MRV in Climate Finance
Key Points

1. Many types of “climate finance”

2. Range of non-standardized approaches to measuring & reporting results

3. In some cases, a more disciplined approach to MRV would be useful
Many forms of climate finance; many objectives

Source: Adapted from Warnecke et al 2015
## M&E in Climate Finance

<table>
<thead>
<tr>
<th>Structure</th>
<th>Typical M&amp;E Approach</th>
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| **Upfront Payment**| • Upfront payment against pre-defined theory of change  
• Linked to specific *input* requirements required to produce *outputs* with the intention to generate *outcomes*  
• Traditional theory based evaluation: assessment against variety of pre-determined quantitative and qualitative indicators  
• Did the project meet targets? (informative only) |
| **Milestone Payments**| • Payments made for achievement of pre-defined milestones (qualitative or quantitative)  
• Can involve payment ex-ante or ex-post  
• Less strictly defined indicators  
• Specific and broad indicators of success  
• Often assess value for money |
| **Results Based Finance**| • Payments made for achievement of pre-defined, specific, quantitative results  
• Typically ex-ante payment  
• No strong precedents  
• Would logically be linked to quantitative MRV  
• Independent verification? |
Applying M&E and/or MRV in climate finance

CDM relevant for:
- Emission reductions meths
- Use of 3rd party verification model

Mixed approach required

Private finance monitoring is very different:
- Looks mainly at repayment-related indicators
- Takes a more traditional sampling/audit approach
- Non-private finance needs to understand and allow for this if they want the “private sector” to provide “finance”
Lack of development capital and expertise → Technical assistance facility for 3rd party development expenses

Lack of access to expertise in financial structuring → Financial structuring assistance to supported projects

High perceived risk, lack of access to long term debt and risk mitigation instruments → REPP partner network of debt and RMI providers, standardised procedures and assistance with financial arranging

Higher project costs requires economic support → Results-based finance facility

Support facility for renewable energy projects up to 25MW in sub-Saharan Africa
Initiated by

Funded by

Managed by

*Other non-DAC 4 countries may be considered
REPP objectives

- Number of REPP Projects
  - Target
  - Proposal
  - Agreement

- Installed Capacity (MW)
  - Target
  - Proposal
  - Agreement

- Number of Countries
  - Target
  - Proposal
  - Agreement

- GHG Emissions Abated (1000 t CO2e)
  - Target
  - Proposal
  - Agreement

- Access to Clean Energy (1000 people)
  - Target
  - Proposal
  - Agreement

- Direct Jobs created
  - Target
  - Proposal
  - Agreement

- REPP Partner Agreements
  - Target
  - Other Partners
  - Risk Mitigation

- Capacity Building Activities
  - Target
  - Actual
Applying CDM

• A variety of tools are needed

• Currently, emission reductions tend to be “estimated” only (MWh*GEF)

• CDM could be useful if streamlined, more certain on timing, cheaper and quicker
  – Cost/Benefit of varying levels of certainty