

## Sixth meeting of the Adaptation Committee Bonn, Germany, 29 September – 1 October 2014

### Scoping paper for the workshop on means of implementation

#### Recommended action by the Adaptation Committee

The AC, at its sixth meeting, may wish to consider the information contained in this draft scoping paper, agree on the scope and focus of the workshop and provide any further guidance to the secretariat on its organization.

#### 1. Introduction

1. In its three-year workplan, the AC agreed to convene a workshop, in the first quarter of 2015, with the relevant bilateral, regional and multilateral institutions facilitating the means of implementation (finance, technology and capacity-building), as well as with development agencies at the country level, to discuss how to further promote the implementation of enhanced action in a coherent manner under the Convention.
2. This scoping paper, as well as the synthesis paper for the workshop, shall take into account the information paper on the roles of regional institutions and United Nations agencies, that was based on information received in response to a previous call for submissions issued to regional institutions and United Nations agencies supporting work on adaptation to communicate their current support for adaptation in developing countries, including in relation to capacity building, including of national institutions.<sup>1</sup> They were also meant to take into account additional submissions from developed country Parties, and bilateral, regional and other multilateral channels, on current experience, including criteria, priorities and other relevant information, and on means to incentivize the implementation of adaptation actions, including finance, technology and capacity-building and other ways to enable climate-resilient development and reduce vulnerability. However, based on a background paper prepared for the meeting<sup>2</sup>, AC 5 agreed that existing and forthcoming information from sources like the biennial reports by Annex I Parties, information from submissions or that provided through other reporting channels like the Creditor Reporting System of the OECD could serve as valuable input to both papers, rendering the need for an additional call for submissions redundant.
3. Thus, this scoping paper, as well as the synthesis paper, will be based on the information from the sources listed in the background paper for AC5, among others, and will identify gaps and needs to be addressed at the workshop, as agreed in the AC's workplan.

#### 2. Brief summary of information relevant for the workshop

4. This section provides a snapshot of the information on means of implementation (MoI) available in various existing and upcoming documents and sources as outlined in the background paper for AC 5.<sup>3</sup> Most information is available on financial support with the most elaborated systems of tracking and reporting. The information available through the various sources will be analysed and presented in more detail in the forthcoming synthesis paper.

*Information paper on the roles of regional institutions and United Nations agencies in supporting adaptation*

<sup>1</sup> AC/2014/7

<sup>2</sup> AC/2014/9

<sup>3</sup> AC/2014/9

5. The information paper was based on information received in response to a call for submissions issued in February 2014 to regional institutions and United Nations agencies supporting work on adaptation to communicate their current support for adaptation in developing countries, including in relation to capacity building, including of national institutions.<sup>4</sup>
6. 53 of the 153 organizations contacted replied to the call. The information provided was mainly of factual nature and of the kind of support provided as well as the type of projects that the organizations were engaged in (using the categories of adaptation activity listed in decision 1/CP.16, paragraph 14). The responses revealed that most organizations were involved in either individual or institutional capacity building (87%) but fewer in technology transfer (42%). Almost all organizations provide technical support. The submission template did not ask about information on specific numbers of financial support provided besides the costs of the technical cooperation projects.
7. In their responses some organizations provided information on lessons learned from their engagement in adaptation support and also revealed some challenges and gaps. However, these mostly referred to lessons from and challenges in undertaking adaptation (e.g. importance of involvement of stakeholders, lack of appropriate data) and only a few related to lessons from or challenges in the provision of means of implementation. Some interesting lessons were described in regard to the provision of finance, e.g. that under the OECD Partnership for Action on Climate Change Finance and Development Co-operation Effectiveness, around 30 organizations work together to apply lessons from development co-operation to the management of climate finance. The World Bank, WTO and UNDP provided other lessons, e.g. regarding the importance of institutions and incentives, country ownership and clear criteria for setting up national trust funds. These information and lessons could be useful for the organization of the workshop.

*Sixth National Communications and biennial reports by Annex II Parties*

8. Parties included in Annex II to the Convention were required to report on the provision of financial, technological and capacity-building support to developing country Parties in their first biennial report (BR), by 1 January 2014, either as an annex to their 6th National Communication (NC) or as a separate report, cross referencing similar information in the BR and the NC to avoid duplication. All Annex II Parties have submitted the required information through their BR, covering the years 2011 and 2012. In those reports they provide factual information on the support provided under the categories of finance, technology and capacity-building. The information includes a short description of the projects or programmes through which the support was channelled, the recipient countries or regions and whether the support was provided for mitigation or adaptation or was cross-cutting. Regarding the financial support, additional information is provided on the source of funding and the financial instrument used. Some Parties also shared how they involved the private sector in mobilizing climate finance.
9. Parties were also encouraged to indicate what new and additional financial resources they have provided, and to clarify how they have determined that such resources were new and additional. However, not all Parties revealed this information.
10. Requested to describe how they have ensured that the financial resources provided effectively address the needs of non-Annex I Parties with regard to adaptation, most Parties respond that they used a country-driven approach to aid delivery, working as much as possible with partners in the recipient country and addressing the recipient country's development priorities. Other countries do not provide this information and/or indicate that this is rather for the non-Annex I Parties to report on.
11. The information provided in the BRs is also available in the common tabular format (CTF) that the COP had adopted through decision 19/CP.18 and has been compiled by the secretariat

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<sup>4</sup> AC/2014/7

into a compilation and synthesis report that will be published prior to COP 20.

*Information on NAP support and any other information relevant to the formulation and implementation of NAPs*

12. COP 19, through decision 18/CP.19, paragraph 6, invited Parties and relevant organizations to submit, by 26 March 2014, information on their experience with the application of the initial guidelines for the formulation of national adaptation plans, as well as any other information relevant to the formulation and implementation of the national adaptation plans, for compilation by the secretariat into a miscellaneous document, for consideration by the SBI at its fortieth session. SB 40 concluded to extend this call until 18 August 2014.

13. In total seven Parties have responded to the call. Developed country Parties that responded (Japan, US, EU) described the projects, channels and approaches through which they have so far supported the NAP process and also provided information on their experiences and lessons.

14. Developing countries (2 from LDCs, AOSIS, Kyrgyzstan), in their submissions, refer to gaps and needs in the NAP process, including in support received so far. Particularly they point to the need for clearer guidelines and support for the implementation of NAPs and to the lack of support for the NAP process in non-LDC developing countries.

*OECD DAC analysis of the Rio markers<sup>5</sup>*

15. The DAC is monitoring external development finance targeting environmental objectives through its Creditor Reporting System (CRS) using "policy markers": donors are requested to indicate for each aid activity they report to the OECD whether or not it targets environmental objectives. A scoring system of three values is used, in which aid activities are "marked" as targeting the environment or the Rio Conventions as the "principal" objective (would not have been funded but for that objective) or a "significant" objective (have other prime objectives but have been formulated or adjusted to help meet climate concerns), or as not targeting the objective. The Rio markers are applicable to Official Development Assistance (ODA) and recently also to other official flows (OOF) (non-concessional developmental flows, excluding export credits) starting from 2010.

16. For reporting on climate adaptation finance, the Rio Marker for adaptation is used (introduced in 2010, mandatory for ODA and voluntary for OOF). Thus, information on adaptation finance flows is available for the reporting years 2010 – 2012 and includes the amount of bilateral funding from each OECD DAC member targeting adaptation significantly or principally sorted by

- Recipient country
- Sector
- Year

17. In addition, data on climate finance is available according to the following categories:

- Trends in climate-related support
- Climate-related support by OECD DAC members
- Composition of climate-related aid
- Climate-related support by sector
- Climate-related support by instrument

18. Statistical analysis and summaries of the data are also available.

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<sup>5</sup> More information available at <http://www.oecd.org/dac/stats/rioconventions.htm>.

19. In addition to tracking bilateral funding flows, the DAC has also developed a methodology through which multilateral funding flows from a specific donor that target climate objectives (mitigation or adaptation) can be estimated.
20. Given the fact that many adaptation projects also address objectives other than adaptation, it is more difficult to quantify adaptation finance flows than mitigation finance flows. The DAC reporting system has tried to improve the marker concept over time in collaboration with the MDBs but challenges remain as the interpretation of whether a project targets adaptation „principally“ or „significantly“ varies by donor country.
21. To see how the MDBs track adaptation finance please refer to the next section.

*Joint report on climate finance by Multilateral Development Banks<sup>6</sup>*

22. Multilateral Development Banks, including the the Asian Development Bank (ADB), the African Development Bank (AfDB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank (IDB) and the International Financial Corporation (IFC) and World Bank (WB) from the World Bank Group (WBG)) have developed a joint approach to track climate finance. They have reported on their climate finance flows for three consecutive years, of which the last report (for the fiscal year 2013) has just been released. It also includes some methodological refinements, e.g. with regard to the adaptation sectoral breakdown that has been revised in order to present more detailed information on the main sectors in which MDBs provided adaptation finance.
23. The reports include MDB climate finance figures as well as the detailed data, broken down by adaptation and mitigation and by sector and geographic region as well as by source (public/private), and instrument (whether policy-based or not). Data is also provided for finance with dual adaptation and mitigation benefits. The methodological approach for the tracking is explained, including through case studies.
24. The methodology for adaptation finance reporting comprises the following key steps:
- Setting out the context of climate vulnerability of the project;
  - Making an explicit statement of intent to address climate vulnerability as part of the project;
  - Articulating a clear and direct link between the climate vulnerability context and the specific project activities.
25. Furthermore, when applying the methodology, the reporting of adaptation finance is limited solely to those project activities (i.e. projects, project components, or proportions of projects) that are clearly linked to the climate vulnerability context.

*Biennial submissions by developed country Parties on their updated strategies and approaches for scaling up climate finance from 2014 – 2020 (forthcoming)*

26. COP 19 requested developed country Parties to prepare biennial submissions on their updated strategies and approaches for scaling up climate finance from 2014 to 2020, including any available information on quantitative and qualitative elements of a pathway, including:
- (a) Information to increase clarity on the expected levels of climate finance mobilized from different sources;
  - (b) Information on their policies, programmes and priorities;

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<sup>6</sup> Latest report available at <http://www.eib.org/projects/documents/joint-report-on-mdb-climate-finance-2013.htm>.

- (c) Information on actions and plans to mobilize additional finance;
- (d) Information on how Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change;
- (e) Information on steps taken to enhance their enabling environments, following on from the report of the co-chairs of the extended work programme on long-term finance.

27. The first biennial submissions are forthcoming (deadline 24 September 2014).

*Biennial assessment and overview of climate finance flows by the SCF (forthcoming)*

28. COP 17 mandated the Standing Committee on Finance to prepare biennial assessments and overviews of climate finance flows, and to include information on the geographical and thematic balance of such flows, drawing on available sources of information, including national communications and biennial reports of both developed and developing country Parties, information provided in the registry, information provided by Parties on assessments of their needs, reports prepared by the operating entities of the Financial Mechanism, and information available from other entities providing climate change finance.

29. At COP 18, Parties further requested the SCF, in preparing the first biennial assessment and overview of financial flows, to consider ways of strengthening methodologies for reporting climate finance and to take into account relevant work by other bodies and entities on the measurement, reporting and verification of support and the tracking of climate finance.

30. Additionally, at COP 19, the SCF was requested, in the context of the preparation of its biennial assessment and overview of climate finance flows, to 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.

31. The first biennial assessment and overview is due in 2014 and will be published prior to COP 20.

32. In addition to the information from the sources listed in the background paper to AC5, the following papers and documents could be considered for the synthesis paper and form a useful basis for the discussion at the workshop:

1. Policy discussion paper on NAP finance, prepared by the AC;
2. Paper on support to NAPs, prepared by the LEG;
3. Information paper on best practices, lessons, gaps and needs of the NAP process by the LEG and the AC;
4. Relevant material on the website of the SCF's second Forum which focused on adaptation finance;
5. Report of the TEC workshop on technologies for adaptation, in collaboration with the Adaptation Committee;
6. Synthesis reports on the implementation of the framework for capacity-building in developing countries;
7. Relevant documents and reports by the GEF, GCF and AF as well as other funds supporting adaptation, e.g. CIFs.

### **3. Date and venue of the workshop**

33. According to the three-year workplan of the AC the workshop on means of implementation is mandated to be organized in the first quarter of 2015.

#### **4. Focus and scope**

34. The AC at its 6<sup>th</sup> meeting should identify the focus and scope of the workshop. Considering the information presented in section 2 of this paper, as well as other information relevant to the work of other constituted bodies, in particular the SCF and the TEC, it is important that the AC identifies a focus and scope that adds value to work already completed or underway. Building on the experience on the work on monitoring and evaluation, it is important to identify a focus and scope that contributes to discussions on means of implementation, consistent with the functions of the AC.

35. As part of this discussion on focus and scope, the AC should also discuss expected outcomes and participants of the workshop.

#### **5. Next steps**

36. The AC is encouraged to recall the success of the workshop on monitoring and evaluation, which in part was owed to the focus and engagement of AC members in focusing the scope and expectations of the workshop. The Co-Chairs wish to encourage the AC to repeat a similar model, and therefore urge the AC at its 6<sup>th</sup> meeting to

- Agree on the scope and focus of the workshop;
- Agree on the timing and venue of the workshop;
- Provide further guidance to the secretariat on its organization;
- Consider establishing a working group including members of the AC and of other relevant constituted bodies and workstreams to support the planning of the workshop and possible follow-up activities.

37. The secretariat can:

- Draft the synthesis paper as background for the workshop;
  - Consult with relevant stakeholders in its design, as appropriate;
  - Proceed with the organization of the workshop in accordance with the guidance provided by the AC.
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