



# MRV of climate finance

*Current status, relevant OECD work, potential ways forward*

Standing Committee on Finance (SCF) workshop on Measurement, Reporting and Verification (MRV) of climate finance support

Bonn, 28 August 2013

Presented by:

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[www.oecd.org/environment/financing.htm](http://www.oecd.org/environment/financing.htm)



# Current status



## Some known challenges

Technical issues	Political shortcomings
Lack of, overlapping and inconsistent data sources and tracking methods	No agreed definitions (climate finance, leverage/mobilisation)
Difficulties to disentangle public and private flows	Current UNFCCC guidelines cover only part of the picture/flows
Challenging country allocation due to complex ownership	Reporting formats agreed for some countries only
Varying numbers depending on timing of measurement	Uncertainty on reporting level: national vs. collective
(risk of) double-counting across data sets / reporting Parties	Question of acceptability of (some/all) private flows towards \$100bn
Tracking and accountability of finance not flowing through government systems	

*Sources: Buchner et al., OECD 2011, Monitoring and tracking long-term finance to support climate action; Clapp et al., OECD 2012, Tracking climate finance: what and how?; Caruso and Ellis, OECD 2013, Comparing definitions and methods to estimate mobilised climate finance*



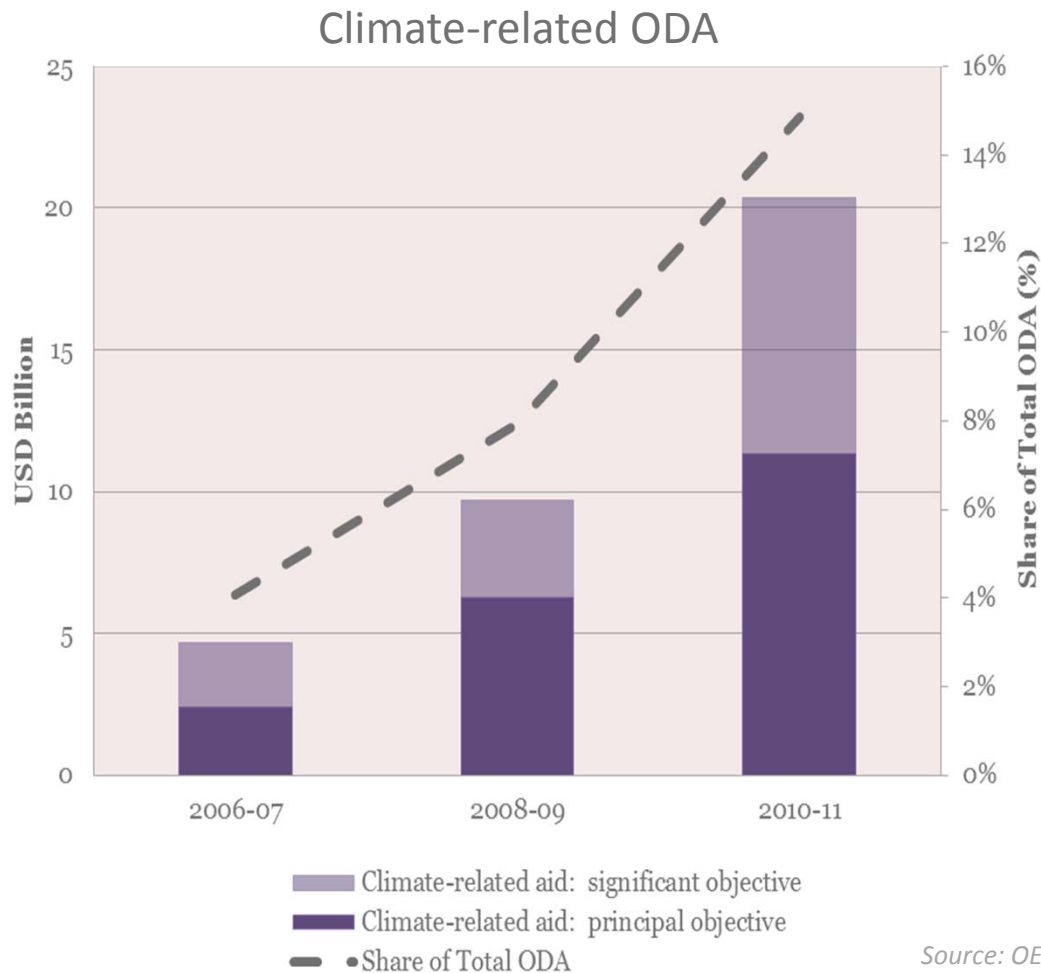
## Key data sources for the provision of climate finance

Source	Coverage	Strengths	Weaknesses
<b>Nat Coms</b> (BR from 2014)	Public bilateral	Official data from Annex II countries	Inconsistent approaches; Incomplete data
<b>Rio Markers statistics</b>	Public bilateral and some multilateral	Systematic tracking; Public data; Multiple objectives	Does not allow exact quantification
<b>MDB reporting</b>	Public multilateral	Positive list for mitigation; Public project databases	No detailed reporting breakdowns
<b>FDI statistics</b>	Private	Multilateral statistical data (OECD, UNCTAD)	No tracking method to date for climate-related FDI
<b>BNEF databases</b>	Public-private sources in deals	Currently most complete on clean energy	Energy only; Subscription required; No ext. verification
<b>Export credit statistics</b>	Officially supported export credits	Multilateral statistical data (OECD)	No release of climate-related specific data to date
<b>Carbon finance</b>	Public-private sources in deals	Multiple data sources of CDM projects	No systematic monitoring of flows/investments for offset

Source: Adapted from Buchner et al., OECD 2011, *Monitoring and tracking long-term finance to support climate action*



# OECD-DAC data on climate-related ODA



- Rio Markers track:
  - Bilateral climate-related ODA from DAC members
  - Multiple objectives
  - Comprehensive and granular activity level data
- Total climate-related aid reported at \$7.5 - 17bn in 2011, rising to 13% of ODA
- For parties to determine: should all or a subset of this count towards the \$100bn

Source: OECD DAC CRS System. OECD DAC statistics on climate-related aid [www.oecd.org/dac/environment-development/rioconventions.htm](http://www.oecd.org/dac/environment-development/rioconventions.htm)



# OECD work towards more comprehensive and comparable methods and data



# OECD-DAC on-going work towards improving data coverage

(Flow) category	Sectoral info	Climate finance	DAC efforts to improve data
ODA	✓	✓	Rio Markers quality reviews; Workshops on application/use
Other official flows	✓		Work with DFIs to increase reporting of their activities
Private grants	✓		Data collection with US Foundation Center
Export credits	OECD TAD Sector understandings	Climate change sector understanding	Streamlining exercise with OECD/TAD
FDI	ISIC Industry sector classification		Streamlining exercise with OECD/DAF
Guarantees	Amount mobilised calculated through survey - tentative climate data		



# OECD-led Research Collaborative on tracking private climate finance

- Identify, develop and evaluate possible methodologies to:
  - Better measure and report private climate finance flows
  - Account for private climate flows mobilised by developed country public interventions
- Conduct pilot measurements
- Involves:
  - Research organisations (contributors)
  - Finance institutions (input providers)
  - Government delegations (reviewers and funders)

**Tracking Private Climate Finance Research Collaborative**

Research Collaborative on Tracking Private Climate Finance

**Government partners**

**Researchers' group**

Tracking private climate finance in monitoring progress in adaptation. Yet, there are climate finance flows, and Further research and better improve the identification,

The Research Collaborative Secretariat, of interested government institutions. The goal is to advance policy-relevant research to serve as a co-ordinating mechanism weaving a coherent narrative as communicating results to

Project website: [www.oecd.org](http://www.oecd.org)

Finance institutions having so far joined the project as input providers and technical reviewers.

Logos of researchers' group: Bloomberg New Energy Finance, Climate Policy Initiative, OI, OECD, Thomson Reuters, TIPS, UNEP, World Resources Institute, and ZEP.

Source: [www.oecd.org/env/researchcollaborative](http://www.oecd.org/env/researchcollaborative)





# OECD-led Research Collaborative: Towards comprehensive outputs over time

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Short term (end 2013 through 2014) targeted outputs:

- Mapping of private climate finance architecture and data assessment
- Preliminary methodological recommendations for determining mobilised private flows
- Pilot measurements (*pending methodological findings*)

Mid-/long-term aim (*pending funding*):

- Development of more comprehensive and comparable methodologies
  - Potential reoccurring measurements/tracking based on more consistent methods and scope over time
- Convergence with ongoing statistical developments at OECD



# Potential ways forward



## Elements of consideration for SCF work programme on MRV of support

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- Work towards common definitions
- Consider merits of both collective and individual reporting
- Clarify reporting requirements for (all) “developed countries”
- Additional focus on tracking and reporting of adaptation finance
- Increase emphasis on MRV of mobilised private climate finance
- Encourage MRV efforts at country level, including at recipient end
- Design quality assurance and verification processes
- Support co-ordination and integration of existing data sources

*Source: OECD, 2013, Submission to the Standing Committee on Finance*



## A need to think practically of potential MRV frameworks

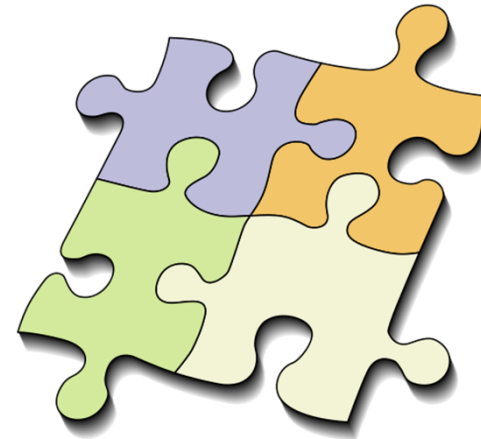
Potential option 1

*Expanded direct reporting by Parties*

Potential option 2

*Draw on external (non-Party) sources*

*Both to play a role?*



**!** Need to find appropriate balance between full coverage and system workability



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# Extra slides



# Incomplete reporting guidelines

Table 1: UNFCCC reporting guidelines for different categories of climate finance

Type	Origin	Channel	Current reporting guidelines (Annex I countries, biennial reports)
Public	Annex II	Bilateral	“shall”
		Multilateral	“shall”
	Other developed countries	Bilateral and multilateral	none
	NAI	Mobilised by developed countries	none
Private	Annex II	Leveraged* by bilateral	“should”
		Leveraged by multilateral	none
	Other developed countries	Mobilised by other (non-Annex II) developed countries	none
	NAI	Mobilised by developed countries	none

\* The use of this term in this table reflects its use in relevant UNFCCC decisions (i.e. UNFCCC, 2011).

*Source: Caruso and Ellis, OECD 2013, Comparing definitions and methods to estimate mobilised climate finance*



## OECD-DAC: Rio Markers' definitions

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- Aid in support of climate change mitigation:

Defined as activities that contribute to the objective of stabilisation of GHG concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by promoting efforts to reduce or limit GHG emissions or to enhance GHG sequestration. (Article 2 of the UNFCCC)

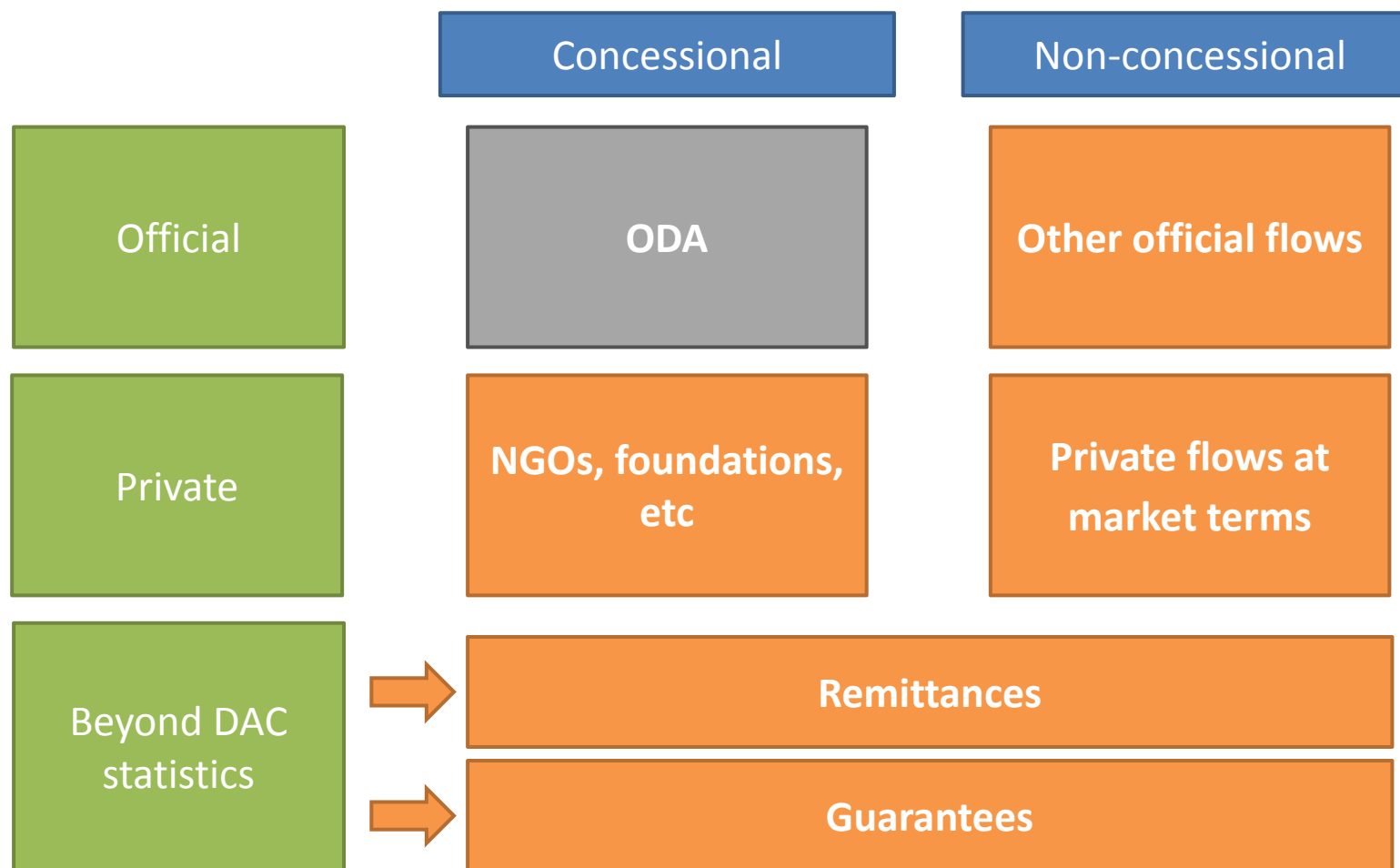
- Aid in support of climate change adaptation:

Defined as activities that aim to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience.





# OECD-DAC: Scope of non-ODA workstream

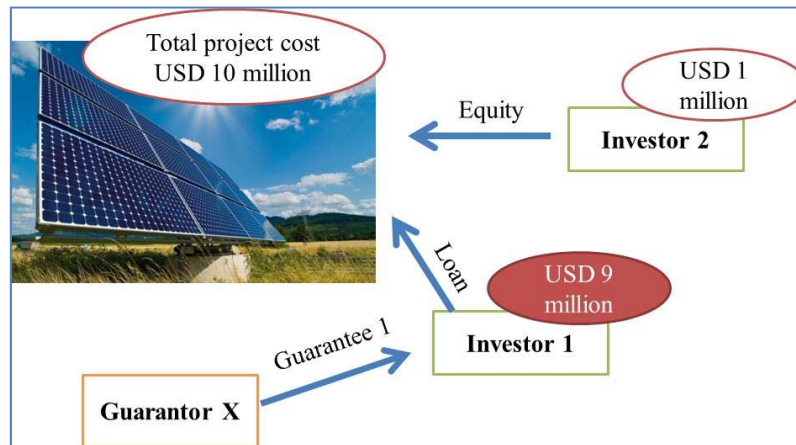




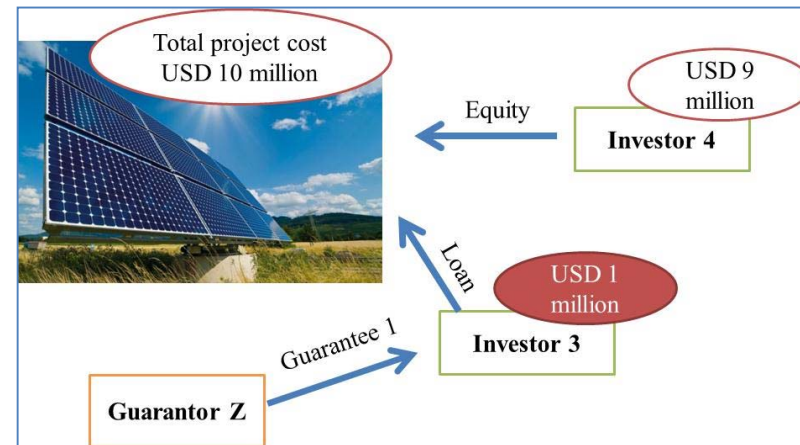
# OECD-DAC: Measuring the catalytic effect of guarantees

- Measuring the amount mobilised: face value of instrument guaranteed vs. total project costs
- Trade-off: minimising risk of double-counting vs. avoiding underestimation of mobilisation
- Double-counting risk exists in case of co-guarantees no matter which definition of amount mobilised is chosen
- Tracking the amount mobilised and measuring leverage ratios are not the same thing

Case where the amount guaranteed accounts for most of the total project cost



Case where the amount guaranteed accounts for a small share of the total project cost



Source: Adapted from OECD DAC, 2013, Survey on Guarantees for Development



# OECD-led Research Collaborative: work streams and expected interactions

