

**Submission of the Like-Minded Developing Countries (LMDC)  
On the Work of the Ad-Hoc Working Group on the Paris Agreement (APA) under APA  
Agenda Item 5**

Submitted by the Islamic Republic of Iran  
on behalf of the Like-Minded Developing Countries in the UNFCCC (LMDC)

The Like-Minded Developing Countries (LMDC) Group in the UNFCCC makes this submission<sup>1</sup> containing the Group's initial views in relation to APA Agenda Item 5, pursuant to paragraph 8 of the conclusions of the APA at its first session in Bonn in May 2016.<sup>2</sup>

**ITEM 5, "MODALITIES, PROCEDURES AND GUIDELINES FOR THE TRANSPARENCY FRAMEWORK FOR ACTION AND SUPPORT REFERRED TO IN ARTICLE 13 OF THE PARIS AGREEMENT"**

**A. Differentiation between Developed and Developing Country Parties in the Enhanced Transparency Framework**

1. The Paris Agreement establishes an "enhanced" transparency framework for the post-2020 period, rather than a "common" or "unified" framework. Hence, the transparency framework under the Paris Agreement shall be based on differentiated obligations and recognize the different capabilities and capacities of developed and developing country Parties. Such differentiation forms the fundamental modalities of the transparency framework of action and support under the Paris Agreement, which is crucial to ensure the flexibility to developing country Parties to increase their acceptance of and willingness to be subject to such measurement, reporting and verification (MRV) system. Otherwise the framework can not be put into effective operation.
2. The transparency framework under the Paris Agreement should be built on and enhance the existing arrangements under the Convention and seek to operationalize differentiation in its modalities, procedures and guidelines.
3. Article 13.9 and 13.10 of the Paris Agreement together create a differentiated arrangement between developed and developing countries when it comes to providing information relating to the support provided to and received by developing countries. Article 13.9 in particular is a direct reflection of developed country Parties' obligation under Article 4.3 of the Convention to provide financial support to developing country Parties on an "agreed full cost" basis for all reporting functions under the Convention. This is why Article 13.9 mandatorily requires (by the use of the word "shall") developed country Parties to provide information on the financial, technology development and transfer and capacity-building support that they have provided to developing country Parties, while Article 13.10 creates an expectation but does not make it mandatory (by the use of the word "should") for developing countries to provide information on the support that they received.
4. The modalities, principles and guidelines covering transparency of support shall be treated separately from those of transparency of action. While transparency of action covers actions of all Parties, transparency of support will cover the provision of financial resources,

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<sup>1</sup> This submission is without prejudice to additional submissions that the Group, or individual Party members of the Group, may make; and may also be further revised or supplemented.

<sup>2</sup> See FCCC/APA/2016/L.3, at <http://unfccc.int/resource/docs/2016/apa/eng/l03.pdf>

technology development and transfer and capacity-building from developed country Parties to developing country Parties. Voluntary provision of support among developing country Parties, in particular the south-south cooperation, is not to be subject to this transparency framework.

### **B. Consistent with the Nationally Determined Nature of Parties' Contributions**

5. The transparency framework should recognize and reflect the nationally-determined nature and comprehensive scope of NDCs. The framework should not result in establishing a top-down regime for the subsequent NDCs or creating *de facto* limitations on the extent to which Parties, particularly developing countries, may exercise national determination in contributing to address climate change.
6. Furthermore, the transparency framework should be facilitative, non-punitive and non-intrusive, especially for developing country Parties that are lack of relevant capacities.

### **C. Built on and Enhancing the Existing Arrangements under the Convention**

7. The existing transparency arrangements under the Convention have established a transparency framework for both action and support which reflects differentiation between developed and developing country Parties. This differentiated transparency arrangements under the Convention requires that developed country Parties' implementation be made comparable with each other, with greater amounts and detail of information and more frequent periodicity, 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. This has also been our experience under the Convention, to formulate guidelines for developed and developing country Parties separately, in order to facilitate the implementation.
8. The transparency framework under the Paris Agreement should be based on existing transparency arrangements under the Convention. This means that these 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 *mutatis mutandis* in the transparency framework under the Paris Agreement, particularly considering that the Paris Agreement is a related legal instrument under the Convention.
9. However, the LMDC notes there is a necessity to enhance the transparency on both developed country Parties and developing country Parties. The current experience shows Parties have implemented relatively well-developed MRV system for mitigation actions, but we fall much behind on the transparency of adaptation actions and transparency of support. Necessary improvement should be made by revising and improving the current guidelines on reporting, review, international assessment and review (IAR) and international consultation and analysis (ICA) included in, *inter alia*, decisions 1/CP.16, 2/CP.17 and 1/CP.18. Such improvement and enhancement to the existing differentiated transparency arrangements should be a fundamental part of the work on elaborating the modalities, procedures and guidelines of the transparency framework under the Paris Agreement. The improvement and enhancement should be based on a prior assessment of gaps and challenges that may have been identified.

#### **D. Flexibility to Developing Country Parties**

10. Article 13.1 and 13.2 of the Paris Agreement clearly indicate that flexibility shall be provided to developing countries in the implementation of the transparency framework under the Paris Agreement. All developing country Parties need such flexibility due to their insufficient capacities in areas of statistics, institutional arrangements, necessary resources and etc.
11. As set out in paragraph 89 of decision 1/CP.21, the flexibility to be provided to developing countries shall include, but is not limited to, the scope, frequency and level of detail of reporting, and in the scope and approach of review (optional for in-country review). Therefore, such flexibility to be provided to developing countries must be systemic in nature, meaning that it is systemically applied to the entire transparency arrangement in addition to the flexibility being reflected and integrated in the operational modalities, procedures and guidelines for reporting, technical review and multilateral consideration processes that may be established to implement the transparency provisions of the Paris Agreement.
12. The LMDC believes that choosing different categories of information for reporting the progress of NDCs does not constitute the flexibility referred to under Article 13 of the Paris Agreement, because Parties have the right to determine their own NDCs, and the information to be provided for tracking progress is accordingly decided by the Parties concerned.
13. Also, choosing different tiers of IPCC inventory methodology shall not be regarded as the flexibility under Article 13 of the Paris Agreement either, because this is an embedded component of IPCC methodology and applies differently to different sources of information, depending upon the availability and mode of aggregation and analysis of data, and specific methodologies, in respective countries.
14. In addition, whether or not to provide information regarding adaptation, provision of support by Parties other than developed country Parties, and the receiving of support for developing country Parties shall not be regarded as the flexibility under Article 13 of the Paris Agreement, because these are obligations of developed and developing country Parties respectively defined by the Convention and Paris Agreement, and therefore should not be construed as providing flexibility for transparency framework.

#### **E. Key Elements of Transparency of Support**

15. The LMDCs recognize that more improvement on transparency of support is needed, compared with the well-developed arrangements on transparency of action that has already been established under the Convention. The improvement on transparency of support is key to build mutual trust and confidence and to promote effective implementation. Therefore, it should be addressed as the prior and urgent task in the APA work on transparency.

##### ***(a) Basic Principles, Guidelines and Objective of Transparency of Support***

16. A transparency framework for support in the Paris Agreement should aim at ensuring that the provision of the necessary finance, technology development and transfer and capacity-

building support from developed country Parties to developing country Parties shall allow these Parties to raise their ambitions on their climate actions, including both adaptation and mitigation, so as “to contribute to the achievement of the purpose of the Agreement as defined in its Article 2” (Decision 1/CP.21, paragraph 52).

17. As stated in Article 13.6 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, and 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.” This is separate from the purpose of the framework for transparency of action laid out in Article 13.5 of the Paris Agreement.
18. Article 13.9 and 13.10 of the Paris Agreement likewise differentiate between the provision of information on financial, technology development and transfer and capacity-building support from developed country Parties on their obligations (“shall provide information..”) and other Parties that do so voluntarily (“should provide information...”) provided to developing country Parties under Articles 9, 10, and 11. Only information provided under Article 13.9 shall undergo a technical expert review (Article 13.11).
19. Modalities and guidelines for the transparency of support from developed country Parties to developing country Parties (Article 9.1) must be as rigorous as those for transparency of actions in the transparency framework.

***(b) Modalities for a transparency framework of support***

20. Article 13.13 of the Paris Agreement should be followed strictly. There is a significant amount of work on “arrangements related to transparency under the Convention”, in particular in the work of the Standing Committee on Finance.
21. Sources of information on support include relevant reporting documents under the Convention, such as the national communications and the in-depth review processes for national communications of developed country Parties.
22. In addition, there are biennial submissions from developed country Parties under the long-term finance COP decisions on updated strategies and approaches for scaling up climate finance from 2014 to 2020, the methodological issues for reporting of financial information by developed country Parties in the SBSTA (Decision 9/CP.21), the work of the Global Environment Facility on a Capacity-Building Initiative for Transparency “as a priority reporting-related need” (Decision 1/CP.21, paragraph 86), the guidance to the Green Climate Fund related to the provision of support for access to environmentally-sound technologies in developing country Parties and for undertaking collaborative research and development for enabling developing country Parties to enhance their mitigation and adaptation action” (Decision 7/CP.21, paragraph 22, and also Decision 13/CP.21, paragraph 10).
23. It should be also kept in mind that all reporting-related activities of developing country Parties are subject to agreed full cost financing, consistent with Article 4.3 of the Convention. This must be taken into account in the light Article 13.14 of the Paris Agreement, which states that “support shall be provided to developing countries for the implementation of this Article.”

24. The work of the Standing Committee on Finance on biennial assessments (BA) leading to MRV of support as one of its main functions is of particular importance, as provided for in paragraph 94 (e) of Decision 1/CP.21. The BA contains methodological issues relating to MRV of Climate Finance that should be taken fully into account in the work of the APA.
25. Specific mechanisms for the verification and measurement of support provided to developing country Parties should be specified in the work of the APA, taking into account the ongoing work in the SCF.
26. An arrangement for the identification of needs for support of developing country Parties based on their INDCs/NDCs should be put in place as an important modality for transparency of support. This should include the information to be provided by them as contained in Article 13.10 of the Agreement. This arrangement would also inform the technical expert review as laid out in Article 13.12.

#### **F. Questions to be Further Discussed under the APA in Marrakech**

27. The following questions on transparency framework should be discussed under the APA in Marrakech as priorities:
  - (a) How should Parties understand the word “enhanced” in the transparency framework under the Paris Agreement? What should be enhanced in the transparency framework? How it should be enhanced?
  - (b) What are the existing arrangements under the Convention that the transparency framework under the Paris Agreement should build on? What is the experience that it should draw from?
  - (c) How Parties should deal with the synergies and linkages between the existing arrangements under the Convention and transparency framework under the Paris Agreement, with a view to ensuring a smooth transition from the pre-2020 period to the post-2020 period?
  - (d) Which modes or approaches will be appropriate and effective to operationalize the differentiation and flexibility to developing country Parties in the transparency framework under the Paris Agreement?
  - (e) What should be basic principles and elements of the modalities, procedures and guidelines of the enhanced transparency framework under the Paris Agreement?
  - (f) How could the capacity-building support be provided to developing country Parties in an effective and durable manner both in the pre-2020 period and post-2020 period? How could the Capacity-building Initiatives for Transparency (CBIT) be further improved and closely linked with other mechanisms under the Convention and Paris Agreement?
  - (g) In Marrakech, how should Parties plan the work on transparency under the APA for the following years, with a view to ensuring its completion in a timely manner?