

**Eleventh meeting of the Standing Committee on Finance
Bonn, Germany, 26–28 October 2015**

**Background paper on the 2016 biennial assessment and
overview of climate finance flows**

Proposed actions by the Standing Committee on Finance

The Standing Committee on Finance will be invited to develop an outline of the BA and a plan of work to guide the preparation of the 2016 Biennial Assessment and Overview of Climate Finance Flows.

1. Actions for consideration by the SCF

1. The SCF may wish to consider the draft outline of the 2016 BA prepared by the co-facilitators, with the support of the secretariat, contained in annex I of this document. In discussing this matter, the SCF may also wish to refer to information contained in annex II of document SCF/2015/10/8, including any recent developments on data availability and improvements in existing methodologies.
2. The SCF may wish to discuss and agree the outline of the BA at its eleventh meeting for inclusion in its annual report to COP21.

2. Background

3. The SCF, in accordance with decision 2/CP.17, paragraph 121(f), prepared the first BA (2014 BA)¹. The work of the SCF on this matter was also guided by decisions 1/CP.18 paragraph 71; 5/CP.18 paragraph 11; and 3/CP.19, paragraph 11, respectively:
 - a. Relevant work by other bodies and entities on the measurement, reporting and verification of support and the tracking of climate finance;
 - b. Ways of strengthening methodologies for reporting climate finance; and
 - c. 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.
4. Accordingly, the 2014 BA reviewed the operational definitions of climate finance and reporting systems used by institutions that produce and aggregate data on climate finance flows. It also discussed the available estimates of global climate finance and flows from developed to developing countries. It then attempted to assess these two sets of information against financial and policy considerations, and identified areas where further work is needed. Key findings and recommendations are included in the summary and recommendations by the SCF on the 2014 BA². The recommendations include further efforts related to methodologies, operational definition of climate finance and ownership, impact and effectiveness. With regard to methodologies, an overview of existing international methodologies for the provision of financial

¹

http://unfccc.int/cooperation_and_support/financial_mechanism/standing_committee/items/8034.php

² FCCC/CP/2014/5, Annex II.

information is available in the technical paper prepared by the secretariat in May 2015³. Further developments have been made since then.

5. The Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts invited the SCF to include, in its next BA, information on financial instruments that address the risks of loss and damage associated with the adverse effects of climate change⁴.
6. During its ninth meeting, the SCF established the working group on the preparation of the 2016 BA, facilitated by Mr. Seyni Nafo and Mr. Roger Dungan. At its tenth meeting, the working group initiated discussions on the structure of and aspects that can be worked on and improved in the 2016 BA, and agreed to develop a draft outline and a proposed structure to guide the data collection and drafting processes for agreement at SCF 11. Preliminary discussions on the 2016 BA that took place at the tenth meeting are presented in annex VI of the meeting report.

³ FCCC/TP/2015/2, Annex.

⁴ Report of the Executive Committee of the Warsaw International Mechanism for Loss and Damage Associated with Climate Change Impacts (FCCC/SB/2014/4), Annex III.

Annex I – Draft outline of the 2016 biennial assessment and overview of climate finance flows*Executive summary*

- The mandate
- Challenges and limitations
- Key findings
- Conclusions and recommendations

Introduction

- Objectives: set the scene – context of COP decisions.
- Scope: explicit explanation of what BA2 will do (i.e. it's a 'meta analysis' and overview/summary of existing publically available information, rather than presenting new data).
- The BA should also provide a guide on how the reader should use and interpret the figures in its recommendations.

Approach used in preparing BA2

- Clearly outline what the BA is: describe where the data has been sourced from, time period, data coverage (i.e. what's in and what's out), and how the data was aggregated (e.g. how the different types of sub-flows are categorized in the onion diagram, how "pledged" vs "committed" vs "disbursed" are treated, etc.)
- Clearly describe where the data on "geographical" and "thematic balance" comes from and how it is aggregated and categorized.
- Clearly outline the challenges and limitations (e.g. practical difficulties in estimating domestic flows and other un-reported flows with any certainty)

Methodological issues related to MRV including recent developments

- Describe how other data aggregators have treated their numbers (e.g. briefly describe their definitions and how they compare to BA1, etc.), and how the differences among definitions and reporting methods have been addressed (e.g. how we treat "pledged" vs "committed" vs "disbursed", etc.)
- Compare the strengths and weaknesses of the methodologies for reporting public and private climate finance flows (i.e. how the development of new methodologies and harmonization of existing methodologies of data aggregators represent improvements compared to methodologies described in BA1 to feed into recommendations)
- Review recommendations in the report of the technical review of BR1, with a view to examining the extent to which the recommendations have been considered in BR2.

Overview of flows

- A succinct section, mainly presenting numbers.
- The onion diagram, showing estimates of climate finance flows for the period 2013-2014, with sufficient tabular data to make it clear what is included and how.
- Presentation of estimates of geographical and thematic balance of flows.

Assessment of flows

- A succinct description of the limitations of the overview section, description or explanation of the results, with identification of gaps, as needed.
- Identification of criteria – if any – for the "assessment" for climate finance flows.
- Describe how the quality of measurement and reporting is assessed (e.g. clearly outline the sources of data uncertainty, clearly describe the assessment of the quality of data "relatively certain", "medium certain", "relatively uncertain")
- Consider how the BA2 can be used to assess how most effectively to meet adaptation and mitigation needs with climate finance.
- Explain how information in BA2 can be used in the context of mobilization of climate finance resources.

Conclusion and recommendations

- A short section focusing on uncontested recommendations for further improvements for BA3. It could describe some of the political challenges inherent in an assessment of this kind, but be very neutral in what recommendations are made as a result.

Activities and timeline

A. Activities for consideration

Research and drafting

- Hold conference calls and webinars with data providers and climate finance stakeholders to address specific topics as individual chapters of the technical report are drafted;
- Organize technical workshops involving SCF members and climate finance stakeholders back-to-back with SCF meetings;
 - The first technical workshop could address improvements in methodologies as well as data availability (e.g. adaptation, forestry, mobilized private finance).
 - A second workshop could provide an opportunity for peer review of the draft of the technical report.
- Consider bringing together a small group of senior experts from data collectors and aggregators from developed and developing countries to assist the working group of the SCF.

Outreach and dissemination

- Organize a side event on the side lines of the June SB session to update Parties and broader stakeholders on the progress made in the implementation of the work on the 2016 BA;
- Develop a communication plan identifying activities and tools to better present the findings of the BA.

B. Indicative timeline

Activities and deliverables	2015-2016								
	Q3	Q4	Jan-Feb	Mar-Apr	May-Jun	July-Aug	Sep	Oct	Dec
Phase I: Finalizing the scope and structure									
Scope, structure and outline of the technical report									
Phase II: Research and drafting									
Literature review and data collection									
Drafting of individual chapters of the technical report									
Technical workshops				Mar. 29-31 (tbd)		tbd			
Phase III: Final drafting									
The working group discusses findings and insights, based on draft chapters									
Final draft of the technical report									
Drafting and finalization of the Summary and Recommendations									
Phase IV: Peer review, lay out and production of the document									
External/peer review (tbc)									
Layout design and publication									
Phase V: Outreach and dissemination									
Communication and promotion of the technical report and the summary and recommendations					tbd				