use sectors and the creation and maintenance of a permanent Inventory database	Ministry of Environment and Sustainable Development	Multilateral	69.6 billion guaraníes paraguayos	10,000,000	2020-2030	Planned