

Standing Committee on Finance in 2014

2014 Biennial Assessment and Overview of Climate Finance Flows

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Functions and the Mandates

The Standing Committee on Finance (SCF) was established at COP16 to assist the COP in exercising its functions in relation to the Financial Mechanism of the Convention.

This involves, improving coherence and coordination in the delivery of climate change financing, rationalization of the Financial Mechanism, mobilization of financial resources , **measurement, reporting and verification of support provided to developing country Parties.**

Preparation of Biennial Assessment Overview of Climate Finance Flows (BA)

Work Plan on MRV beyond the BA

Mandates relating to the BA

...COP mandated SCF to prepare a biennial assessment and overview of climate finance flows, to include **information on the geographical and thematic balance of such flows**, drawing on available sources of information....(Decisions 2/CP.17 paragraph 121(f))

...take into account **relevant work by other bodies and entities** on measurement, reporting and verification of support and the tracking of climate finance. (1/CP.18 paragraph 71)

...consider **ways of strengthening methodologies for reporting** climate finance. (5/CP.18 paragraph 11)

... consider **ongoing technical work on operational definitions** of climate finance, including private finance mobilized by public interventions, to **assess how adaptation and mitigation needs can most effectively** be met by climate finance... (3/CP19, paragraph 11)



Current areas of work of SCF

- **2014 biennial assessment and overview of climate finance flows (2014 BA)**
- Fifth review of the Financial Mechanism
- Draft guidance to the operating entities of the Financial Mechanism
- Coherence and coordination: the issue of financing for forests, taking into account different policy approaches
- 2015 Forum on financing for forests
- Measurement, reporting and verification of finance of support beyond the biennial assessment and overview of climate finance flows



About the 2014 BA: process and outputs

1st Biennial Assessment and Overview of Climate Finance Flows in 2014

Summary and Recommendations by the Standing Committee on Finance on the 2014 Biennial assessment and overview of climate finance flows

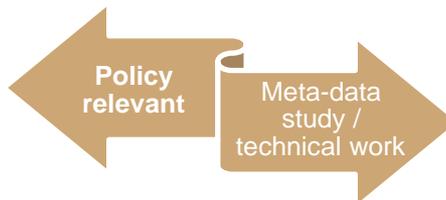
Challenges and Limitations

Key findings

Recommendations

Follow-up activities

- Webinar to present more details from the BA work (mid November)
- Side event on the BA, 3 December, Lima



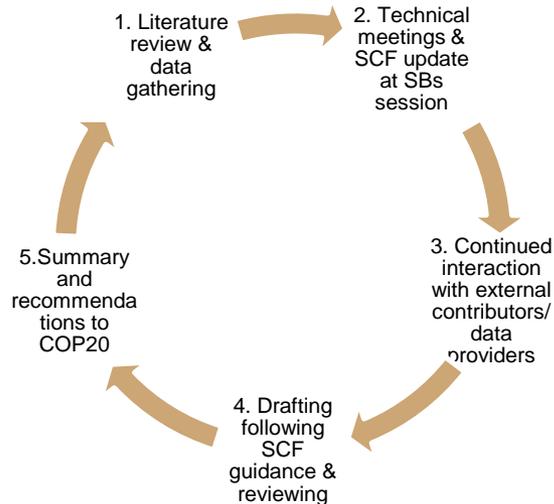
The 2014 Report on Biennial assessment and overview of climate finance flows

Chapter I: Methodological issues relating to measurement, reporting and verification of public and private finance

Chapter II: Overview of current climate finance

Chapter III: Assessing the state of climate finance

Chapter IV: Insights on methodologies for measurement, reporting and verification of climate finance



2014 BA: Challenges and limitations

- The 2014 BA presents a picture of climate finance to the extent possible.
- Due diligence has been undertaken to utilize the best information available from the most credible sources. Challenges include:
 - Challenges associated with collecting, aggregating and analysing information from diverse sources.(each of these sources uses its own definition of climate finance and its own systems and methodologies for reporting)
 - The challenge in quantifying and assessing finance from a wide range of delivery channels and instruments used for climate finance
- These limitations were taken into consideration when deriving conclusions and recommendations from the report.
- The SCF will contribute through its activities to the progressive improvement of the compilation of climate finance information in future BAs.

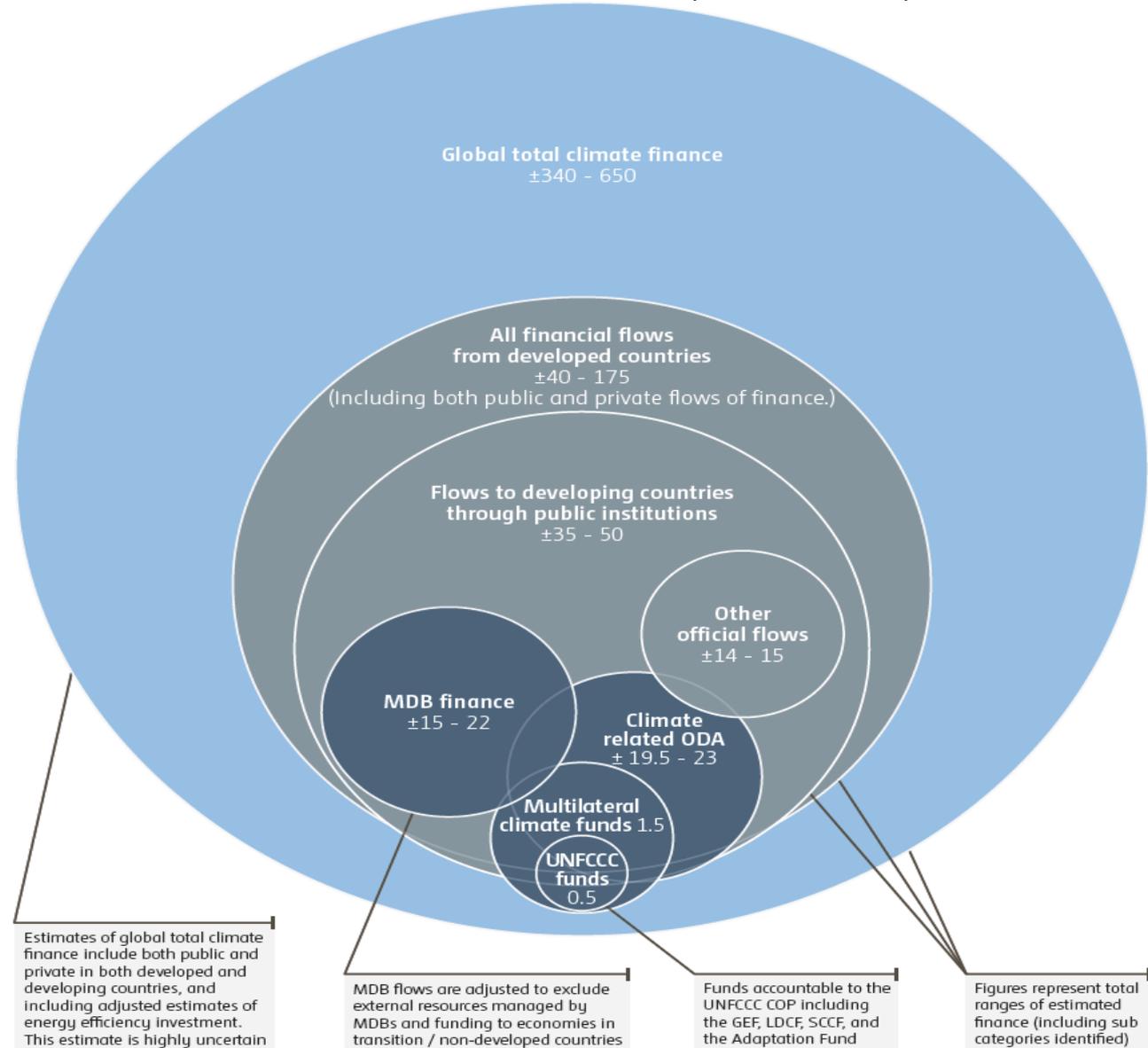


Standing Committee on Finance

1st BA: Key findings

Notes to diagram

1. Estimates of global total climate finance, which are probably conservative figures include both public and private finance, and incorporate adjusted estimates of energy efficiency investment.
2. Bilateral ODA flows are adjusted to exclude funding through multilateral climate funds to reduce double counting.
3. MDB flows are adjusted to exclude external resources managed by MDBs and funding to economies in transition / developed countries
4. Other official flows (OOF) consist of: i) grants or loans from the government sector not specifically directed to development or welfare purposes and ii) loans from the government sector which are for development and welfare, but which are not sufficiently concessional to qualify as ODA. These flows are channelled through bilateral channels (e.g. IDFC members, OPIC)
5. *** Figures represent total ranges of estimated finance (including sub categories identified)
6. The representation is not to scale



Quality of measurement and reporting:

Relatively certain

Medium certainty

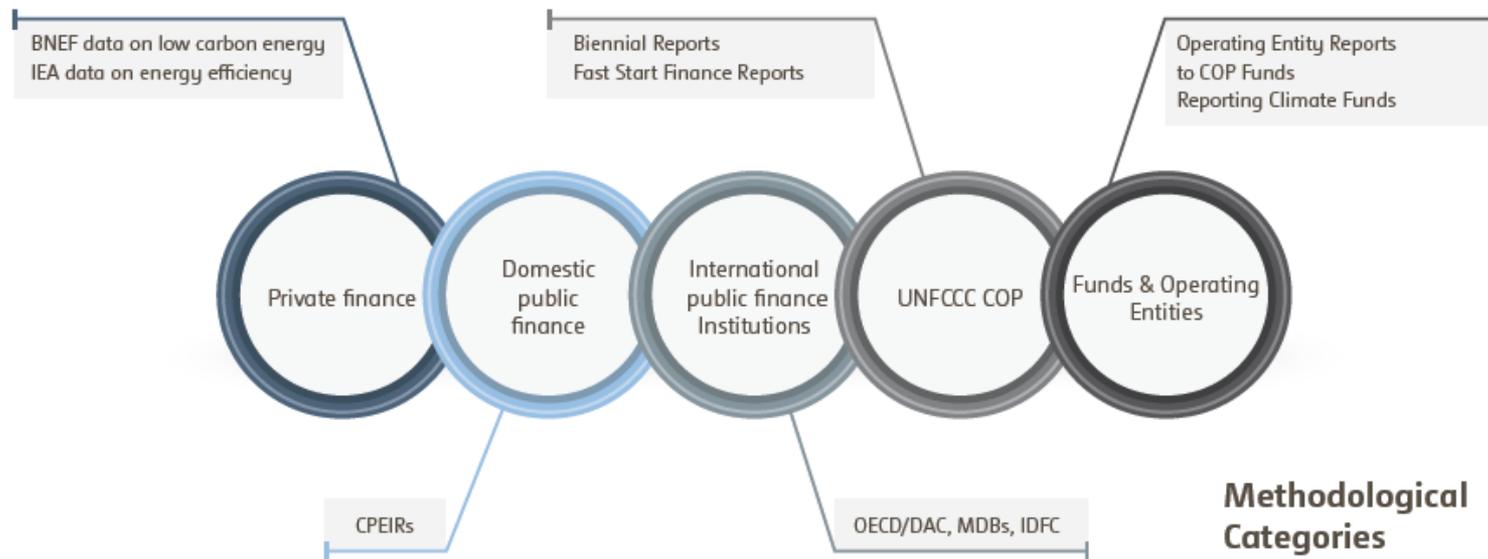
Relatively uncertain

2014 BA: Key findings (continued)

The report reviews:

- Operational definitions of climate finance, measurement and reporting approaches, including those relating to the Convention
- Efforts to improve quality and coverage of climate finance data that are underway

Conceptual representation of five main categories that distinguish methodologies for measuring, reporting and reviewing of finance



2014 BA: Recommendations

Methodologies: Further efforts would enable better measuring, reporting and verifying of climate finance flows. This will require many steps over a number of years and require the cooperation of all data producers and aggregators identified in this report. SCF highlights a number of issues for consideration, for instance:

- Invite relevant body to consider key findings of the BA to improve in the guidelines for reporting climate finance under the Convention and develop common reporting methods for needs and climate finance received in time for the next BURs cycle
- Invite relevant data producers, collectors, aggregators, and experts from both developed and developing countries to offer suggestions for the enhancement of approaches for measuring and reporting climate finance through, inter alia, introduction of formal data assessment processes; improvements in the use of common definitions, and; further efforts to develop common methodologies, particularly for the provision of information on adaptation finance and private climate finance, to the extent possible, disaggregated data to improve comparability of data
- Cooperate with relevant institutions and experts, including from the private sector, to devise practical options for estimating and collecting data on private climate finance, taking into consideration the findings of the OECD Research Collaborative on Tracking Private Climate Finance



2014 BA: Recommendations (continued)

Operational definition of climate finance: The transparency and accuracy of estimates of climate finance could be strengthened with a common definition of climate finance. SCF highlights a number of issues for consideration, including:

- Invite Parties to consider the following definitional elements for future reporting under Convention:

“Climate finance aims at reducing emissions, and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts.”

- Request the SCF, in collaboration with relevant international financial institutions and organizations, to continue technical work on operational definitions.

Ownership, impact and effectiveness: Steps can be taken to advance the effectiveness and developing country ownership of climate finance. SCF highlights a number of issues for consideration, including:

- Invite climate finance providers to continue to deepen their engagement with recipient countries to strengthen alignment with national needs and priorities;
- Encourage climate finance providers to inform UNFCCC focal points of climate finance committed and reported to the Convention as directed to their country to the extent possible; and,
- Further work with regards to needs assessment processes is needed to inform future BAs of the SCF.



THANK YOU!

