



Monitoring, Reporting and Verifying Climate Finance

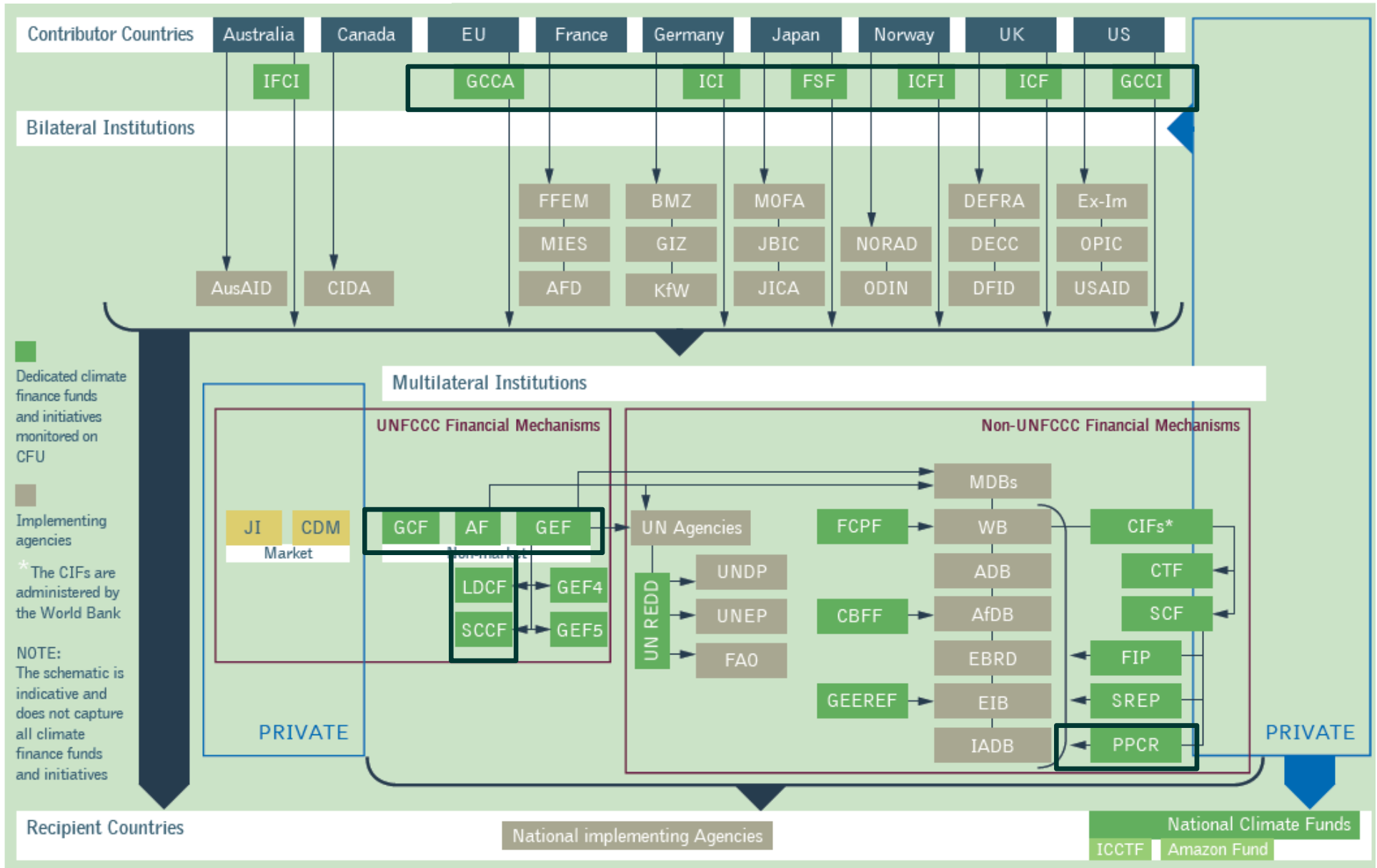
Smita Nakhooda

Presentation to the UNFCCC Standing Committee Workshop

28 August 2013

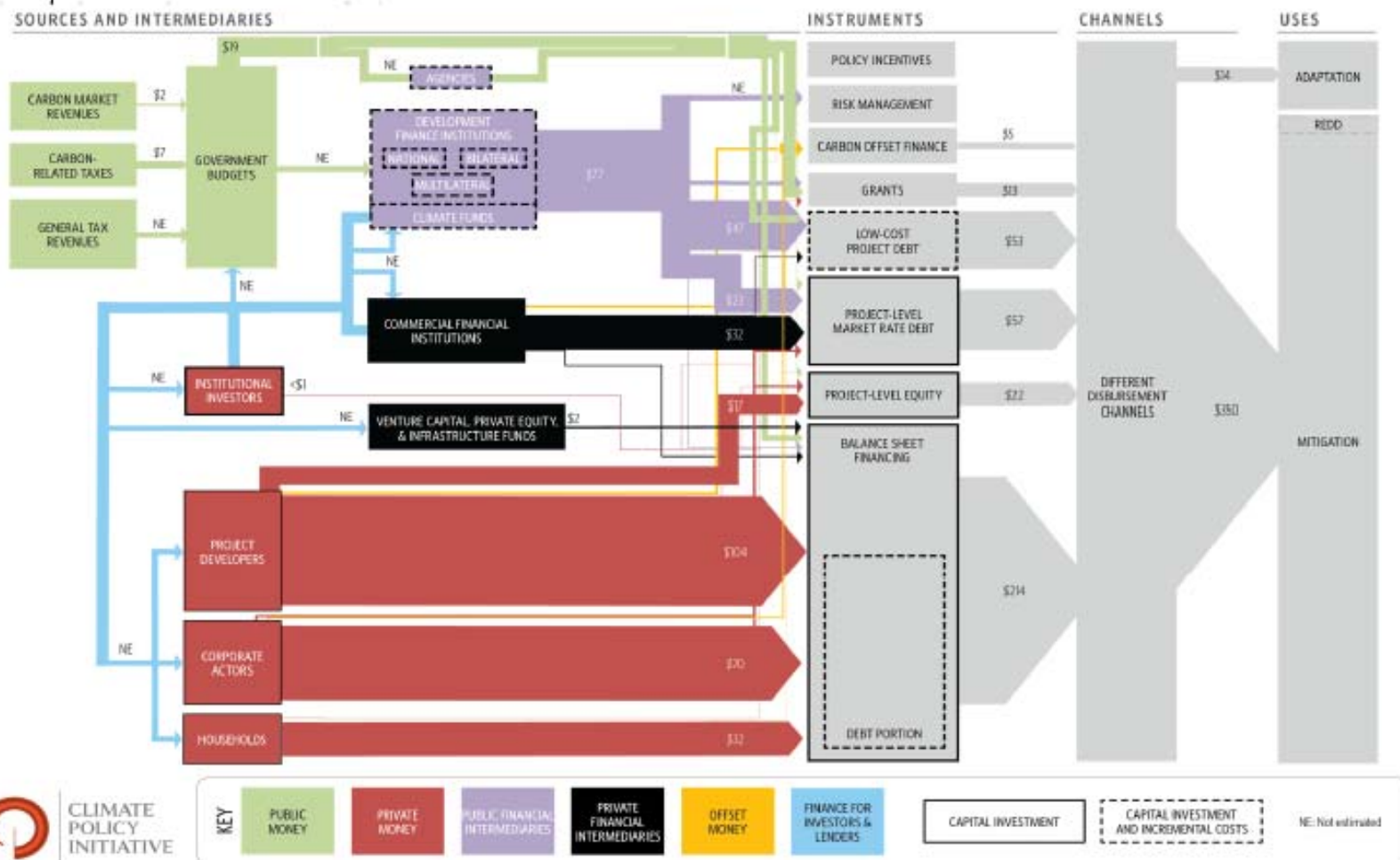


The public climate finance architecture is intricate...





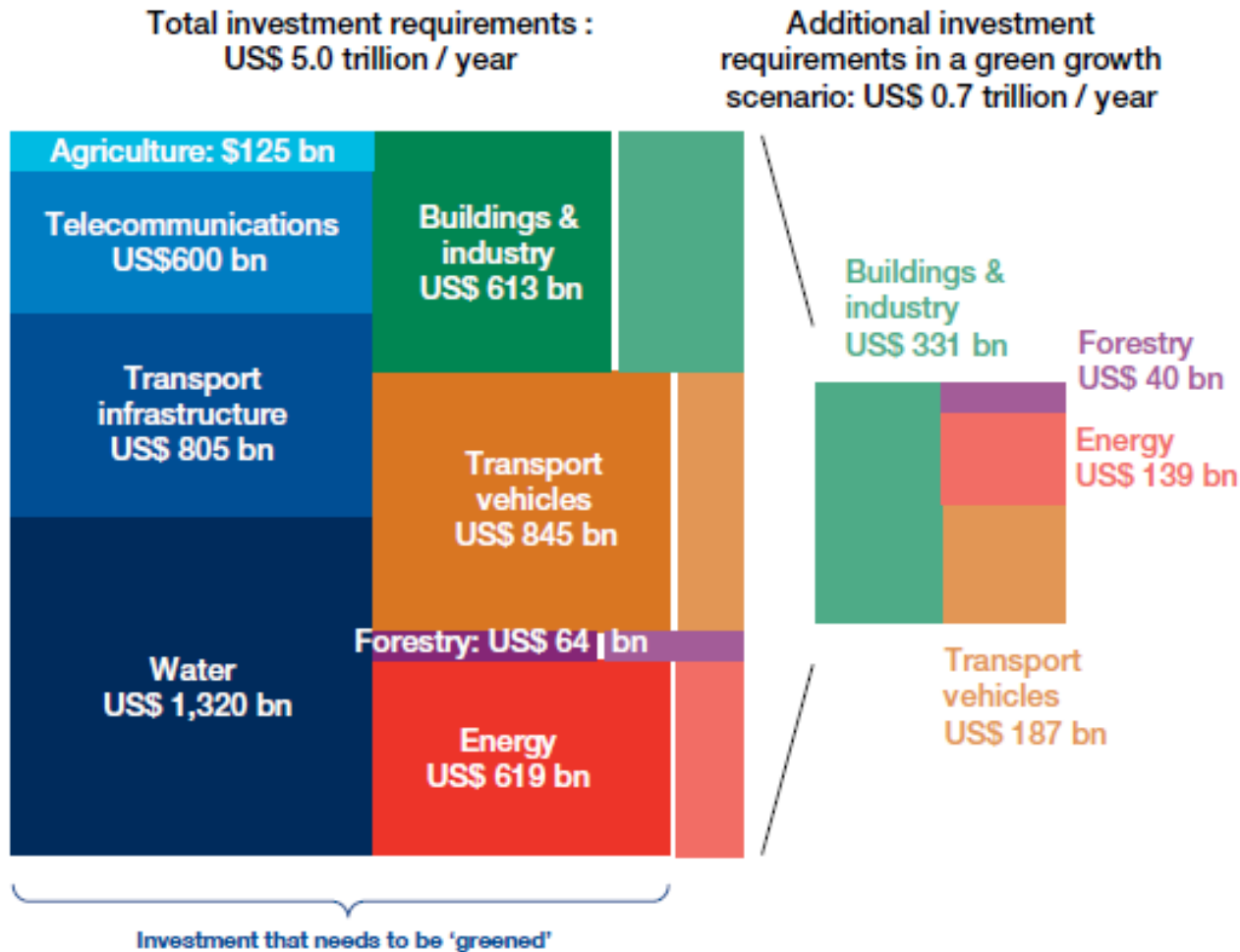
But it is a small part of a bigger climate finance landscape...



Notes: Figures are indicative estimates of annual flows for the latest year available, 2010 or 2011 (variable according to the data source). Flows are expressed in USD billions and rounded to produce whole numbers. Estimates spanning multiple years are adjusted to produce annual-equivalent estimates. Where ranges of estimates are available, the mid-point is presented. The diagram distinguishes between 'incremental costs,' that is, financial resources that cover the price difference between a cheaper, more polluting options and costlier, climate-friendly ones and do not need to be paid back — and 'capital investment,' which are tangible investments in mitigation or adaptation projects that need to be paid back. Categories not representing capital investment, or a mix of capital investment and incremental costs, are incremental costs only. The group of National Finance Institutions includes Sub-regional entities. Most data presented relates to commitments in a given year due to limited availability of disbursement data.



And an even smaller part of the global investment that needs to shift to support climate compatible development





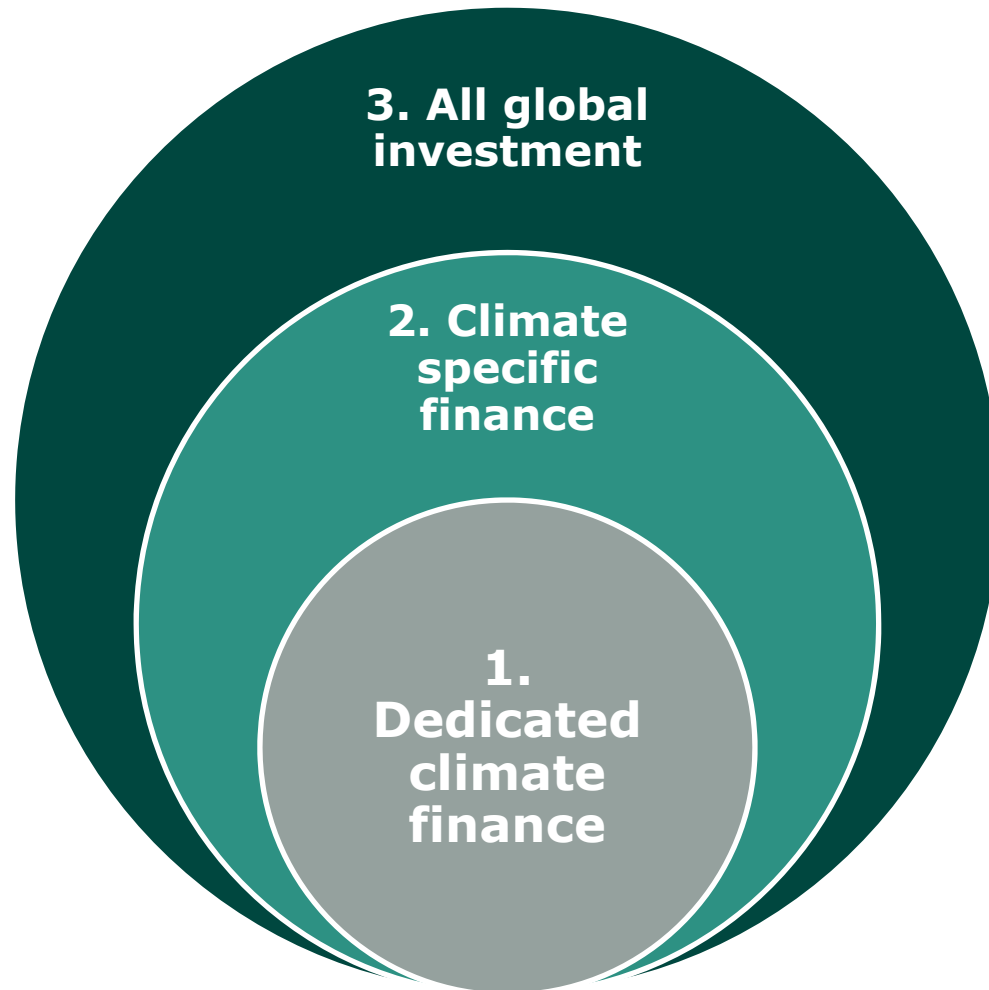
Potential functions of MRV of finance

Robust monitoring, reporting and verification of finance can help us understand:

1. progress against finance commitments that have been made in a spirit of mutual accountability
2. what finance has been spent on, in order to be able to understand effectiveness in achieving intended objectives
3. The effectiveness of dedicated climate finance in helping to redirect much larger investment flows to support climate compatible investment



Different levels of detail of MRV possible and necessary



MRV of dedicated climate finance

INSIGHTS FROM CLIMATE FUNDS UPDATE AND EFFORTS
TO MONITOR FAST START FINANCE CONTRIBUTIONS



Independent dedicated climate finance monitoring initiatives

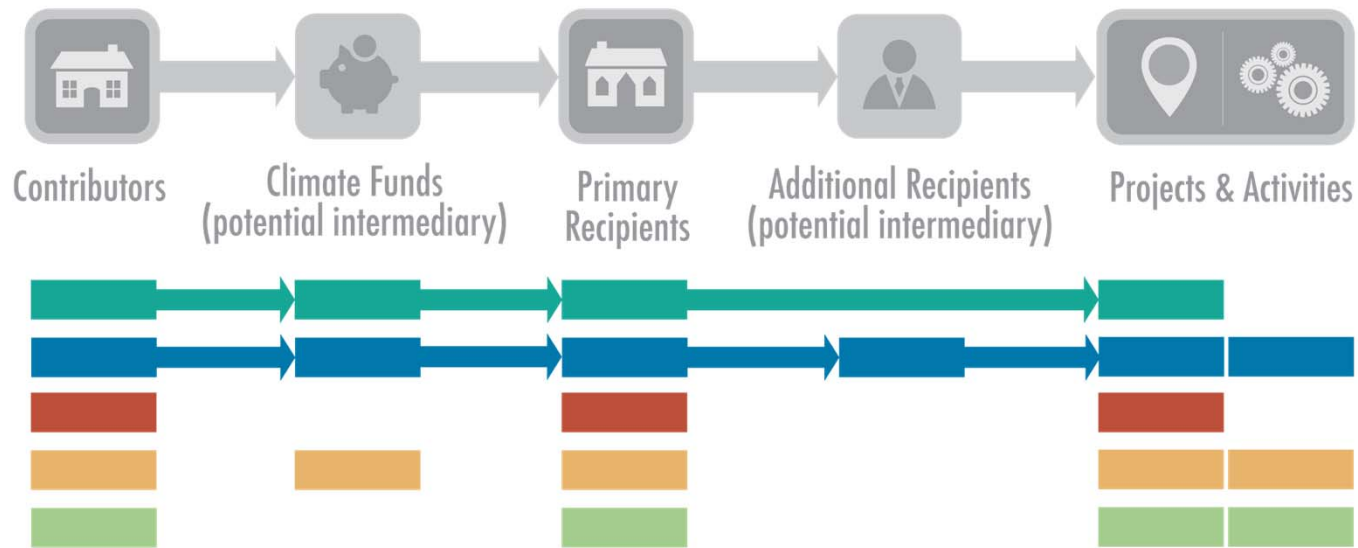
		Description	information
Climate Funds Update	ODI and HBF	Independent website monitoring 24 dedicated multilateral climate funds and bilateral climate initiatives from donor pledges through to the disbursement of project financing to increase the transparency of climate finance flows.	www.climatefundsupdate.org
Fast Start Finance Tracking	World Resources Institute	Tracked and reported pledges from donor countries, including what is 'new and additional' and the channelling institution(s) used.	www.wri.org/publication/summary-of-developed-country-fast-start-climate-finance-pledges
Climate Finance Options	World Bank	The website reports funding by sector, sources and finance mechanism. It provides information on funding objectives, financing mechanism, application procedures, project types, decision making structure, and project examples.	www.climatefinanceoptions.org/cfo/node/189
The Global Landscape of Climate Finance	CPI	Annual study of public and private investment in climate change relevant activities, including both public and private flows to developed and developing countries.	http://climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2012/
Fast Start Finance Reviews	ODI, WRI, OCN, IGES	In depth analysis of the fast start finance contributions of selected countries to understand objectives, geographic distribution, and other overarching trends. Synthetic analysis forthcoming	http://www.climatefundupdate.org/global-trends/fast-start-finance



Initiatives tracking REDD+ finance



Stages of REDD+ Finance Reported by Initiatives



*Solid blocks represent initiatives reporting on these stages of REDD+ finance, arrows represent tracking of REDD+ finance between stages.

Scale Reported





Monitoring climate finance within countries

		Description
Climate Public Expenditure and Institutional Reviews	UNDP, World Bank, ODI	Map the institutional arrangements and climate change specific expenditure within developing countries from a diversity of sources, particularly the national budget.
Climate Finance Readiness Studies	GIZ, UNDP, UNEP, WRI, ODI	Understand arrangements and capacities to use climate finance.
Adaptation Finance Accountability Initiative	ODI Oxfam WRI	Mapping delivery of climate finance within countries past the point of disbursement, with an emphasis on the role of local institutions.



FSF Reporting Practices

	Germany	Japan	Norway	UK	US
Aggregate Information					
Eligibility criteria	Specified	Not specified	Partially specified	Specified	Partially specified
N&A criteria	Specified	Not specified	Partially specified	Partially specified	Not specified
Objectives	Specified	Specified	Specified	Specified	Partially specified
Channeling Institution	Partially specified	Specified	Partially specified	Specified	Partially specified
Financial Instrument	Specified	Specified	Specified	Specified	Not specified
Recipient Countries	Specified	Specified	Specified	Specified	Partially specified
Disbursement	Partially specified	Not specified	Partially specified	Partially specified	Not specified



FSF Reporting Practices

	Germany	Japan	Norway	UK	US
Project-Level Information					
Objective	Specified	Specified	Not specified	Specified	Partially specified
Channeling Institution	Specified	Specified	Not specified	Specified	Specified
Financial Instrument	Specified	Partially Specified ¹	Not specified	Specified	Partially specified
Recipient Country	Specified	Specified	Not specified	Specified	Specified
Recipient Institution	Specified	Not specified	Not specified	Partially specified	Not specified
Disbursement	Not specified	Not specified	Not specified	Not specified	Not specified

¹ Fully specified for ODA, not specified for OOF

Note: This table is based on information included in the official FSF reports. In many cases additional information is available through further desk research and other reporting channels.

For reference, the latest documents on Japanese FSF can be downloaded from: www.mofa.go.jp/policy/environment/warm/cop/pdfs/assistance-to-2012_en.pdf and https://unfccc.int/cooperation_support/financial_mechanism/fast_start_finance/items/5646.php (see the links on the right side)



Fund	Governance	Reporting period	Pledged	Deposited	Approved	Disbursed
Adaptation Fund	Multilateral - UNFCCC	Every three months	Green	Green	Green	Green
Amazon Fund	Multilateral National Trust Fund	Every month	Green	Green	Green	Green
Least Developed Countries Fund	Multilateral - UNFCCC	Approx. every six months	Green	Green	Green	Green
Strategic Climate Change Fund	Multilateral - UNFCCC	Approx. every six months	Green	Green	Green	Green
Global Environment Facility 4	Multilateral – UNFCCC	Approx. every six months	Green	Green	Green	Green
Global Environment Facility 5	Multilateral – UNFCCC	Approx. every six months	Green	Green	Green	Green
UN-REDD	Multilateral (UNDP, UNEP, FAO)	Every two hours	Green	Green	Green	Green
Clean Technology Fund	Multilateral (MDB)	Every six months	Green	Green	Green	Yellow
International Climate Initiative	Bilateral (Germany)	Not regularly	Green	Green	Green	Red
Pilot Programme on Climate Resilience	Multilateral (MDB)	Every six months	Green	Green	Yellow	Yellow
Congo Basin Forest Fund	Multilateral National Trust Fund	Not regularly	Green	Green	Yellow	Yellow
Forest Carbon Partnership Facility	Multilateral (World Bank)	Not regularly	Green	Green	Yellow	Yellow
Scaling Renewable Energy Programme	Multilateral (MDB)	Every six months	Green	Green	Yellow	Yellow
Forest Investment Programme	Multilateral (MDB)	Every six months	Green	Green	Yellow	Yellow
International Climate Fund	Bilateral (UK)	Not regularly	Green	Green	Yellow	Yellow
Global Climate Change Alliance	Multilateral (EU)	Not regularly	Yellow	Yellow	Yellow	Yellow
Global Energy Efficiency and Renewable Energy Fund	Multilateral (EU)	Not regularly	Orange	Orange	Orange	Orange
Indonesian Climate Change Trust Fund	Multilateral National Trust Fund	Not regularly	Orange	Orange	Orange	Orange
International Forest Climate Initiative	Bilateral (Norway)	Not regularly	Orange	Orange	Red	Red
International Forest Climate Initiative	Bilateral (Australia)	Not regularly	Orange	Orange	Red	Red
Japan's Fast Start Finance	Bilateral (Japan)	Not regularly	Orange	Orange	Red	Red

Source: information of the status of finance is predominantly sourced from fund and implementing agency websites and trustee reports also available on fund websites

Source: ODI (2012) The Practical Challenges of Monitoring Climate Finance



Looking forward

- Detailed and disaggregated information on the projects and programs counted as international climate finance has been essential to understanding impact and effectiveness
- Observed some improvements in reporting practices over the course of the FSF period
- The common tabular format for biennial reporting could potentially be used to provide project-level detail on contributions. This would help sustain these improvements
- Linked to wider efforts to understand the impact of climate policies and actions, including policies to reduce carbon intensive spending and subsidies
- Rich scope for partnership and collaboration with other institutions engaged in monitoring climate finance and understanding wider trends



<http://www.climatefundupdate.org>

Comprehensive information on the
objectives and scope of dedicated
public climate finance:



Guidance on Long Term Climate Finance from the Copenhagen Accord and Cancun Agreements

- Mobilised by developed countries
 - Provided to developing country parties taking into account the urgent and immediate needs of those that are particularly vulnerable to the adverse effects of climate change
 - Balanced in allocation between adaptation and mitigation
 - Committed in the context of transparency on implementation
 - Scaled up, new and additional, predictable and adequate
- not clear if these considerations would be equally applied to public and private flows



NEW AND ADDITIONAL

Criteria	Germany	Japan	Norway	UK	US
Climate-related spending is higher during FSF than before	Yes	Yes	Yes	Yes	Yes
Climate-related projects and programs receive more funding than prior to the FSF period	In some cases/ Maybe	In some cases/ Maybe	In some cases/ Maybe	In some cases/ Maybe	In some cases/ Maybe
FSF includes contributions to meet pledges made prior to the FSF period	Partially	Partially	Partially	Partially	Partially
ODA as a whole is increasing faster than climate finance	No	No	No	No	No
Country has met the Monterrey commitments to deliver 0.7% of GNI as ODA	No	No	Yes	No (although target achieved in March 2013)	No



MONITORING PRIVATE CLIMATE FINANCE SUPPORT

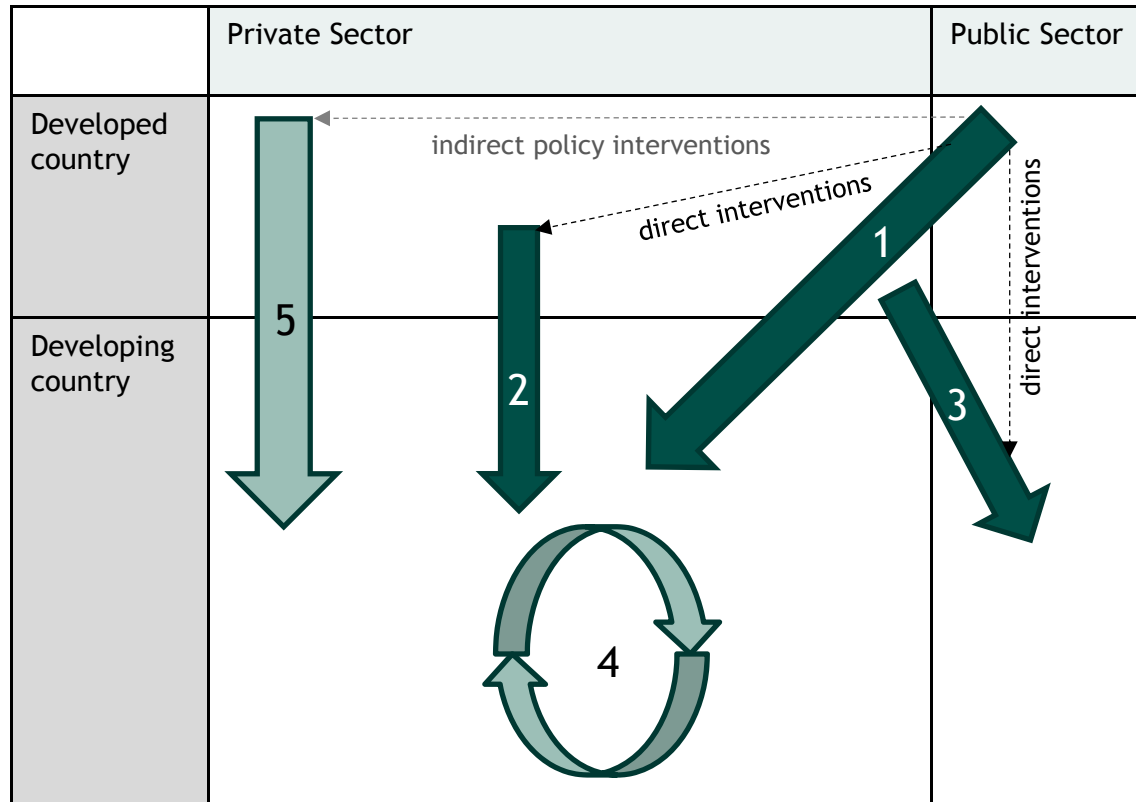
Private Climate Finance Support:

1. developed country public flows directed toward private sector LCD
2. developed country private flows mobilised by developed country public intervention for private sector LCD
3. developed country private flows to public sector LCD

Excluded:

4. developing country private flows mobilised as the result of developed country public sector intervention
5. developed country private sector flows to developing countries independent of direct developed country public sector intervention

(including those that result from policy level interventions)





PRIVATE CLIMATE FINANCE SUPPORT AND KEY UNFCCC CONSIDERATIONS

2. Provided to developing country parties taking into account the urgent and immediate needs of those that are particularly vulnerable to the adverse effects of climate change

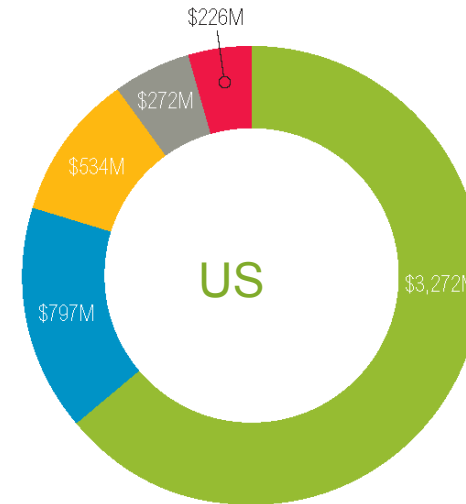
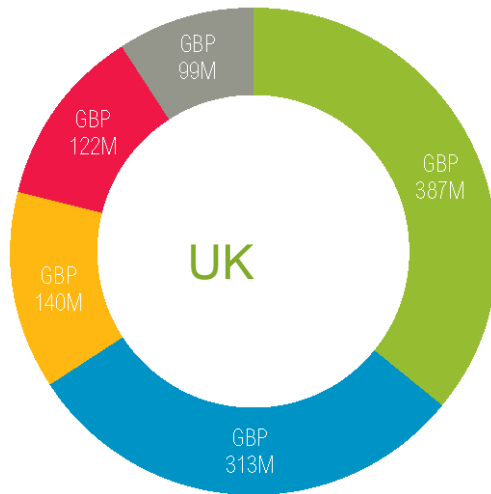
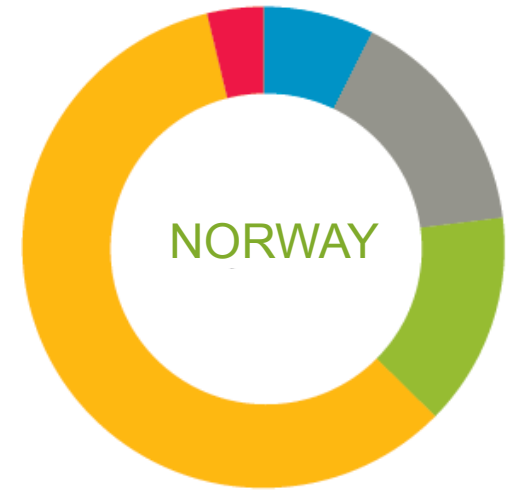
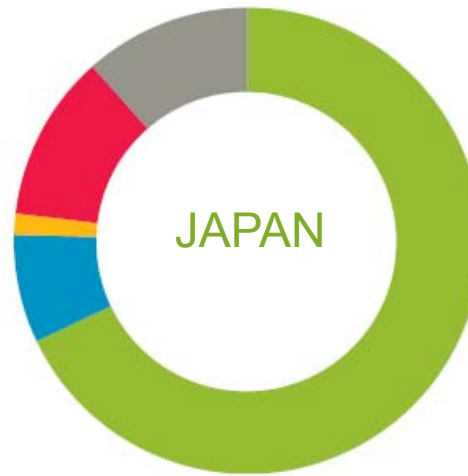
Upper middle income	Lower middle income	Low income	Global (or information not available)	Local ownership of recipient	Foreign ownership of recipient	Donor country ownership of recipient	Unknown/ Intermediary
29%	53%	14%	4%	30%	27%	35%	9%

3. Balanced in allocation between adaptation and mitigation

Adaptation	Mitigation
Less than 1%	Supercritical coal fired power 35%
	Mix (and climate change unspecified) 24%
	Solar 14%
	Renewable energy (general) 9%
	Geothermal 9%
	Hydro and wind 3% each
	Biomass, cogeneration, and REDD+ 1% each



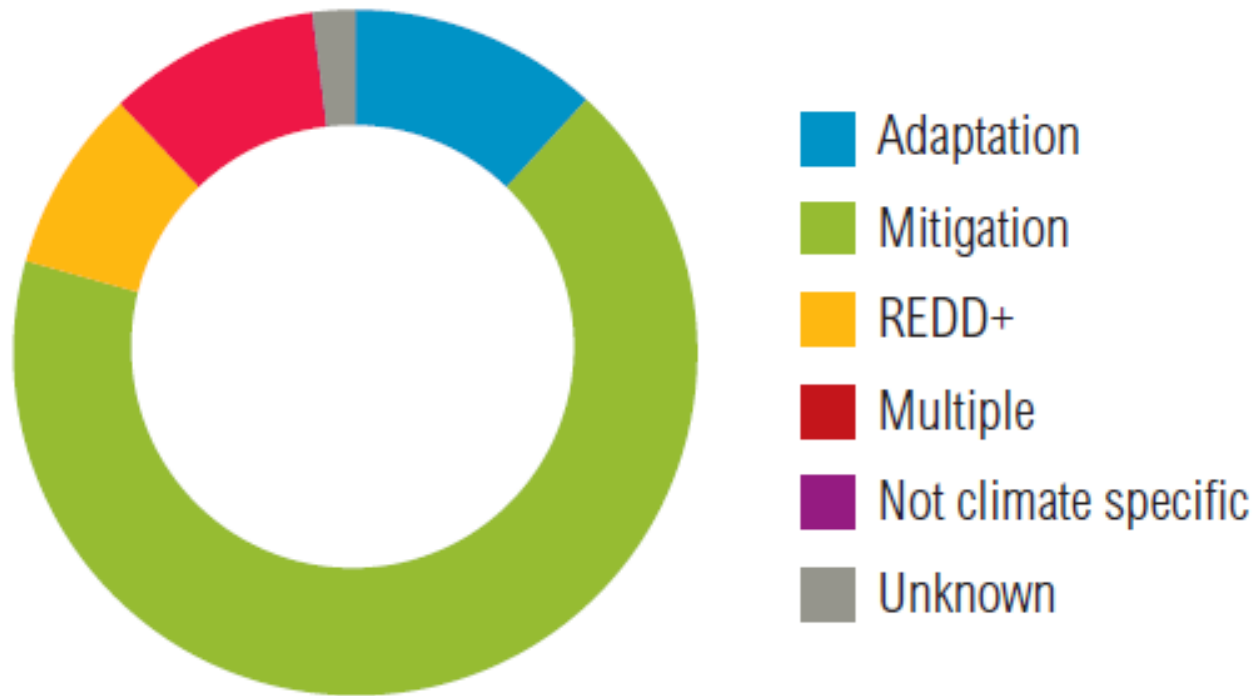
OBJECTIVES OF FSF



- Mitigation - Other
- Adaptation
- Mitigation - REDD+
- Unknown
- Multiple

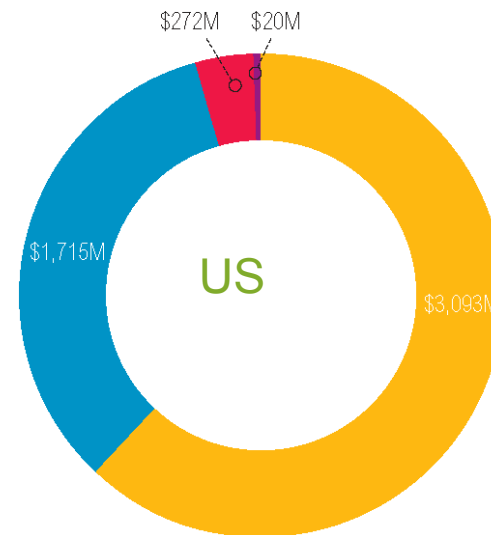
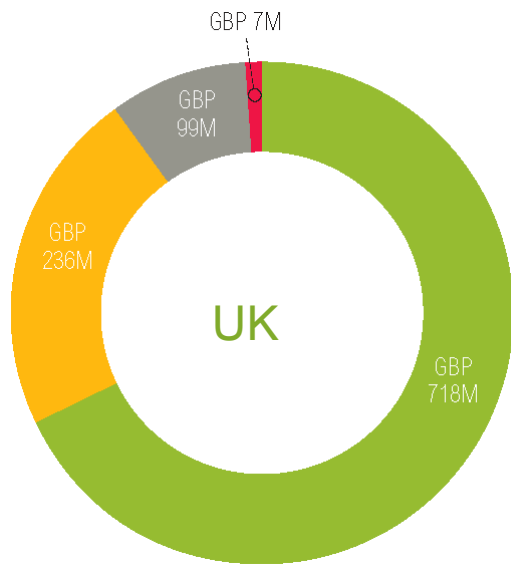
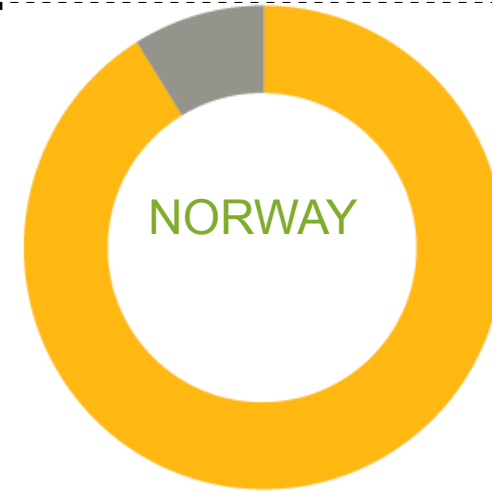
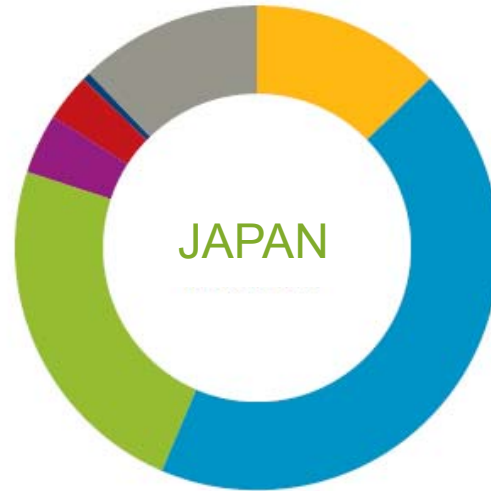


FSF AGGREGATE OBJECTIVES





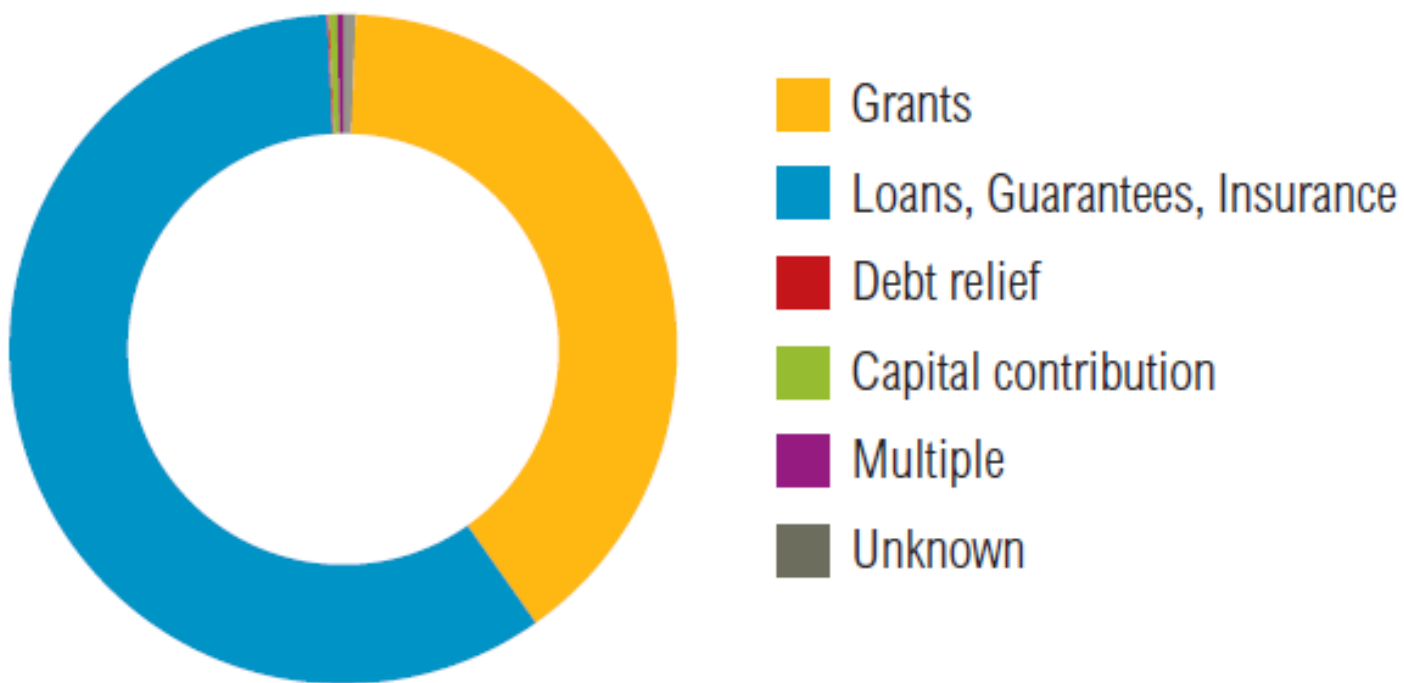
FSF FINANCIAL INSTRUMENTS



- Capital Contribution
- Grants and Related Instruments
- Unknown
- Multiple
- Loans, Loan Guarantees, and Insurance
- Debt Relief

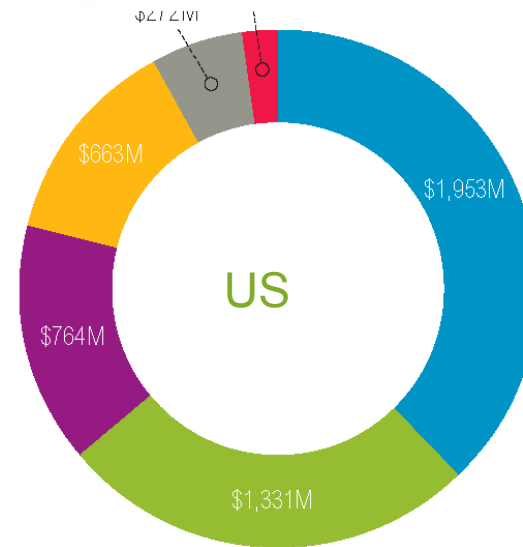
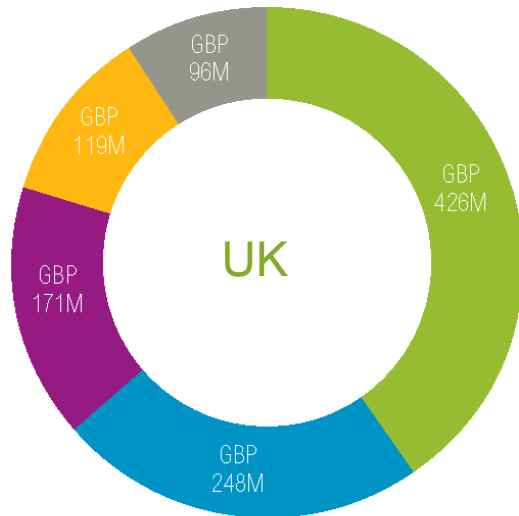
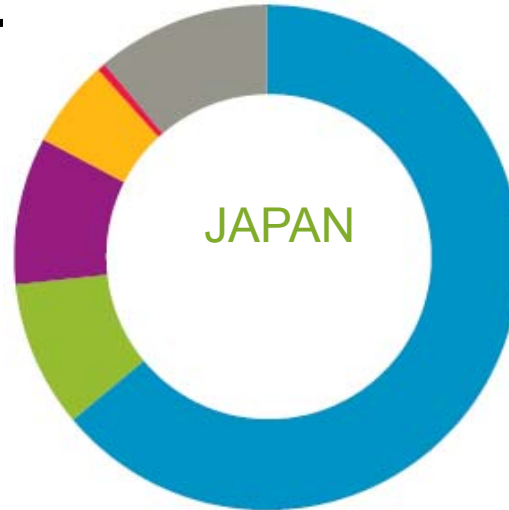


FSF AGGREGATE INSTRUMENTS





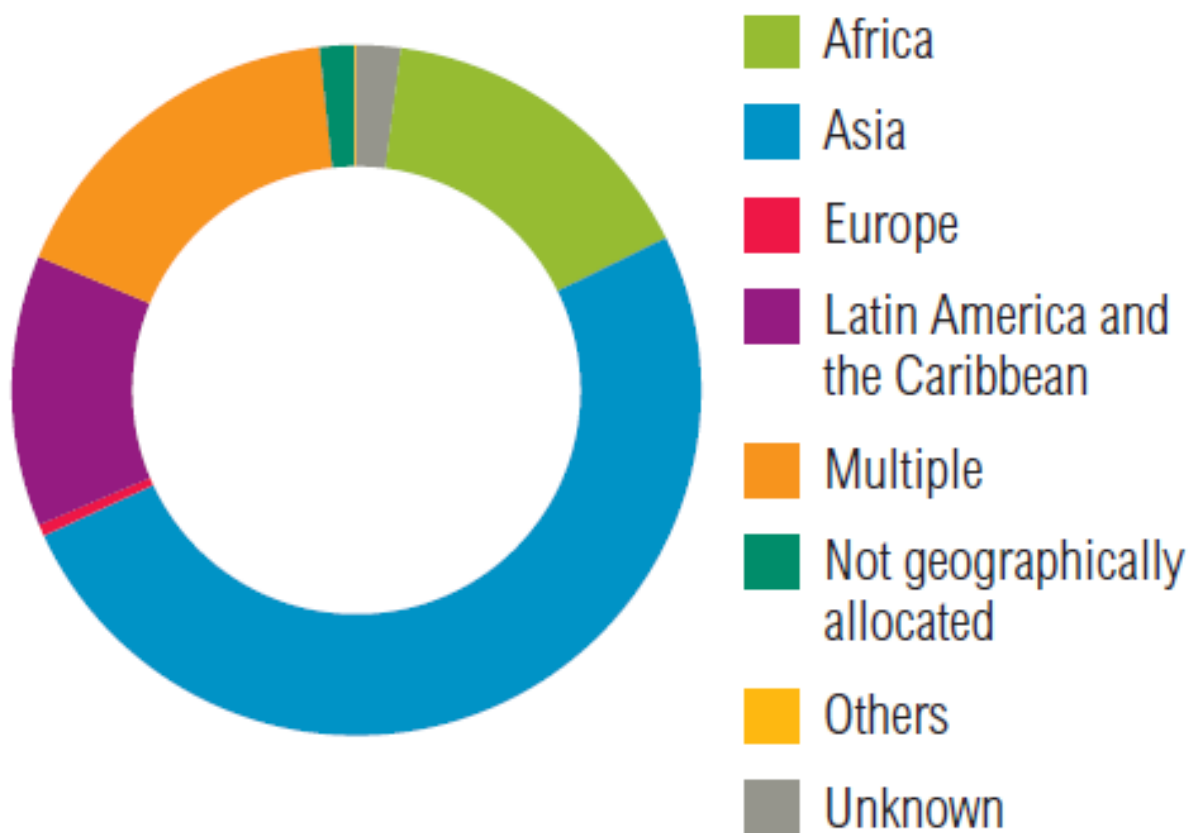
FSF RECIPIENT REGIONS



- Asia
- Africa
- Latin America and the Caribbean
- Multiple Regions
- Unknown
- Europe

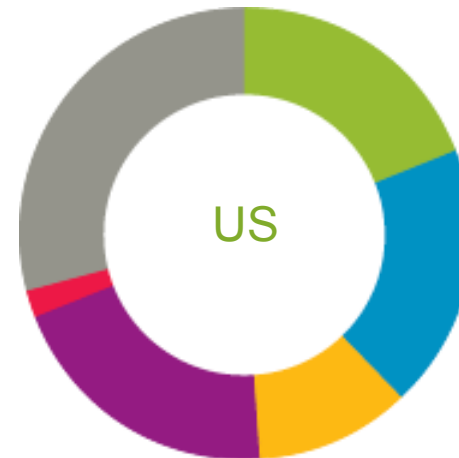
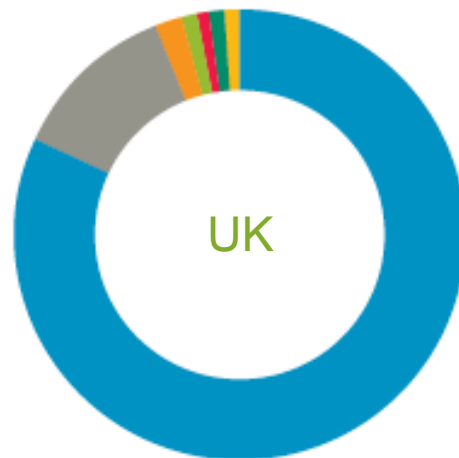
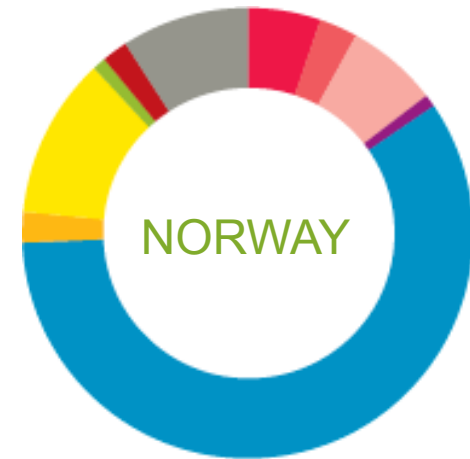
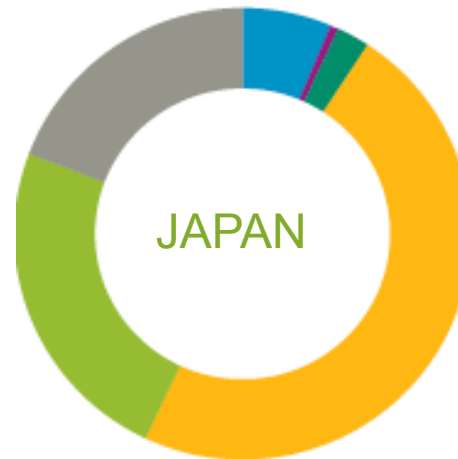


FSF AGGREGATE REGIONS





FSF RECIPIENTS



- Multilateral
- Unknown
- Contributor Country Government
- Recipient Country Company
- NGO
- Regional Recipient Institution
- Recipient Country Government
- Contributor Country Company



AGGREGATE RECIPIENTS

