Toward Mutual Accountability

The 2015 Adaptation Finance Transparency Gap Report

NOVEMBER 2015

Adaptation Watch

adaptationwatch.org

On the cover photo:
"Jean Louis draws a map of his village, Analafaly, in the sand, while Orset "Joe" Hadjee watches. Analafaly is a small desert village within the town of Faux Cap, at the second southernmost tip of Madagascar. Jean Louis is a priest, called an "ombiasa" in his village, and is drawing a map of his access to natural resources. He explains that they must walk 7km to fetch their water, so the water they have is precious and is used sparingly. In such an intense climate, they cultivate cassava, sweet potatoes, corn, cactus fruit and papaya as staples, and everything else is a commodity."

Below is a picture of the map that he drew in the sand: Faux Cap, Madagascar Natural Resource Access Map.

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AdaptationWatch is a growing partnership of organizations from across the world, aiming to catalyze wide participation in plans and actions to adapt to climate change. AdaptationWatch partners combine cutting edge tools on tracking development finance with world class research, advocacy and capacity building. AdaptationWatch seeks to share information and work collaboratively with all organisations engaged in transparency and accountability, and climate change adaptation.

This report is the first in a planned series of AdaptationWatch Reports. prepared quickly in advance of the UN Climate Conference in Paris (COP21), without support from any funding agency, and we acknowledge its limitations. We welcome collaboration and partnership to improve on this report.

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How to cite this report
Individual chapters can be cited separately, or the full report can be cited as AdaptationWatch. 2015. Toward Mutual Accountability: The 2015 Adaptation Finance Transparency Gap Report. Policy Briefing. Online at AdaptationWatch.org

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List of Acronyms

AMPs	Aid management platforms
CDL	Climate and Development Lab
CFCs	Chlorofluorocarbons
COP	Conference of the Parties [to the UNFCCC]
DRR	Disaster risk reduction
FSF	Fast Start Finance
GEF	Global Environment Facility
GIS	Geographic information system
IPCC	Intergovernmental Panel on Climate Change
LDCF	Least Developed Countries Fund
LDCs	Least Developed Countries
MDB	Multilateral development bank
MRV	Measurement, reporting and verification
NAPAs	National adaptation programs of action
NAPCC	National action plan for climate change
NGOs	Non-governmental organizations
ODA	Official development assistance
OECD DAC	OECD Development Assistance Committee
OECD	Organisation for Economic Co-operation and Development
SCF	Standing Committee on Finance
SWAp	Sector-wide approach
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change

Executive Summary

Every year, many billions of dollars are provided as loans and grants from developed to developing countries for climate change. This money has two acknowledged goals and one unstated purpose. Its stated goals are to help developing countries reduce or avoid greenhouse gas emissions and to help them cope with rising climate impacts. Its normally unstated purpose is to build the mutual trust needed to allow global climate change negotiations to continue.

However activists, academics and recipient governments all dispute the amounts contributing countries say they have given in climate finance. How much is being given? Where exactly is it going and what impact is it having? We do not know the answers to these questions, and the continuing doubt increases mistrust between donor and recipient countries, as well as governments, taxpayers in rich countries and the intended beneficiaries. This lack of trust inhibits climate finance from reaching the vulnerable people who need it most.

A number of important research reports in the past five years have tried to put a number on international climate finance flows, but have decried the lack of solid data and transparency in international climate adaptation funding[1] due to fragmentation and lack of regulation. The problem of clarity and transparency is bad for funding to reduce greenhouse gas emissions (mitigation finance), but it is worse for assistance in coping with climate impacts (adaptation finance). Unlike measuring tons of carbon emissions avoided, adaptation is much harder to define and measure, and there has never been a global effort to define what should count as adaptation finance.

1 E.g. Buchner et al. 2010; 2012; 2013; 2014; 2015; IIED 2011; 2012; Nakhooda et al. 2013; OECD-CPI 2015; UNFCCC SCF 2014a; WRI 2013; 2015.

This report shares our findings based on three major pieces of original empirical research into the transparency and consistency of climate adaptation reporting. It then sets out a series of ten recommendations that seek to encourage the UN, contributor nations and recipients alike to improve the systems of tracking climate adaptation finance for the construction of a more resilient global society. Our research explores three areas:

Is provided finance genuinely categorized as adaptation finance? This chapter reviews climate adaptation project categorization under the OECD Rio marker system of projects and financial assistance provided to developing countries (Chapter 3).

How transparent are donor countries in their reporting of climate finance? This chapter provides an assessment of the finance sections of developed countries' first Biennial Reports to the UNFCCC (Chapter 4).

How effective is project prioritization and justification at the recipient level? This is an assessment of Least Developed Countries' National Adaptation Programmes of Action, project prioritization and transparency up and down the chain of project planning and implementation (Chapter 5).

Our main finding is that, almost a quarter of a century into climate change negotiations, we still lack an adequate system for defining, categorizing, tracking, and evaluating climate change finance.

— We identified what appeared to be rampant mis-categorization of projects under the OECD Rio marker system. Many projects categorized as having

Almost a quarter of a century into climate change negotiations, we still lack an adequate system for defining, categorizing, tracking, and evaluating climate change finance.

adaptation as a principal or significant objective were only tenuously linked to climate change adaptation.

— Our assessment of developed countries' Biennial Reports found wide variation in transparency in contributor-country reporting, illustrating the need both for greater efforts by individual countries but also for clearer and more stringent UNFCCC guidelines.

— Our research into the Least Developed Countries Fund and National Adaptation Programmes of Action suggests that the planning process was hampered by the complexity of the systems involved. We found that almost half of countries prioritized at least one project under their National Adaptation Programmes of Action that had no climate adaptation or vulnerability justification at all, and our study of national adaptation planning in several Latin American countries found a lack of commitment to transparency at all links in the chain.

It is evident that clear definitions and standards, as well as consistent application, review and penalties for non-compliance are fundamental to the transparency revolution needed in climate adaptation finance.

Summary of recommendations

This report sets out ten achievable steps that could bring a quantum-leap in the transparency and effectiveness of international adaptation finance (Chapter 6). These would go a long way to establishing a system of rules based on true mutual accountability, building trust to boost the negotiations and heighten resilience. These recommendations can be found in full in Chapter 6 of this report, and are summarized here. Several of these could be accomplished with a one-year Work Programme on the monitoring reporting and verification (MRV) of Finance, agreed in Paris:

1. **Empower the UN Standing Committee on Finance to build a real system to replace the existing 'non-system' of climate finance accounting and reporting.** Clearly this cannot happen in isolation: a renewed commitment by the Parties to the UNFCCC is needed to build a real system of climate finance, from definition to delivery, tracking, and evaluation.
2. **Agree and enforce consistent definitions and valid flows in order to build trust in a new round of climate agreements and support real action.** This would mean establishing and promoting a consistent set of definitions of what counts as climate finance for both developed and developing countries under the UNFCCC, to be agreed upon by the COP and perhaps carried out by the Standing Committee on Finance.
3. **Abandon the OECD Rio Marker system of project categorization and create a new clear, consistent, and rigorous framework to explain and verify how projects are categorized as climate adaptation.** Transparent reporting tying project activities to the specific climate vulnerability of communities would be required of contributing countries, which would then be independently reviewed by a UNFCCC-authorized panel (or equivalent) to ensure consistency of approaches. The multilateral development banks' three-step approach should form the basis for a replacement for the Rio marker system.
4. **Agree on the types of private flows that count as climate finance, and those that don't.** Methodologies need to be developed under the UNFCCC for the tracking

of private climate finance, so that this information may be included in the developed countries' Biennial Reports in a transparent and consistent way that developing countries accept.

5. **Clarify guidelines for the preparation of Biennial Reports to enable the independent review of climate finance claims, and for researching and improving effectiveness of this spending.** In particular, we recommend that complete project-level data be a requirement in biennial reporting.
6. **Streamline funding procedures to increase transparency and the likelihood of project implementation.** This can potentially happen through more effective use of Aid Management Platforms and improving dashboards for organizations like the Global Environment Facility. For the Least Developed Countries, the LDC Fund has built a connection with LDCs and should be supported and assisted in building upon that.
7. **Make planning and governance of projects more transparent for and receptive to input from beneficiaries.** Some possible strategies include making all government agency decisions impacting climate adaptation public and available on the web and translating them to local languages. Significant support will be needed to build local capacity to access and understand the information, and to formulate and deliver input to governments.
8. **Require georeferencing of activities** to keep local communities informed about projects planned for their area, allow coordination among agencies and implementing NGOs working in the same places, enable assessment of whether projects are being located in areas that are the most vulnerable, and to bring substantial improvements in evaluation and analysis of project outcomes.
9. **Harmonize monitoring and evaluation across climate finance activities and introduce a commonly accepted set of best practices to measure and compare the effectiveness of adaptation actions.** The Standing Committee on Finance might be an institutional home for this effort, and civil society organizations would play an important role to ensure the indicators chosen assure activities benefit all and particularly those most vulnerable to climate change.
10. **Track progress through crowdsourcing systems to build a detailed picture of climate finance flows, vastly improve monitoring and evaluation at the project-level and empower civil society, leading to more effective adaptation efforts.** Information should be included from contributor country governments, recipient national and local governments, implementing agencies, watchdog citizens' groups and community members.

Considering the great human need and the billions of dollars that will be spent on international adaptation finance in the next decades, a better and more transparent system of financial accounting is needed to ensure adequate provision of resources to those who need them most.

Chapter 1

Introduction

1.1 The adaptation finance transparency gap

Shortly before the 2015 United Nations climate negotiations in Paris, the Organisation for Economic Co-operation and Development (OECD) and research and policy organization Climate Policy Initiative (CPI) released a major report on how much funding wealthy countries were delivering to the developing world.[2] The report estimated that funding levels were increasing and had reached almost US$62 billion in 2014, according to the most recent data available. While acknowledging and documenting many problems with the available data sources, the report was timed to provide a credible resource for negotiators ahead of the December 2015 conference in Paris.

2 OECD-CPI 2015.

But it did not have the desired effect. Instead, some representatives from developing nations bristled at both the report's conclusions and the methods by which it was commissioned and prepared. Speaking on behalf of the G77 + China, South Africa's chief negotiator at the UN climate talks in Bonn, Nozipho Joyce Mxakato-Diseko said:

> *"I am not able to comment on or judge the report because we don't know the veracity, credibility and the methodology of the report or who was consulted. Developing countries were not. It has no status in the UN negotiations. It was not commissioned under the mandate of the UNFCCC."*[3]

3 Sethi 2015.
4 Ibid.

Senior advisor to the Indian Ministry of Finance and climate finance negotiator Rajasree Ray said:

> *"The most fundamental assessment should have been that the total flows (of climate finance) provided by the developed countries should be matched to the total flows received by the developing countries. The report is silent on this."*[4]

Transparency in the reporting of climate finance is crucial for building and maintaining trust among nations if the international community is to reach agreement on solving the existential problem of climate change. And it can markedly improve planning and effectiveness of efforts to help the world's poorest adapt to the climate impacts they are already experiencing and which are set to worsen.

Our report provides a new perspective on climate finance reporting. It presents three distinct and original pieces of empirical research on the current state of transparency within international adaptation climate finance. First, Chapter 3 provides an assessment of whether more than 5,200 projects counted by contributor countries as part of their "adaptation finance" in the OECD's Rio marker system would pass the test of explicitly addressing vulnerability to climate risks. Second, Chapter 4 is a reassessment of the transparency of information provided by 24 nations in their Biennial Reports and National Communications submitted to the United Nations Framework Convention on Climate Change (UNFCCC). Chapter 5 is an investigation of National Adaptation Programmes of Action (NAPAs), of recipient country adaptation governance, and of aid management platforms as windows into transparency and mutual accountability from the perspectives of recipient countries.

Coastal Vulnerability, Nosy Be, Madagascar

Our principal finding is that, almost a quarter of a century into climate change negotiations, we still lack an adequate system for defining, categorizing, tracking and evaluating climate change finance. Several tens of billions of dollars every year are being loaned and granted to help developing countries 'green' their economies, cope with increasing climate impacts and build the trust of those nations to allow negotiations to continue. At virtually all milestones of climate talks, promises of funding have been critical in breaking impasses: in Rio de Janeiro in 1992, in Kyoto in 1997, Marrakesh in 2001 and Copenhagen and Cancun in 2009 and 2010. Yet each time, the construction of systems to ensure real transparency in funding delivery has been neglected or avoided, and opportunities for inclusivity and trust-building have been missed.

1.2 The origins of climate adaptation finance

Yet each time, the construction of systems to ensure real transparency in funding delivery has been neglected or avoided, and opportunities for inclusivity and trust-building have been missed.

Adaptation policy grew out of discussions held at annual UN climate change negotiations. The term 'adaptation' initially entered the conversation as one of the concepts to be investigated by the Intergovernmental Panel on Climate Change (IPCC). When the IPCC was first created, its main function was to provide government negotiators with scientific information that could be used to establish a global target for the reduction of greenhouse gas emissions. But in order to set this target the potential impacts of climate change at different emissions levels had to be considered and, to this end, Working Group 2 of the IPCC, 'Impacts, Adaptation and Vulnerability,' set about trying to clarify these terms.

In the early days of the IPCC, 'climate adaptation' referred only to the ability of ecosystems – such as forests or coral reefs – to adapt to changes in the climate over long periods of time. At this time, there was still no firm consensus within the scientific community that climate change needed an urgent response, and instead discussions primarily centered on impacts such as sea-level rise, which might only be felt much later in the future. But, with the release of the IPCC's third assessment report in 2001, this changed. This report stated with stronger confidence that climate change is real, that humans are causing it and, crucially, that developing countries are already suffering more than other countries as a result of it.

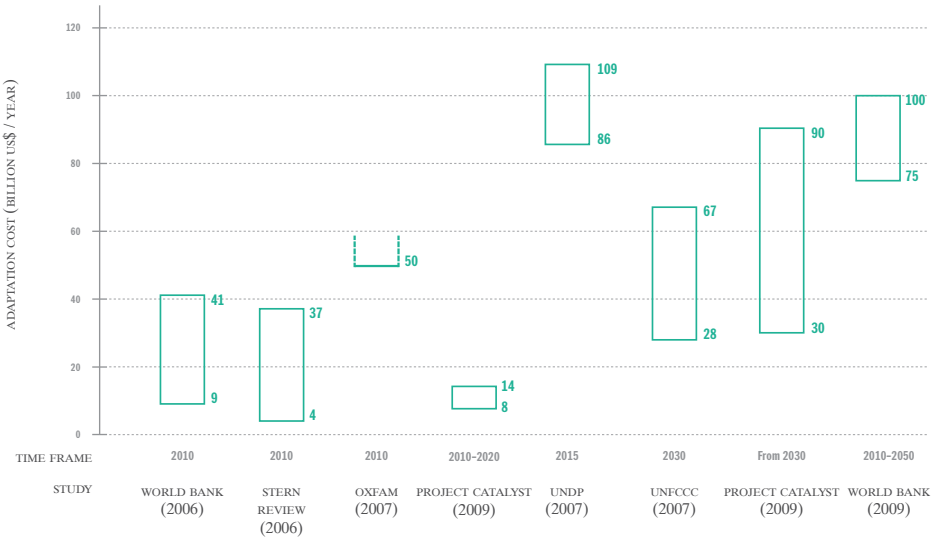
Following the IPCC's third report, developing countries at the climate negotiations reiterated more strongly their demands for funding from wealthier nations in order to cope with the negative economic impacts of climate change. Developed nations initially responded by making money available for research: millions of dollars in grants were given to governments, research institutes and NGOs, and 'climate change adaptation' took off as a field of research linked to human development.

In 2007, the IPCC produced its fourth assessment report. This presented even stronger conclusions: that damage being caused by climate change to developing countries was far more serious than previously thought, and even more serious impacts were yet to come. Between 2005 and 2010, peer-reviewed literature devoted to the study of impacts, vulnerability and adaptation more than doubled and, at the same time, several studies trying to assess the cost of adaptation for developing countries emerged (see Figure 1). These studies pointed to the fact that the cost of adaptation could amount to tens of billions each year for the

5 IPCC 2014, 959-960.
6 Parry 2009.
7 UNEP 2013.

developing world. These numbers should be treated with caution, however, as many methodological difficulties remain in these kinds of evaluations.[5] A 2009 review of UNFCCC estimates concluded that total funding needed for adaptation by 2030 could amount to $49–171 billion per year globally.[6] According to the United Nations Environment Programme (UNEP),[7] the cost of adaptation for Africa alone could be as high as US$350 billion a year by 2070 if global warming reaches 3.5–4°C (though there are significant uncertainties associated with this longer-term estimate).

Figure 1: The cost of adaptation for developing countries



1.3 The promise of climate finance

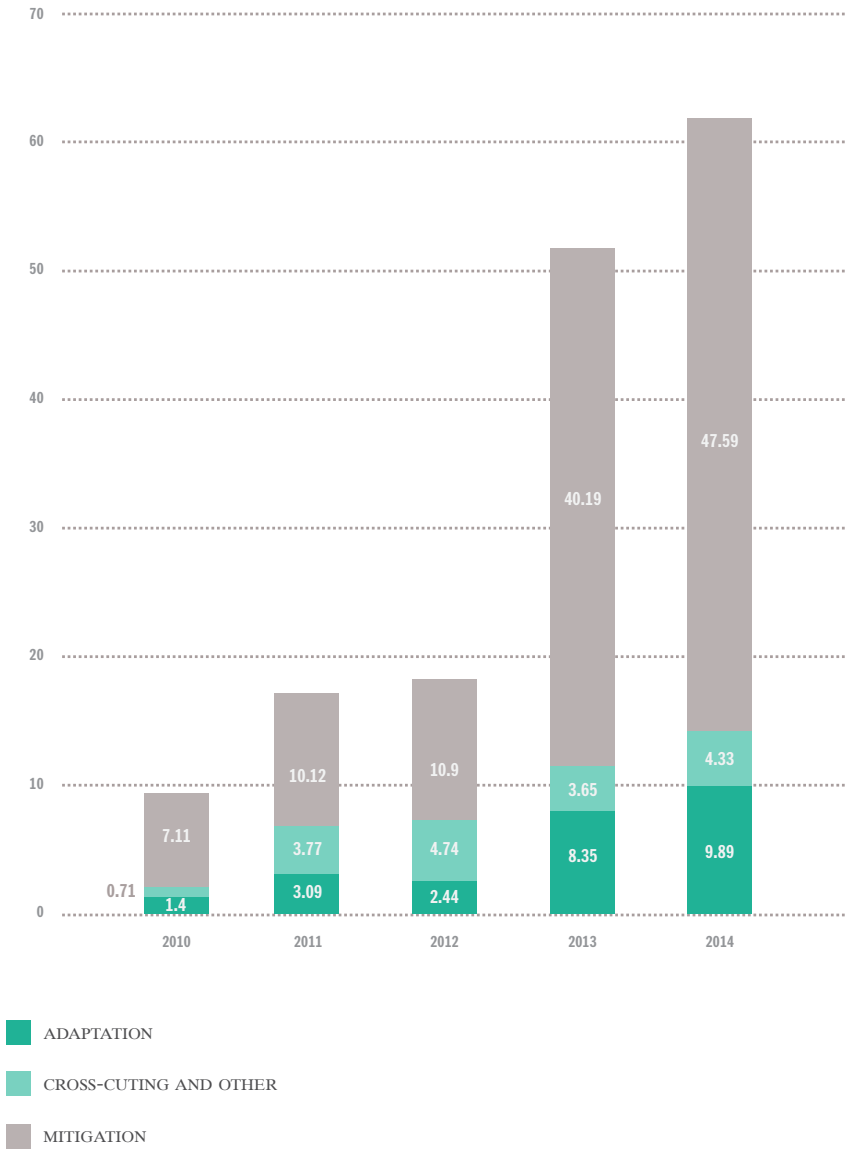
These reports led to even more urgent calls from developing countries for 'climate adaptation finance' and, in 2009, the contentious UN Climate Conference of Copenhagen eventually led to an unprecedented commitment by developed countries to provide funds to help developing countries fight climate change. After difficult and prolonged negotiations, developed countries[8] collectively promised to provide "new and additional" financial resources approaching US$30 billion during 2010–2012 (a short-term commitment known as the 'Fast Start Finance' Period – FSF) and to jointly mobilize US$100 billion per year by 2020, with balanced allocation between adaptation and mitigation. Funding for adaptation was supposed to be prioritized for the "most vulnerable developing countries, such as the Least Developed Countries, Small Island Developing States and Africa."[9]

Substantial amounts of this "new and additional" money promised in 2009 in Copenhagen never materialized (Chapter 3 of this report)[10] – partly due to the global economic crisis that had started the year before but which was only beginning to be felt at the time. Nevertheless, after the Copenhagen decision, increasingly large amounts of funding (Figure 2) started to become available – or, at least, to be labeled or 'relabeled' as being for climate adaptation projects. While the increase appears substantial (Figure 2), it is unclear whether the rise in climate finance flows was due to increases in budgets specifically allocated to climate

8 In this report, we considered developed countries to be UNFCCC Annex II Parties. Under the UNFCCC, Annex II Parties are required to provide financial resources to enable developing countries (considered here as UNFCCC non-Annex I Parties) to undertake emissions reduction activities and to help them adapt to adverse effects of climate change. Annex II Parties are also required by the UNFCCC to provide information on those financial resources provided to developing countries.

change or to changes in accounting methodologies (e.g., increased coverage of data on multilateral flows, private finance flows and non-concessional flows targeting climate objectives). It is certainly likely that the latter played a significant role.

Figure 2: Estimates of climate finance from developed countries for developing countries (2010–2014, in US$ billion)



Source: [11] for 2010, based on Fast Start Finance reported in 2010 by Annex II Parties; [12] for 2011 and 2012, based on the First Biennial Reports submitted by Annex II Parties on their climate finance flows for 2011–12, without taking into account core multilateral flows; [13] for 2013 and 2014, based on responses to OECD survey on expected reporting by Annex II Parties in their Second Biennial Reports (to be submitted to the UNFCCC by January 1, 2016).
Note: These data should be considered with extreme caution. Much of the steep increase observed since 2010 is likely due to methodological changes in climate finance accounting; to what extent, however, is unclear.

9 Paragraph 8 of the Copenhagen Accord (UNFCCC 2009) reads as follows: "Scaled up, new and additional, predictable and adequate funding as well as improved access shall be provided to developing countries, in accordance with the relevant provisions of the Convention, to enable and support enhanced action on mitigation, including substantial finance to reduce emissions from deforestation and forest degradation (REDD-plus), adaptation, technology development and transfer and capacity-building, for enhanced implementation of the Convention. The collective commitment by developed countries is to provide new and additional resources, including forestry and investments through international institutions, approaching USD 30 billion for the period 2010-2012 with balanced allocation between adaptation and mitigation. Funding for adaptation will be prioritized for the most vulnerable developing countries, such as the least developed countries, small island developing States and Africa. In the context of meaningful mitigation actions and transparency on implementation, developed countries commit to a goal of mobilizing jointly USD 100 billion dollars a year by 2020 to address the needs of developing countries. This funding will come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance. New multilateral funding for adaptation will be delivered through effective and efficient fund arrangements, with a governance structure providing for equal representation of developed and developing countries. A significant portion of such funding should flow through the Copenhagen Green Climate Fund."
10 Oxfam 2012; Nakhooda et al. 2013.
11 Nakhooda et al. 2013.
12 UNFCCC SCF 2014.
13 OECD-CPI 2015.

1.4 Funds that worked, funds that didn't

From the very beginning of international environmental negotiations, developing nations have argued that they were neither responsible for (most of) the problem nor able to pay for the solutions necessary.[14] Rather, from the Rio UN Conference on Environment and Development in 1992, it was agreed that there would be an "Earth Increment" to assist developing nations address climate change problems. This was to make sure they didn't lose funding that had already been designated for education, health or economic development.

Throughout the climate negotiations that began that year in Rio with the initiation of the UNFCCC, funding the advancement of clean energy in developing countries was seen as an obligation of developed countries. Similarly, helping poor countries adapt to the increasing impacts of climate change when they were barely responsible for the emissions responsible for driving those changes, has always been expressed as something the wealthy nations needed to pay for.[15]

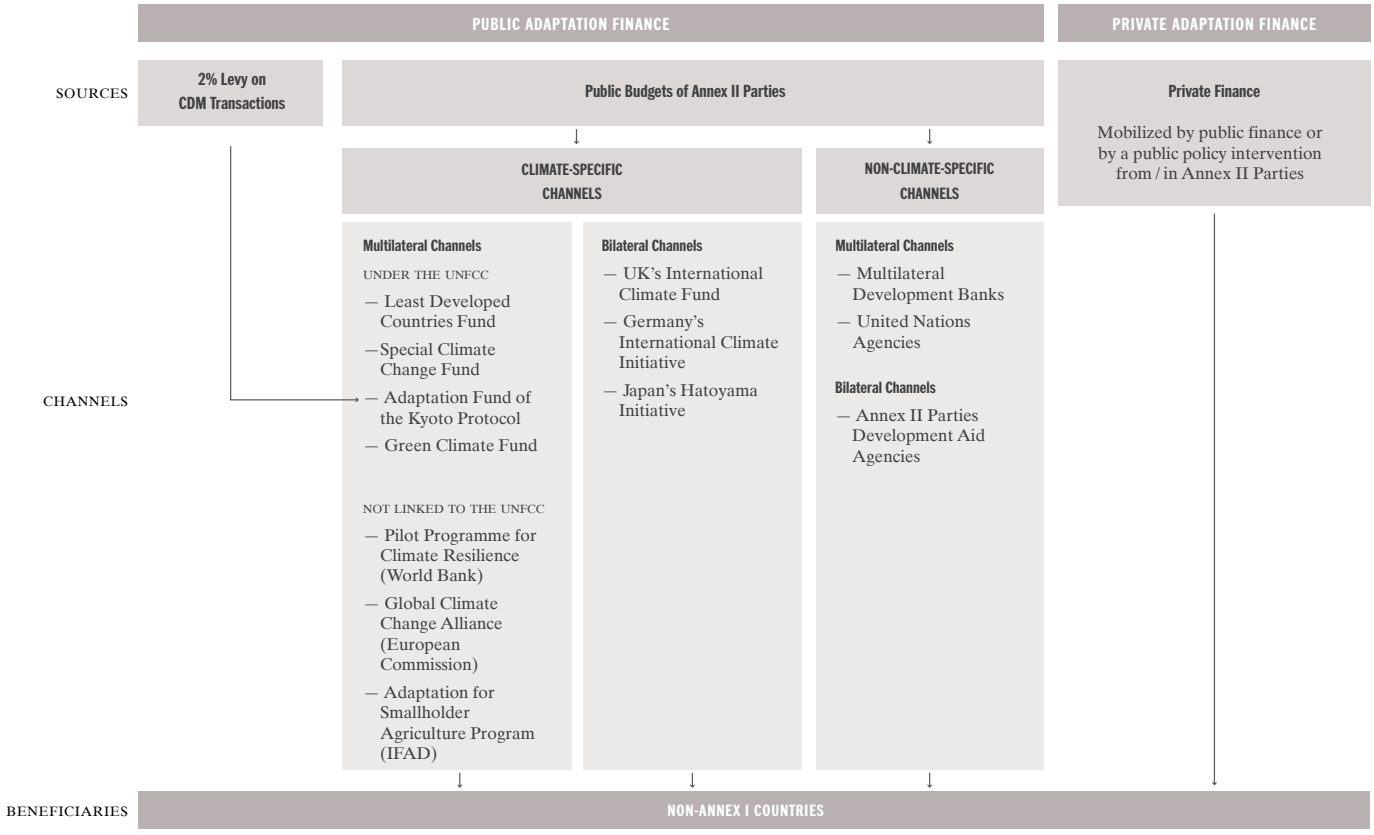
The success of the Montreal Protocol on ozone depletion has been partly attributed to its mechanisms for supporting developing countries in replacing their chlorofluorocarbons (CFCs).[16] The countries causing the problem were each responsible for proportional parts of the 'burden' of those payments, as determined by consideration of their responsibility, capability and political willingness to make promises.[17] Clear systems for tracking of funding flows were established, and multilateral channels such as the Global Environment Facility were overseen by UN committees to make sure they acted according to the agreement. These tracking systems confirm that the funding has rather consistently been delivered.

The case of Montreal is striking in that it has been almost entirely overlooked in terms of establishing a system for categorizing and accounting for climate change finance. We argue that what has been built for the UNFCCC can only be described as a 'non-system.' Numerous problems in accounting – including definitions, categorization, disagreement over private flows, progress tracking, evaluation, channels, innovative sources and a lack of oversight from the UNFCCC – make it impossible for recipient country governments and communities to learn how much climate finance has been delivered and how. Wealthy nations claim they have delivered on promises of assistance with climate change[18] but developing nations, civil society organizations and scholars dispute the claims.[19] This non-system also hampers efforts by NGOs to serve as watchdogs for accountability.

A complex series of channels move climate money from the global North to the South (see Figure 3). These include those paid for by taxpayers in developed countries, by a small levy on transactions in the Clean Development Mechanism of the Kyoto Protocol, and by private adaptation finance. Figure 3 is highly simplified: there are currently 99 different climate funds for mitigation and adaptation[20], and much more finance flowing through non-specific channels, such as those established for other forms of foreign aid.

14 Roberts et al. 2009.
15 Ciplet et al. 2013.
16 Gareau 2013.
17 Pauw et al. 2014.
18 UNFCCC 2011a; 2012a; 2013.
19 See for example Oxfam 2012; Ciplet et al. 2012.
20 See the OECD Climate Fund Inventory Database (available at: http://qdd.oecd.org/subject.aspx?subject=climatefundinventory).

Figure 3: A simplified overview of the complex landscape of adaptation finance



Some of the complex architecture for moving climate finance from the global North to South is a result of the negotiators' beliefs that, if they constructed mechanisms, the funds would flow. However, years after the creation of three funds in Marrakesh in 2001, they remained largely empty shells and were even described as "placebo funds".[21] Delivery of funds from the Least Developed Countries Fund and the Adaptation Fund has been determined by political UN rules for distributing funds across nations and regions.[22] The Special Climate Change Fund never received much funding at all. The promising Adaptation Fund – which pioneered the 'Direct Access' system of providing funding for developing countries without the need for them to go through multilateral intermediaries – was going to be mainly financed by a 2 per cent levy on certified emissions reductions issued by the Clean Development Mechanism of the Kyoto Protocol. However, since the near collapse of the Clean Development Mechanism market, the funding from the levy has almost dried up and it now also depends on voluntary contributions from developed countries.

After several more years of wrangling and delay, we now have a Green Climate Fund (GCF), which many developing country negotiators and observers believed was to handle the full US$100 billion a year pledged in Copenhagen for delivery by 2020.[23] The GCF had received only tiny pledges until the September 2014 special meeting of the UN, called by Secretary-General Ban Ki-moon. By time of the summit, pledges barely surpassed US$10 billion – the minimum amount seen by developing countries as maintaining the legitimacy of the whole UNFCCC negotiation process leading to Paris in 2015.

21 Müller 2011, 3–7.
22 Ciplet et al. 2013.
23 However the pledge there did make clear that the US$100 billion a year by 2020 would include public and private funds, grants and loans, and other funds (UNFCCC 2009: Paragraph 8).

But these pledges were all of different types and durations, with several major ones spread over the following four years. They lack secure sources of longer-term appropriation of funds, and several continue to face political threats, a situation which does not bode well for the GCF's sustainability. In the US, for example, the Republican-led Congress has promised to not allow the Obama Administration to meet its climate finance pledge. The Administration has not yet shown how it intends to overcome this obstacle.

Many watchdog organizations are focused on the governance of the Green Climate Fund, an important effort but one that misses the fact that at least 95 per cent of climate finance will almost certainly flow through other channels. All of these channels need good accounting and tracking systems.

1.5 Vague commitments and even vaguer definitions

Normal climate variability in developing countries leads to floods, storms and droughts. Climate change means that the intensity and frequency of these events change. But their character is nothing new, and climate events had already been addressed for decades under an existing policy area called disaster risk reduction (DRR). DRR also deals with volcanoes, earthquakes and tsunamis, but the area within DRR that specifically addresses hydro-meteorological risks such as floods, storms and droughts had already existed for decades, known as 'climate risk management'.

If climate negotiations had determined that finance should be made available for 'climate risk management' projects then it might have given program officers, policymakers and planners a more clearly delineated course of action. But because the concept of 'adaptation' had been extracted artificially from its original ecosystem context by the climate negotiators, it left confusion about what climate adaptation meant and therefore what a 'climate adaptation project' should be.

Dealing with the impacts of climate change in developing countries relates mainly to water management (both coastal and in river basins), which affects agriculture and therefore food security, but also human health. But water, agriculture and health sectors in developing nations already had a huge array of policies, regulations, institutions and initiatives aimed at reducing risks, improving livelihoods and eliminating extreme poverty. What was the difference between all of this 'development work' and climate adaptation? Nobody knew, and so one part of the transparency problem began with the difficulty in defining what should count as ("new and additional") adaptation.

Developing countries insisted upon the inclusion of the phrase "new and additional", for fear that funding for climate change would be reallocated from the development assistance they were already receiving to help with education, health, economic development and other fundamental needs. But indeterminate language in UNFCCC decisions has given contributor (Annex II) countries almost complete discretion with regard to methods for implementing climate finance. As this report explores, contributing countries have been able to interpret issues that are contested in the negotiations.

The 2009 Copenhagen climate finance commitments have been restated on numerous occasions, to high praise, with some commentators even comparing them

to current official development assistance (ODA) flows, which totalled more than US$135 billion in 2013.[24] However, such comparisons should be qualified; while ODA only comprises public flows, the US$100 billion commitment concerns the mobilization of both public *and* private finance, without any precision regarding the respective proportions of each.

At an even more fundamental level, for example, to assess the "newness and additionality" of financial contributions, negotiators should have determined a baseline against which any claim of additionality could be stated.[25] Five years after Copenhagen, such a baseline still does not exist. This is particularly problematic: if we compare this with mitigation policy, for example, this would be like the European Union or the United States committing to reduce its emissions by 30 per cent by 2020, without indicating if this percentage was below 1990 or 2005, or even 1840 levels. Simply put, a pledge is meaningless without such clarifications.

Generally, the language used in UNFCCC decisions lacks clarity and precision on key parameters related to climate finance. This allows contributing countries to interpret particularly contested issues in the negotiations. For instance:

- It was agreed that the allocation of climate finance should be "balanced between adaptation and mitigation", but what does "balanced allocation" mean? Does this mean 50 per cent each? Does it signal that there should be more financial resources for mitigation in the short term and more for adaptation in the longer term?
- How should adaptation finance be prioritized between Least Developed Countries, Small Island Developing States and African countries (which were mentioned in the promise)? Which countries are the other "most vulnerable developing countries"?

  Climate finance is supposed to "come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance" but in what proportion from each source? Which flows from each should count towards the pledge?
- What is the "significant portion" of "new multilateral funding for adaptation" that should flow through the Green Climate Fund?

On each of these issues, the absence of consensus and clarity under the UNFCCC – both among and between developed and developing countries – leaves considerable discretion to contributing countries in the implementation of their climate finance commitments. Even more basically, by failing to define what would count as climate finance (activities, financial flows, etc.) and who would count it, negotiators opened the door to contrasting statements on the fulfillment of these promises. Five years after Copenhagen, the question of what counts as climate finance is still not internationally agreed, even between OECD countries or European Union member states. This disorder must – and can – be clarified.

24 OECD 2015a.
25 Stadelmann et al. 2011.

1.6 A nationally driven approach pushed to its limits

To a large extent, the approach to climate finance can be compared with the nationally driven approach that has dominated the mitigation agreement since Copenhagen. As each country "nationally determined" its contributions to the mitigation of greenhouse gas emissions, so each developed country determined what it counted as climate finance, what a "balanced allocation between adaptation and mitigation" meant to them, which countries were the "most vulnerable" and should therefore receive funding in priority, which sources of climate finance it would mobilize, its financial conditions (grants or loans, and the "softness" of loans), and so on.

A nationally determined approach in the provision of climate finance is not a problem *per se* (though it may be argued that a top-down approach would be more likely to provide increased transparency). However, as already outlined, the current approach leaves extreme discretion to developed countries regarding climate finance accounting and, as chapters 2 and 4 will explore in more detail, contributing countries have consequently adopted a large variety of accounting practices on climate finance. This makes it almost impossible to compare each country's performance.

An illuminating example from mitigation finance is that Japan and Australia are the only developed countries that count the financial support they provide for so-called 'high efficiency' coal plants in developing countries toward their climate finance commitments (though this does not mean that they are the only ones providing this kind of support).

Another example is that most developed countries account for all financial instruments (e.g., grants, concessional loans[26], non-concessional loans, guarantees)[27] at cash face value. However, loans will eventually be repaid by recipient countries, so only their grant equivalent (i.e., the financial benefit from lower interest rates of concessional loans compared to market-rate loans) constitutes actual support. In practice, this means that those developed countries providing a large part of their climate finance in the form of loans have their figures inflated in comparison to those contributing countries mainly providing climate finance as grants. A truly fair system might have repayments of loans count as 'negative climate finance' (similarly to what exists in OECD development finance statistics), but no such accounting exists for climate finance.

Allowing countries to 'nationally determine' what they choose to count in their climate finance reports is a case of poor guidance and lax enforcement by the UNFCCC. However, it is difficult to blame the UNFCCC for having weak laws when major players have undermined their establishment and maintenance. To have strong, legitimate and fair laws, a collective effort is required. What is required is an understanding and appreciation of the importance of a coherent system of laws to govern climate finance.

26 "While non-concessional loans are provided at, or near to, market terms, concessional loans are provided at softer terms than market terms. For bilateral loans, to help distinguish official development assistance from other official flows, a minimum grant element of 25% has been specified to qualify loans as concessional. A measure of the concessionality of a loan, expressed as the percentage by which the present value of the expected stream of repayments falls short of the repayments that would have been generated at a given reference rate of interest. The reference rate is 10% in DAC statistics" (OECD-CPI 2015, 55).

27 "A guarantee refers to a risk-sharing agreement under which the guarantor agrees to pay part or the entire amount due on a loan, equity or other instrument to the lender/investor in the event of non-payment by the borrower or loss of value in case of investment" (OECD-CPI 2015, 56).

1.7 Are OECD DAC countries following 'Good Pledging Practices'?

In an effort to ensure that their financial pledges to developing countries are "credible, achievable, and properly monitored," the OECD Development Assistance Committee[28] countries approved a recommendation on good pledging practice in 2011.[29, 30] In Table 1, we systematically examine each recommendation with current donors' practices on climate finance, focusing in particular on adaptation finance. This assessment is relevant insofar as developed countries account the vast majority of their climate finance as ODA. However, it is important to acknowledge that many developing countries and observers consider international climate finance to be different from aid on a number of respects since climate finance is based on a specific "obligation" flowing from developed countries' disproportionate contribution to climate change.

28 The OECD Donor Assistance Committee is the principal body through which the OECD handles issues related to cooperation with developing countries. The Donor Assistance Committee is an international forum of many of the largest funders of aid (including 28 developed countries and the European Union).

29 OECD DAC 2011.

30 Greece abstained on the approval of the Recommendation.

Table 1: The promise and the reality: key missing points in following OECD DAC recommendation on 'good pledging practices'

THE PROMISE: OECD RECOMMENDATION [31]	THE REALITY: MISSING PIECES
"Clarity: Pledges should specify all parameters relevant to assessing their achievement. These include, but are not limited to, the date or period covered, the source and terms of finance, and the baseline against which to assess any claims of additionally to existing flows or existing commitments."	– No details about commitments between the end of the FSF period (2012) and 2020. – Climate finance is supposed to "come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance" but there is no decision regarding the respective part of these sources. – No decision about the terms of finance (proportion of grants and loans, and 'softness' of loans). – Climate finance is supposed to be "new and additional" but there is no definition of these terms. No agreement regarding a baseline against which claims of additionality could be assessed.
"Comparability: Global pledges by the donor community should be an actual sum of individual donor pledges, and these pledges should as far as possible be comparable in their terms, dates, baselines, and units of measurement."	– The US$100 billion goal is a joint commitment by developed countries but it is not the sum of individual developed country pledges. There is no decision about burden sharing between developed countries regarding climate finance. – Contributing countries report on their climate finance in various ways (see Chapter 2). The figures reported are, to a large extent, not comparable because they differ, among other things, in their financial terms, baseline and units of measurement.
"Realism: Pledges should be made for periods and amounts over which those pledging have an appropriate degree of control and authority. The pledges should be reasonable and achievable in the donor's budgetary and economic circumstances."	– Copenhagen pledges lacked secure sources of long-term appropriation of funds, and face political threats in some contributing countries. The political pressure required to bring in these US$100 billion does not bode well for the predictability and sustainability of climate finance. – Other more stable "innovative sources" [32] of funding are largely off the table, having been ruled out as politically unfeasible.
"Measurability: Pledges should be made on the basis of existing measures of aid and other resource flows wherever possible. If the data necessary for monitoring a pledge are not already available, then monitoring responsibilities should be specifically assigned."	– The data necessary for monitoring the US$100 billion goal are not available (see Chapter 2). – Monitoring responsibilities have not been specifically assigned so far. Resources will be needed to conduct this monitoring.
"Accountability and transparency: Pledges should respond in a timely and efficient fashion to priority needs identified by aid beneficiaries, and donors should provide information sufficient to allow beneficiaries and third parties to track performance."	– Some evidence show that priority needs identified by recipient countries in their National Adaptation Programmes of Action were not funded in a timely and efficient fashion (see Chapter 5). – The information provided by donors to allow the tracking of their performance vary widely from one donor to another (see Chapter 3). Most donors do not provide sufficient information in this regard.

31 OECD DAC 2011.

32 "Innovative finance" sources include taxes on aviation or international shipping fuels (bunker fuels), a tiny levy on international currency transactions, a global carbon tax, and a "solidarity levy" as piloted by the French government in support of developing countries or climate actions there more specifically. The greatest advantage of all these sources of funds is that they would be collected internationally, not passing through a nation's ministry of finance ledgers and accounts. National legislators and administrators would not have to make decisions about whether to send these funds to far away and unknown people or instead to pay the salaries teachers and firefighters at home.

1.8 Mutual accountability

The international aid system started after the end of the Second World War in 1945. But the effectiveness of aid did not become a major issue on the international agenda until almost 60 years later. In 2005, the Paris Declaration on Aid Effectiveness was agreed, and strengthened with the Accra Agenda for Action three years later in 2008. Both contain a set of principles that are intended to "strengthen governance and improve development performance". One of these principles is 'mutual accountability', which is explained as follows:

"Partner countries commit to:

— Strengthen as appropriate the parliamentary role in national development strategies and/or budgets.
— Reinforce participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies.

Donors commit to:

— Provide timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens.

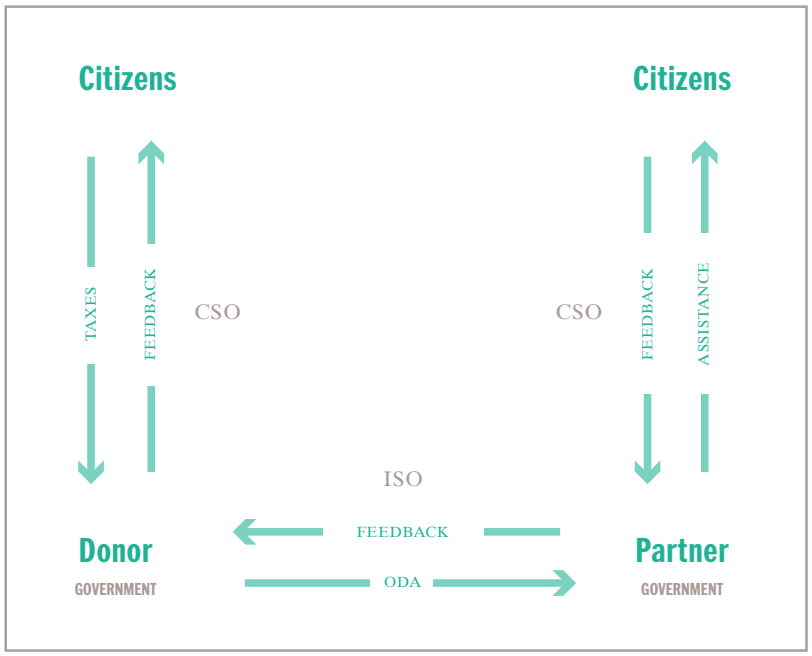
Partner countries and donors commit to:

— Jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness […]"

The Accra Agenda points to national and international civil society organizations as key stakeholders with a role to ensure that the mutual accountability principle would be followed. Figure 4 illustrates the relationships between citizens of donor countries, their governments, developing country governments (described as 'partners') and developing country citizens.

The mutual accountability principle needs to be used carefully in connection with climate finance. The principle was established to cover development aid. But developing countries generally object to the idea that funds transferred to assist them in tackling the negative impacts of climate change should be classified as aid. Instead they have tended to argue that the polluter (in this case developed countries) should pay and that money provided for climate change should be new and additional to existing aid budgets. Nevertheless the mutual accountability concept is helpful when examining international transparency and accountability in connection with climate finance.

Figure 4: Mutual accountability according to the Accra Agenda for Action



Source: Swedish Agency for Development Evaluation 2012.

In development aid, there is currently an imbalance of accountability. Richer countries are holding developing countries to account, with sophisticated 'key performance indicators' and detailed monitoring and evaluation systems to underpin 'results-based management'. Meanwhile most developing countries are little able to question the way aid is provided, and their citizens are left out of the decision-making process almost entirely.

This imbalance is mirrored in climate finance. Developed countries are not living up to agreements made to provide new and additional finance to developing countries to assist them with the damage climate change is causing, and will increasingly cause, to their economies. And the current system of climate finance is not transparent. The confusion in the definition of climate adaptation has allowed developed countries to rebrand as climate adaptation budget lines that were created – for example, for coastal and river basin water management, livelihoods improvement and food security (see Chapter 2).

And, similarly, all the accountability is running in one direction. Poorer countries have to report, in detail, to developed countries on how they intend to deal with climate change with complicated national climate change policies and national adaptation plans of action. While these policies and action plans are required as conditions of funding, developed countries have no such strict climate policies in place.

The principle of mutual accountability is being ignored. This needs to change – and national and international civil society organizations have a key role to play. That is why AdaptationWatch was created: to increase transparency and accountability and to promote wide participation in adaptation planning and action. It is also why the title of this, AdaptationWatch's first report, is: towards mutual accountability.

Chapter 2

A Non-System of Climate Finance Reporting

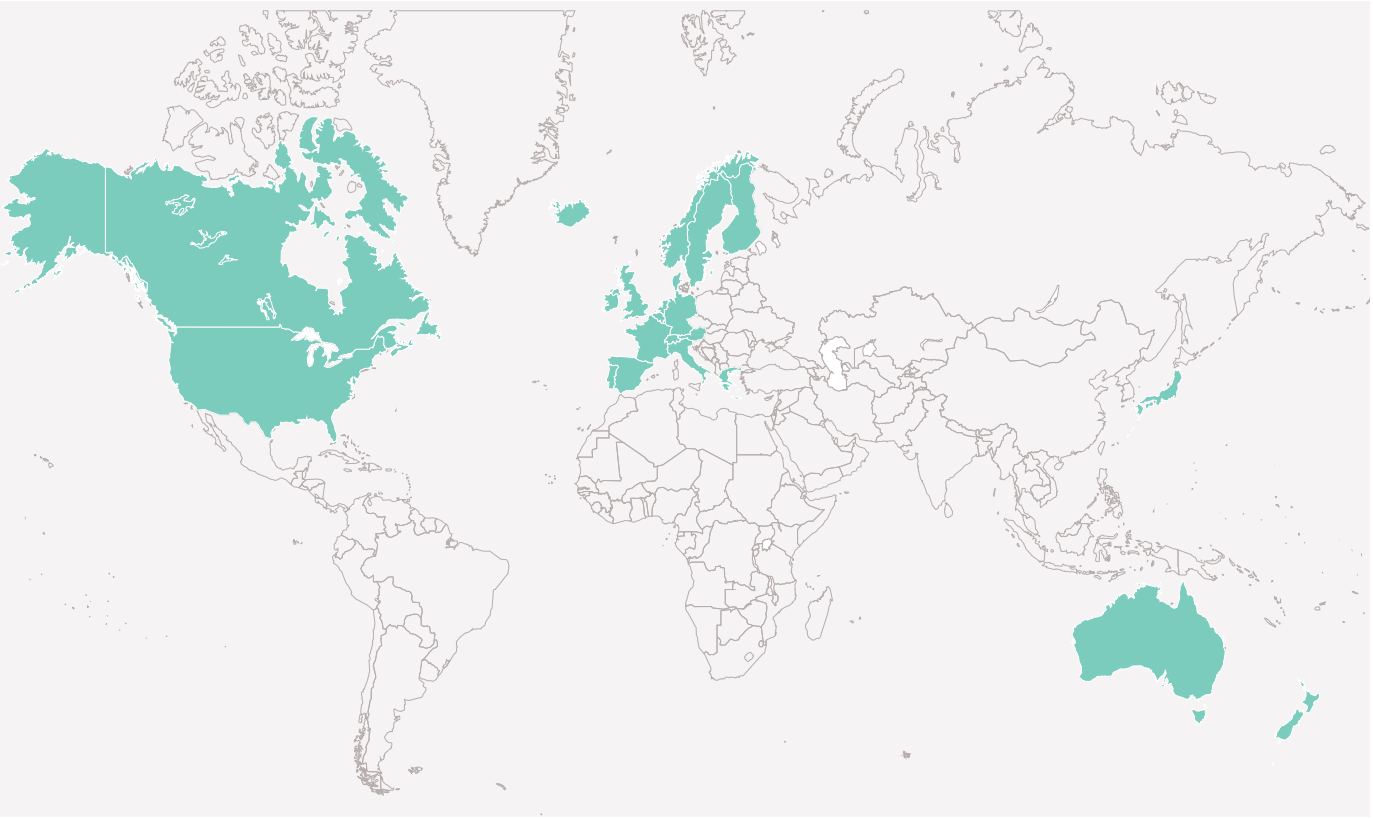
2.1 Introduction

For many years, developed countries have committed to reporting climate finance provided to developing countries to the UNFCCC Secretariat.[33] However, contributing countries have a significant degree of discretion over what they count as climate finance in the absence of an internationally agreed definition on what types of financial flows, what themes and activities, and what portions of larger projects and programs should count. Those with the power and money make the rules to suit themselves but, in this case, those in power have found it more beneficial to create little to no rules at all.

This chapter first reviews the UNFCCC reporting requirements on the provision and receipt of climate finance from developed countries (Annex II) to developing nations (Non-Annex I). Focusing on the contributor (Annex II) Parties, we then examine current practices and transparency problems in accounting for bilateral, multilateral and private climate finance. Finally, we explore the current tension and competition between the UNFCCC and the OECD when it comes to defining and accounting climate finance. These problems lie at the root of the non-system we observe and the gap in clear reporting we document in the following chapters.

33 UNFCCC 1999, Decision 4/CP.5; UNFCCC 2011b, Decision 2/CP.17; UNFCCC 2012b, Decision 19/CP.18.

Annex II Climate Finance Contributor Countries World Map



2.2 Weak reporting requirements under the UNFCCC

Negotiators decided on current climate finance reporting guidelines for Annex II (contributor) Parties in 2011 in Durban and in 2012 in Doha. Compared to previous reporting practices under the UNFCCC, the comprehensiveness and transparency of the reporting guidelines has been considerably enhanced; before the new decisions, developed countries only reported on climate finance through their National Communications, submitted every four years to the Convention Secretariat. In comparison, current guidelines (See Appendix 1 of this report) require Annex II Parties to report on climate finance both in their National Communications and in their Biennial Reports, the latter submitted every two years. In addition, since 2012 Annex II Parties are required to report to the UNFCCC using a standard format known as the 'common tabular format' (see Appendix 1).

Non-Annex I (recipient) Parties are, for their part, required to submit in their National Communications information on their needs for financial resources and on the support received from the Global Environment Facility, Annex II Parties or bilateral and multilateral institutions. In addition, following Decision 2/CP.17 (paragraphs 39–42) taken in Durban in 2011, non-Annex I Parties have to submit updated information on their financial resource needs and financial resources received from bodies such as the Global Environment Facility, Annex II Parties and other developed country Parties, the Green Climate Fund, and multilateral institutions for activities relating to climate change, including support for the preparation of their Biennial Update Reports.

Despite this progress, current guidelines still fall short of what could be a robust accounting and reporting framework of climate finance under the UNFCCC. They provide no internationally-agreed upon definitions or methodology for basic financial reporting, or for the term "climate-specific" finance. Annex II Parties are required to provide a description in their reports of their approach for tracking financial support. They are also required to indicate what "new and additional" financial resources they have provided pursuant to Article 4.3 of the UNFCCC (1992) and to clarify how they have determined such resources as being new and additional. As this report demonstrates (chapters 3 and 4), many developed countries have so far failed to be transparent and complete in their reporting to the Convention with regard to their accounting methodologies and their definition of "new and additional" climate finance. Many are using working definitions of "new and additional climate finance," which differ significantly from the spirit in which the term was used in various agreements, from Rio, Kyoto, Copenhagen and Cancun. And there is a considerable time lag between the publication of developed countries' Biennial Reports and the reporting years: the first Biennial Reports that were due on January 1, 2014 focus only on 2011 and 2012; as the second Biennial Reports are not due until January 1, 2016, negotiators do not have any more recent data to negotiate a new international climate agreement in Paris in December 2015.

Regarding non-Annex I Parties reporting – which is not the main focus of this report but which is discussed in chapter 5 – it is worth noting that there is no common tabular format for reporting on climate finance received. In addition, only 15 non-Annex I Parties have submitted Biennial Update Reports so far to the UNFCCC Secretariat.

2.3 A US$100 billion question

The following sections successively review current practices and transparency problems in accounting for international adaptation finance. We spend considerable time on bilateral flows of adaptation finance – from one government directly to another. We then more briefly review multilateral channels of finance, which include specialized UN and World Bank-administered funds, and many of the channels in regional and global banks that handle all sorts of development assistance. We also discuss the issue of categorizing and tracking private flows of climate adaptation finance.

2.3.1. Bilateral flows: the disputed OECD Rio marker system

So far, most developed countries have heavily – though not exclusively – relied on data collected using the OECD Development Assistance Committee Rio marker system (box 2.1) to report to the UNFCCC Secretariat on their financial commitments. These data, which are notified to the OECD by donor countries and then made available online,[34] are often used as a *proxy* for international adaptation finance.[35] This is not surprising given that they constitute, as highlighted by the OECD, "[…] the only set of internationally comparable and harmonised data on aid directed at the [Rio Conventions goals]."[36] These data therefore play a relatively important role in our understanding of the current climate finance landscape, including regarding donors' decisions on the allocation of adaptation finance.[37]

34 See www.oecd.org/dac/environment-development/rioconventions.htm.
35 UNEP 2013, 29.
36 OECD 2012, 61.
37 Weikmans 2015.
38 OECD 2013a.
39 OECD 2013b.

Box 2.1 The OECD DAC's 'Rio marker' methodology

Since 1998 the OECD has monitored aid targeting mitigation objectives through its Creditor Reporting System using the Rio Marker methodology. The adaptation marker was only introduced in 2010. Every aid activity reported to the Creditor Reporting System should be screened and marked as either targeting adaptation as a 'principal objective' (score 2) or a 'significant objective' (score 1), or not targeting the objective (score 0). Activities marked as having adaptation as a principal objective would not have been funded but for that objective; activities marked significant have other prime objectives but have been formulated or adjusted to help meet climate concerns.

Climate change adaptation is 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.[38] The Rio markers are applicable to bilateral official development assistance (ODA) commitments. The first data on the adaptation marker were available in March 2012 (for 2010 ODA commitments). Data on adaptation-related disbursements are not available in OECD statistics. Reporting on other official flows (i.e., non-concessional developmental flows (market rate loans)), starting from 2010, is voluntary. OECD staff developed and refined instructions to member states on how to categorize projects of different types, and workshops and trainings are regularly conducted among Development Assistance Committee Reporters from those countries.[39]

However the Rio marker system has always had problems with different OECD member countries using different staff, in different positions and disparate methods to categorize projects.[40] For example, some member states had project managers or regional or country directors out in the field complete that part of their contributions to the OECD DAC database. Others had someone in the central aid agency or foreign affairs ministry in the nation's capital do so, while others had a mix of different staff – especially when project or regional managers sent in reports with incomplete data. Most have a centralized staffer or office check and clean the data; some call in experts to help. These problems lie not with the OECD's system of categorization directly but with the way it is differently carried out around the OECD.

One country official from an Annex II Party reported to us that:

> *"As [the] OECD, the European Union and the UNFCCC are open about the respective methodologies, a central issue for transparency in general is the lack of standardised reporting, both in terms of countries' reporting to the respective institutions, and the fact that reporting varies from organisation to organisation. It is difficult to say what specifically this is a result of, but it seems clear that there is some degree of political interest in the way the numbers are calculated and as such, it is difficult to reach an internationally agreed standard."*

As this illustrates, governments are under pressure to show they are taking action on climate change, and this fairly loose system allowed pressures to result in 'over-reporting' of projects. Some projects and programs claimed as 'climate related' were actually designed for other purposes, and were re-badged or relabeled as addressing climate change impacts or emissions reductions. This problem has been evident in studies conducted by Oxfam,[41] Germanwatch,[42] and Brown University's Climate and Development Lab,[43] each of which showed major over-coding (see Chapter 3). Some found a relationship between levels of over-coding and the political pressure on governments to show they were doing something about climate change (varying, for example, by the level of environmental or left-wing party representation in parliament).[44] This is extremely worrisome, since it undermines confidence in whether climate finance promises are being met.

In short, while the OECD requests that donors supply Rio marker codes on all its members' projects, its application lacks consistency. The UNFCCC Standing Committee on Finance recently observed that, "There is scope for interpretation in how the markers are applied. This provides flexibility, but can lead to non-comparable data submissions from donors".[45] As a result, the reported numbers have been strongly disputed. The entire system relies exclusively on self-categorization, and there is no process for recipient countries or watchdog groups to dispute how projects are counted. As nearly every claim about levels of public climate finance is based in some way on the Rio markers, this leaves any claim open for dispute. These observations were partially confirmed by the OECD,[46] which examined DAC members' reporting on the adaptation marker.

It is also important to note that the Rio marker methodology was not originally designed to monitor financial pledges; it was intended to produce descriptive data to track the mainstreaming of Rio Conventions considerations into

40 OECD and national Development Assistance Committee reporting officials, personal communications.
41 Oxfam 2012.
42 Junghans and Harmeling 2012.
43 See Chapter 3 of this report.
44 Michaelowa and Michaelowa 2011, 2010–2020.
45 UNFCCC SCF 2014a.
46 OECD 2013c.

development cooperation practices. As one Annex II country official told to us:

> *"The Rio marker system conveys qualitative information rather than quantitative. This is problematic, since nowadays the demand to deliver reliable quantitative data is great. In general there is no international consensus about an accounting system and the variety of different accounting systems is large."*

In its 2012 *Development Co-operation Report*, the OECD called for care in using the Rio marker data,[47] and even asked the question:

> *"[…] can Rio marker data be used for reporting accurately on financial support and capacity building to developing countries, for example in the National Communications to the UNCBD [United Nations Convention on Biological Diversity], UNFCCC and UNCCD [United Nations Convention to Combat Desertification]?"*[48]

The OECD highlighted two of the main weaknesses of the Rio marker methodology in this regard: (i) "the Rio markers *do not* allow the identification of 'new and additional resources' as stipulated in the conventions"; and (ii) "[… if] the marker data are quite well-suited for describing individual donors various activities […], a problem arises from the moment donor reports are summarized and compared to one another, or when the data are used for pledge-monitoring purposes."[49] Indeed the DAC indicated that some donors may be counting the same activity against several pledges, which "seems inappropriate."[50] However, such summaries and comparisons are frequently made either by the OECD DAC[51] or by other institutions such as the UN Environment Programme[52] or the UNFCCC Standing Committee on Finance.[53]

Given the many problems associated with using Rio markers data for their financial reporting to the UNFCCC, some donors have modified the methodology for their own reporting. The result of this is a variety of poorly harmonized monitoring and reporting practices, and a serious lack of transparency. Table 2 – adapted from the useful October 2015 OECD/CPI report – shows differing practices between Annex II Parties regarding a number of important accounting and reporting parameters. For example, the volume of finance associated with the Rio markers is often scaled down by using 'coefficients' to differentiate between finance marked as targeting climate change as a significant objective – reflecting that these activities have other principal objectives. These coefficients differ across DAC members and range from 0 to 100 per cent. As the OECD itself acknowledges,[54] "there has been limited transparency regarding these practices to date."

47 OECD 2012.
48 Ibid.
49 Ibid.
50 Ibid.
51 OECD 2014.
52 UNEP 2013.
53 UNFCCC SCF 2014a.
54 OECD-CPI 2015, 32.

One official from an Annex II Country told us:

> *"Many countries use a different system to mark their projects and they account 100% of the overall project costs of projects marked with a 'significant' and a 'principal adaptation objective'. This is challenging especially if the figures are compared to the figures from countries like us, who use a very restrictive way of marking and assessing the climate relevance of a project. Transparency has already been increased majorly over the past few years, but it could be even further increased if a harmonized 'reduction factor' would be applied when transforming the Rio markers to quantified information for the Biennial Reports. A minimum requirement, which would increase transparency, could be, if countries would at least be transparent about the reduction factors used by their agencies."*

Additionally, accounting can take place at different points in the process (i.e., it may measure committed, provided or disbursed finance). For those countries with a predominance of grants in their portfolios, the difference between commitments and disbursements is minor and would not significantly change their climate finance numbers. But for developed countries with large multi-year loans, significant differences and fluctuations could be observed between yearly commitment and disbursement data.[55]

Other differences include data coverage, multiple different recipient definitions, accounting at activity-level component (which means that only a part of the amount of a given aid activity is counted as adaptation relevant) and the format of data reported. In addition, Annex II Parties rely on the OECD Rio marker's definition of adaptation, except the United Kingdom and the US, which use their own definition of adaptation. Contributor (Annex II Parties) account for all their financial instruments at cash value, and not in grant equivalent or contributor's budgetary effort.[56]

55 Ibid, 31.

56 Germany also provides figures in grant equivalent.

Table 2: Diversity of approaches in accounting and reporting climate finance (2013–14)

UNFCCC ANNEX II PARTIES	COVERAGE			POINT OF MEASUREMENT		RECIPIENT DEFINITION		QUANTIFICATION			FORMAT OF DATA	
	ODA	OTHER OFFICIAL FLOWS	PRIVATE CLIMATE FINANCE	COMMITTED	PROVIDED	ODA ELIGIBLE COUNTRIES	UNFCCC NON-ANNEX I PARTIES	ACTIVITY-LEVEL COMPONENT APPROACH	COEFFICIENT ON RIO MARKER "PRINCIPAL"	COEFFICIENT ON RIO MARKER "SIGNIFICANT"	ACTIVITY LEVEL	AGGREGATES OR SEMI-AGGREGATES
Australia	×	×			×	×		×	100%	30%[a]		×
Austria	×	×		×		×			100%	50%		×
Belgium	×	×	×		×	×			Range of Coefficients		×	
Canada	×		×		×	×	×		100%	–[b]		×
Denmark	×			×	×	×			100%	100%	×	
EU Institutions	×	×		×		×			100%	50%		×
Finland	×		×		×	×			Range of Coefficients			×
France	×	×	×	×		×[c]		×	100%	40%	×	
Germany	×	×	×	×	×	×			100%	50%	×	×
Greece	×				×	×			100%	100%	×	
Iceland	×			×		×			100%	100%		×
Ireland	×				×	×			100%	50%		×
Italy	×	×		×	×	×			100%	40%		×
Japan	×	×	×	×[d]	×[e]		×		100%	100%		×
Luxembourg	×	×			×	×			100%	100%		×
Netherlands	×		×		×	×			100%	40%		×
New Zealand	×				×	×			100%	30%[f]		×
Norway	×		×		×	×			100%	100%		×
Portugal	×	×	×	×		×			100%	0%		×
Spain	×	×	×		×	×			100%	20-40%[g]	×	×
Sweden	×		×		×[h]		×		100%	40%	×	
Switzerland	×		×		×	×			51-100%	1-50%		×
United Kingdom	×		×		×	×			N/A	N/A		×
United States	×	×	×	×		×	×		N/A	N/A		×

Source:
Modified from OECD-CPI 2015, 43; 45-46.

a Activity-level coefficients used where feasible, where not, a 30% coefficient is applied.
b "Significant" activities screened and most climate-relevant are counted.
c ODA-eligible countries excluding UNFCCC Annex I Parties.
d For loans and grants.
e For technical assistance.
f Default, unless an activity-specific coefficient is available.
g Activities targeting climate mitigation or adaptation as a significant objective (only) are accounted as 20% and operations targeting both mitigation and adaptation as a significant objective are accounted as 40%.
h Data used in this report reflects disbursements, as per Sweden's expected UNFCCC CTF table 7b. In the narrative part of its reporting, Sweden however includes commitment and disbursement data.

Efforts to improve the Rio marker methodology have been underway for several years.[57] These efforts are, among other, informed by those of several multilateral development banks, who have elaborated their own methodology to track climate finance (outlined below).

Notably, however, a change in the Rio marker methodology to take into account the "newness and additionality" of financial contributions does not seem to be on the agenda. The OECD[58] stated in this regard that:

> *"Many developing countries insist that financing for global objectives should be additional to aid; questions however are being raised as to whether maintaining a clear distinction would be useful. For example, many mitigation and adaptation projects in developing countries are both development and climate change oriented."*

In the absence of a common methodology agreed at the international level (under the UNFCCC, between OECD members or even between European Union member states) that would allow the assessment of additionality, each donor can apply its own definition. This is a system that only works for contributors.

The OECD Development Assistance Committee nonetheless remains one of the most important forums in which measurement, reporting and verification ('MRV of finance') issues are currently discussed and monitored. And the DAC is very clear when it comes to its ambitions regarding the monitoring of climate finance commitments made in Copenhagen:

> *"A main objective of the Secretariat's work on climate finance is to make the Development Assistance Committee's Rio markers the methodological reference point and main source of high-quality data for monitoring progress against international commitments to address climate change."*[59]

Discussions on the tracking of climate finance held within the DAC go further than bilateral ODA; some donors have started to apply the Rio marker methodology to their other official flows (non-concessional developmental flows). With regard to multilateral ODA relevant for adaptation and mitigation, data on "imputed multilateral contributions" have been made public for the first time in December 2014 (for 2013). In addition, the OECD Secretariat is currently coordinating major research efforts on the tracking of private climate finance.[60] More broadly, significant efforts are also under way within the DAC to modernize its statistical system for development finance – most notably through the introduction of a grant equivalent of loans system for the purpose of calculating ODA figures.[61]

These systems are important for some purposes, but the legitimacy of the OECD DAC – essentially a club of donor nations – in defining *what counts* in international climate finance will continue to be questioned (see also section 2.5). It is unlikely that international climate finance would reinforce trust between UNFCCC parties if developing countries are, *de facto,* largely excluded from these definitional discussions.

57 For a synthesis of these current efforts, see OECD 2015b.
58 OECD 2013a, 10.
59 Ibid, 7.
60 See www.oecd.org/env/researchcollaborative.
61 OECD 2015b.

2.3.2 Multilateral flows: A Nascent Three-Step Improvement

For Annex II Parties, obtaining data on climate adaptation-related contributions flowing from multilateral agencies like the UN or World Bank is crucial because without this information they cannot report their funding to them in their reports to the UNFCCC. Reporting on contributions made to multilateral climate change funds (such as the Least Developed Countries Fund or the Adaptation Fund) is relatively straightforward. However, estimating the climate-specific share of core contributions made to multilateral institutions is far more complex. So far, developed countries have adopted a variety of approaches in this regard, which considerably impede meaningful comparisons between parties' performances.

In the near future (including in their second Biennial Reports) many developed countries plan to draw on OECD DAC imputed multilateral contributions data for the reporting of multilateral finance following recent improvements in data under the DAC.[62] To calculate these imputed multilateral contributions, one has to estimate the climate-related share within each international organization's portfolio and attribute this back to developed countries based on their share of core contributions to that organization.

For some multilateral organizations, this climate-related share is estimated using the Rio marker methodology – the total cost of projects categorized as having climate as its primary or just a 'significant' objective – are counted. However, since 2012, the seven biggest multilateral development banks (joined in 2015 by the 20 members of the International Development Finance Club)[63] have been using another methodology for their adaptation finance tracking. This, the so-called 'three-step methodology', is interesting to look at as it is arguably more rigorous and granular compared to the Rio marker approach. The two methodologies have similarities (e.g., comparable definitions of adaptation and application of the method at the level of commitments/projects) but differ in some crucial aspects.[64]

The three-step process[65] consists of the following: (i) setting out the context of risks, vulnerabilities and impacts related to climate variability and climate change a project or program seeks to address; (ii) stating the intent to address the identified risks, vulnerabilities and impacts in project documentation; and (iii) demonstrating a direct link between the identified risks, vulnerabilities and impacts, and the actual activities financed by that project or program. In comparison with the Rio marker methodology, more documentation and analysis are therefore required before a project may be determined to address adaptation, and the project has to be *explicitly* focused on helping recipient societies cope with climate impacts.

Additionally, rather than reporting the whole project as 'adaptation relevant' (which is the approach of the Rio marker system), only components, sub-components, elements or proportions of projects can be reported as 'adaptation finance' in the three-step methodology. This can lead to huge differences: for example, when screening a climate-proofed infrastructure project, the three-step methodology will only measure the incremental cost of adaptation within the project, while the full value of the project would be counted under the Rio marker methodology, without a multiplier factor (see 2.3.3).

The OECD DAC and the multilateral development banks have worked together for several years to try to reconcile the two methodologies, but with limited results to date. Our analysis in chapter 3 demonstrates the perils of the Rio

62 OECD-CPI 2015.
63 The International Development Finance Club is a group of international, national, and regional development banks based in the developed and the developing world.
64 For a detailed analysis, see OECD 2013d.
65 MDB/IDFC 2015.

marker system and how applying a more rigorous set of criteria would sharply lower the amounts that contributor countries could count in their climate finance totals. We are unable to test the three-step methodology since no projects have yet been published which included this categorization.

2.3.3 Private flows

Repeated statements from developed country officials and high-level experts state flatly that most climate finance will have to come from private sources, as the private economy moves trillions of dollars in investments that set the energy consumption pattern for communities and nations.[66, 67] There is no agreement on which private flows should count in the US$100 billion pledge per year by 2020 and on how to demonstrate that they were "jointly mobilized", as was promised in 2009. This issue is extremely complex, as there are many types of private flows.[68] The Climate Policy Initiative *Landscape of Climate Finance* report has, each year, attempted to account for more of these flows and, in doing so, the amount of purported flows has skyrocketed.[69] The result is that many observers cannot evaluate whether the amounts of funding have increased or if only the counting techniques have changed. For example, recent reports have included more locally generated private flows within both developed and developing countries. Again, a multilateral agreement on what should count among these many flows of private capital is needed.

66 Green Growth Alliance 2014.
67 Global Commission on the Economy and Climate 2014.
68 Stadelmann et al. 2012.
69 Buchner et al. 2011; 2012; 2013; 2014.

2.4 Who has oversight?

In this report we argue that the strong involvement of the OECD in defining what counts as climate finance poses a serious problem of legitimacy and accountability. We consider current definitional and accounting efforts carried out under the UNFCCC. We then review similar – and in some respects competing – efforts recently made by the OECD.

2.4.1 UNFCCC Standing Committee on Finance

A major achievement of the climate finance accountability movement was the creation of the Standing Committee on Finance (SCF) under the UNFCCC. Originally proposed by Oxford Climate Policy director Benito Müller, the committee was supposed to provide reviews of the funding flows and have an impact on finance efforts across the UNFCCC.

After some contentious regional politics in selecting members to represent different parts of the world, the SCF was finally seated in 2012. At the time of writing, it still has neither a clear mandate nor decision-making authority. The Standing Committee issued its first major report in Lima at the 2014 climate negotiations, in which it decried the lack of consistent data being supplied by developed nations on their contributions, and the use of differing categories of funding and different baselines.[70] The report's first substantive page laid out the

very problems that this document describes:

> *"The report encountered challenges in collecting, aggregating and analysing information from diverse sources. For example, each of these sources uses its own definition of climate finance and its own systems and methodologies for reporting. The wide range of delivery channels and instruments used for climate finance also poses a challenge in quantifying and assessing finance. These limitations need to be taken into consideration when deriving conclusions and policy implications from this report."*[71]

In spite of "inconsistencies in how UNFCCC guidelines have been used so far," the report summarised what numbers it could collect and created overall ranges of flows of climate finance: "[A]nnual flows of USD 35 to 50 billion through public institutions and USD 5 to USD 125 billion of private finance."[72] The report illustrated this as concentric and overlapping circles of global climate finance (see Figure 5)

Besides not being to scale, the figure and the numbers it presented were easily misconstrued. The private finance figure in particular had such a high range of uncertainty (from US$5 billion to $125billion) that some reporters or officials might simply use the top-end, or an average. However, we argue that such flows are far closer to the bottom end of the scale.[73] In 2014 the SCF issued a clarification acknowledging that this was the case.[74] At the end of its 2014 Biennial Assessment review, the SCF authors stated that "there is room for significant improvements by enhancing transparency on the definitions used in the reporting of climate finance […] It is therefore safe to say that the information relied on for this report is incomplete."[75]

2.4.2 The 2015 OECD-CPI Report on Climate Finance in 2013–14 and the US$100 billion goal

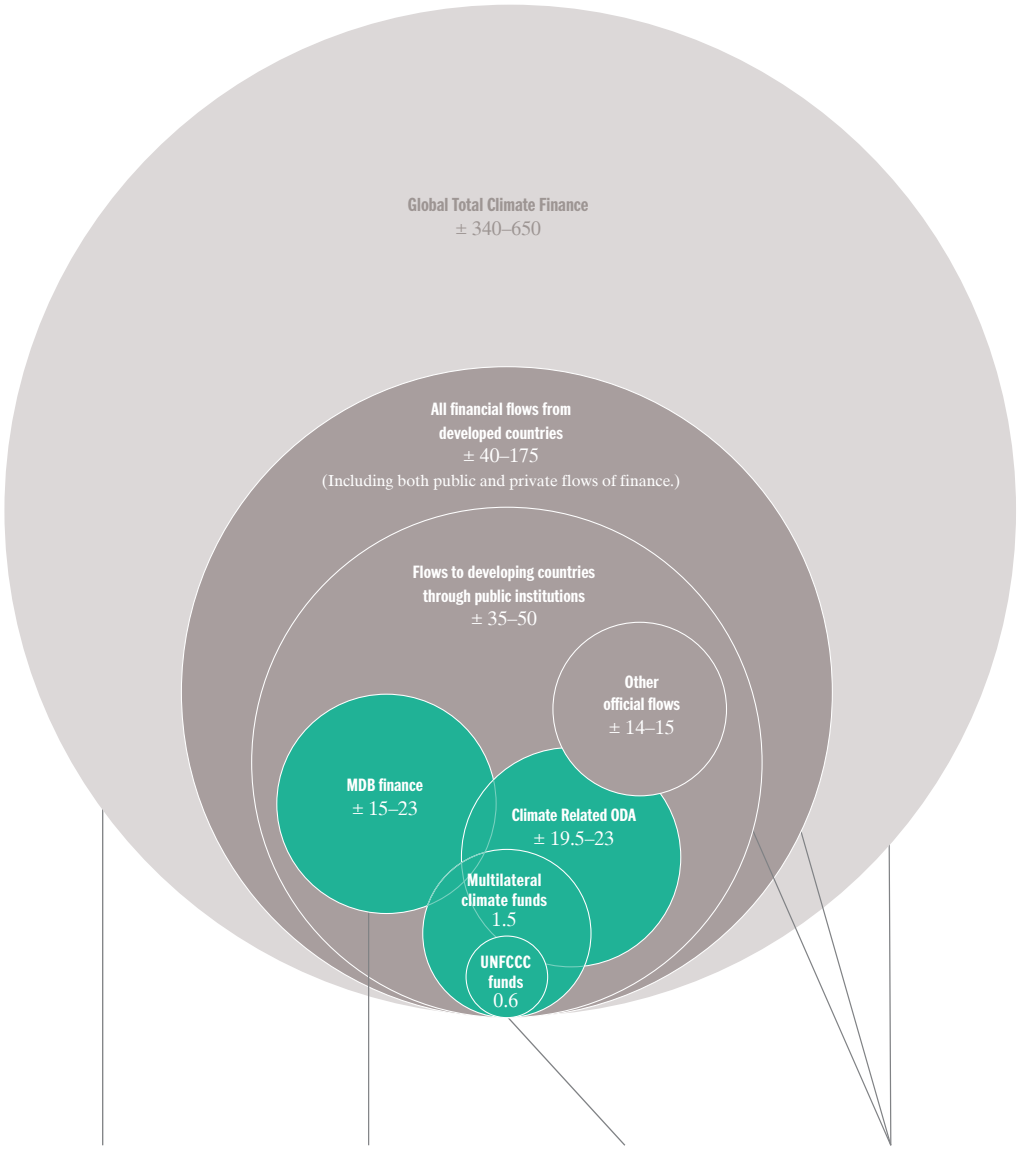
Given the importance of the climate finance issue for a deal in Paris, the Peruvian and French presidencies of the COP (Peru hosted the COP 20 in Lima in December 2014) asked – in urgency, only five months before COP 21 – the OECD to evaluate the status of developed countries' commitment to mobilize US$100 billion by 2020. The explicit objective pursued by Peru and France was to provide "clear and reassuring information" regarding the respect of this commitment and "to improve trust" between developed and developing countries.

The OECD report (published on October 7, 2015)[76] is extremely valuable because it highlights the various climate finance accounting practices of contributing countries. Most of the report is devoted to describing many of the methodological difficulties that persist in this regard. Such efforts are most welcome and this report undoubtedly introduces more transparency to a particularly opaque system.

It is, however, regrettable that the OECD provides figures on international climate finance while at the same time acknowledging that current accounting methods are preliminary and inadequate. Building on a "common understanding of mobilized climate finance",[77] the OECD put forward figures (respectively US$52 and $63 billion in 2013 and 2014) claimed as relevant for the US$ 100 billion goal.

70 UNFCCC SCF 2014a.
71 Ibid, 5.
72 Ibid, 6.
73 Stadelman and Roberts 2015.
74 UNFCCC SCF 2014b.
75 UNFCCC SCF 2014a, 80.
76 OECD-CPI 2015.
77 The finance ministers of 18 developed countries came forward on September 6, 2015 with a statement that they need to provide "increased transparency" on their progress towards the $100 billion goal. In their joint statement, those countries admit that the current data is inadequate and sought to set a "common understanding of mobilized climate finance." The statement raised however the question of why recipient nations were not formally included in this crucial definitional work (see Weikmans and Roberts 2015).

Figure 5: Detail from the UNFCCC SCF 2014 report



Source: UNFCCC SCF 2014a, 7.

Such a move is troubling in at least two respects.

First, the legitimacy of the OECD – an organization of 34, almost exclusively developed, member countries – in defining for the world which financial commitments made under the UNFCCC should count, is inherently questionable. It seems unacceptable that the other 161 parties to the UNFCCC are excluded from these definitional discussions, leading to responses such as those that opened this report (section 1.1). In addition, efforts of this kind by the OECD risk competing with similar efforts currently carried out under the UNFCCC by the Standing Committee on Finance. In this context, how can we expect the OECD report to reinforce trust between developed and developing countries?

...[Improvements] must be used to establish more transparent commitments in the future, in a system that is mutually agreed and rigorously and independently verified.

Second, these definitional efforts are worrying in the sense that they elude key elements in international climate finance discussions. For example, the issue of "additionality" (whether funds were "new and additional") is completely absent from the OECD report. Yet as we've seen, commentators have highlighted that a significant portion of climate finance reported by developed countries cannot be considered as new and additional, raising concerns that financial means devoted to the fight against climate change are simply diverted from other development objectives, precisely as feared by developing nations in Rio in 1992.

Another example asks the question: is the rise in public finance contributions through bilateral channels observed by the OECD[78] from 2011–12 (US$14.5 billion per year) to 2013–14 (US$22.8 billion per year) due to increases in budgets specifically allocated to climate change, or is it due to methodological changes in accounting (e.g., the increased coverage of data about non-concessional flows targeting climate objectives)? The OECD-CPI report is not clear on this question, admitting that part of this rise was due to methodological changes.

While putting forward aggregate figures for climate finance in 2013–14, the OECD and CPI report also provided figures for the split between adaptation and mitigation, and for funding sources used (bilateral public finance, multilateral public finance, export credits and private co-finance mobilized). However, it did not provide any figures with regard to individual developed country contributions to climate finance or to the allocation of climate finance to individual recipient countries.

Needless to say, we need improvements in data collection and measurement methods to deepen our understanding of international financial flows that are relevant for mitigation and adaptation. This OECD/CPI report endorses valuable work led by the multilateral development banks to improve project categorization just described. But those improvements will not help much in reinforcing trust between Parties at the climate negotiations if their only purpose is to show that developed countries have already done their part. They must be used to establish more transparent commitments in the future, in a system that is mutually agreed and rigorously and independently verified.

78 OECD-CPI 2015, 21.

2.5 Conclusions and recommendations for a robust climate finance reporting system

The UNFCCC reporting guidelines leave considerable discretion for a range of accounting approaches, which greatly impedes comparisons between contributing countries' performance. While each Annex II (contributor) Party can be held accountable for failing to provide transparency in its own Biennial Report (see also Chapter 4), we must acknowledge that the current lack of transparency is a collective failure.

The weaknesses of current guidelines are well known by the convention parties. In its *2014 Biennial Assessment and Overview of Climate Finance Flows* report, the UNFCCC SCF reviewed existing measurement and reporting systems for tracking a broad range of climate finance and climate-related finance flows. The SCF made a series of recommendations to improve the measurement, reporting and verification of climate finance.[79] These overlap with those made in Chapter 6 of this report. However, these recommendations are still to be taken into serious consideration by the COP.

It is also astounding that the discussions of definitions herein described happened five years after Copenhagen, and that accounting methods are still not stabilized. In this regard, accounting for the range of North–South private flows mobilized to fight climate change is a Pandora's Box that developed countries are just starting to open.

While the weaknesses of current reporting guidelines under the UNFCCC are well documented, parties have so far failed to improve the common tabular format laid out for reporting at the Warsaw negotiations in late 2013, and to agree upon common definitions and methodology for financial reporting. These questions cannot and should not be eluded. As the OECD-CPI report[80] on the US$ 100 billion goal demonstrates, Annex II Parties are well aware that if they want to secure a climate agreement in Paris they must provide clearer information about their implementation of the Copenhagen climate finance commitments. An agreement in Paris must include a work plan to develop such a system.

Transparent accounting and reporting of climate finance are clear examples of collective action problems: no country has an interest to be the first to modify its practices. For example, if the US or Japan are not ready to follow the European Union in pushing for a transparent accounting and reporting framework under the UNFCCC, can the latter reform its accounting and reporting practices by itself? Can one multilateral fund do so? In the current climate finance landscape, each developed country has an interest in maximizing its claimed contribution while putting up the least cash possible (including through non-transparent and 'creative' accounting), and in putting the burden on other developed countries to implement joint financial commitments (or to be creative in their accounting, as well). The two victims of these practices are (i) the trust between developed and developing countries in international climate negotiations, and (ii) vulnerable populations and nations in dire need of help. Innovative sources of climate finance that could form parts of the solutions to these problems are worth urgently reconsidering.[81]

79 UNFCCC SCF 2014a, 9.
80 OECD-CPI 2015.
81 See AGF 2010.

Chapter 3

Adaptation Aid Projects: Genuinely Categorized?

3.1 Introduction

The claims made by OECD member countries regarding funding provided to help developing countries adapt to climate change are inflated, perhaps fourfold. This chapter re-evaluates 5,201 projects that countries reported to the OECD for 2012 as 'adaptation related', based on the 'Rio marker' classification system described in Chapter 2.[82] In 2012, OECD countries claimed that US$10.1 billion of development aid that year was 'adaptation related', with US$2.68 billion "explicitly targeting adaptation as a principal objective." However, we find that only US$2.34 billion appears to be genuinely adaptation related, and only US$1.2 billion targeted adaptation as a principal objective.

As described in Chapter 2, the project-level Rio marker system was elaborated for OECD member states to categorize aid activity and assess the integration of climate considerations in their bilateral support. The system serves as the basis of most contributor countries' reporting to the UNFCCC, with submissions forming the most complete catalogue of projects and activities being counted as adaptation. Looking at OECD figures is highly relevant when dealing with adaptation finance at the UNFCCC, especially given that nations have supported their claims of meeting their Copenhagen financial promises using the OECD's Rio marker system.[83]

However, several studies have called into question the Rio marker system's accuracy[84] and transparency, as well as the 'additional' nature of climate finance under this categorization. Some of the OECD's members adamantly reject these criticisms. "ODA funds have not been diverted from other priorities," Alexandre Polack, a spokesperson for the EU development commissioner, said in 2013.[85] The OECD Working Party on Development Finance Statistics has considered the critiques levelled at member states' claims and has raised potential avenues for improving credibility in the OECD accounting system.[86]

One recent study of 21 OECD donors from 1995 to 2007[87] explored the relationship between OECD aid reporting and other features of contributor countries. It found that one third of the projects reviewed were mis-categorized as climate mitigation aid, despite having no clear relevance to climate change. Political leanings and bureaucratic structures of the donor country explained higher rates of mis-coding in some countries. Mis-categorization was particularly common in the US, the Netherlands and Norway. Similar factors may have influenced categorization of adaptation-related projects.

Another study[88] assessing the credibility of the adaptation Rio marker system concluded that roughly 65 per cent of all activities reported as adaptation were unrelated or lacked a rationale for listing adaptation as a principal or significant objective. In particular, the US, Spain, Switzerland, Belgium, Denmark, Luxembourg, and EU institutions mis-categorized a significant number of their projects. The study suggested that human errors, the OECD's broad definitions of adaptation, political incentives to mis-categorize, and lack of clarity about what activities constitute adaptation aid were all to blame.

This chapter builds on previous research, providing a more comprehensive analysis of OECD adaptation aid by revisiting 5,201 projects that contributor countries claimed encompassed adaptation as their principle or significant

82 Those data were made available on the OECD website in 2014. From consultations we had with several officials from donor countries, it is unlikely that developed countries have significantly changed the way they used the Rio marker methodology since then.
83 Paris 2014.
84 A review by SIDA, the Swedish International Development Cooperation Agency, found for example that the Rio marker adaptation coding was the least accurate among the four Rio markers, with only 50% of activities correctly tagged (see Wingqvist et al. 2011).
85 Nelsen 2013.
86 OECD 2013b.
87 Michaelowa and Michaelowa 2011, 2010-2020.
88 Junghans and Harmeling 2012.

objective under the Rio marker system. Our findings indicate that self-reporting and the absence of independent accounting quality control makes the results unreliable, and this undermines trust in international climate change negotiations. We recommend the creation of an independent, empowered and resourced review board to oversee international contributions to adaptation funding, which we expand upon in the concluding chapter.

3.2 The method: recategorization of projects

This chapter reports on a new analysis of all 5,201 OECD aid projects from 2012 that had been categorized in OECD records as having climate adaptation as a principal or significant objective.[89] We recategorized each of these projects based on the project title and description, supplementing this information with other data fields such as the OECD's sector and purpose codes for each project. We considered a project to be adaptation-related if it contained a clear adaptation component in any of these fields. The projects that alluded to resilience-building or were clearly linked to an adaptation action or outcome were considered adaptation.

We followed the OECD categorization methodology in our recategorization, classifying projects based on whether adaptation constituted a 'principal' or 'significant' goal of the project.[90] The OECD defines projects with adaptation as a 'principal' objective as those projects for which adaptation was one of the "principal reasons for undertaking the activity". In other words, these projects would not have been funded as adaptation projects if the adaptation objective was not present. Projects with adaptation as a 'significant' objective were centered around other primary objectives, but were "formulated or adjusted" to contain adaptation purposes. We re-categorized projects from all of the OECD nations except the US, which failed to report any Rio markers at all for its 2012 projects.

Our methodology does not only rely on keywords but rather on a thorough assessment of each aid activity's description, title, sector and purpose as provided by donor countries. One could argue that the fundamental weakness of our methodology is that donor countries' officials scoring aid activities could have had access to more detailed project information of aid activities than we did. Regrettably, donor countries only provide a short description of their aid activities to the OECD, which means that climate adaptation concerns may be present in an aid activity without being stated in available project documentation. However, the Rio marker methodology explicitly requires that the climate change adaptation objective be indicated in the aid activity documentation for the project to be scored as 'adaptation related'.[91] Our methodology is therefore robust in this regard, and makes our categorization perhaps provides an indication of how these projects may have been scored according to the new MDB three-step system, which requires explicit connection between project activities and addressing vulnerability (Chapter 2).

89 Our dataset was drawn from the OECD Creditor Reporting System database, accessed October 2014. Projects with "0" codes for the adaptation marker were excluded.

90 Some projects lacked clarity on whether they were instalments of a larger project with one overall aim, or projects with individual objectives that also happened to be part of a larger activity. These projects were marked as unknown.

91 OECD 2011, 4.

3.3 The findings

Of the 5,201 projects from the OECD Creditor Reporting System database, the OECD members classified 1,393 as having adaptation as a 'principal' objective and 3,807 as having adaptation as a 'significant' objective (Figure 6a). By contrast (see Figure 6b), we judged that a staggering 3,444 of the total 5,201 projects (66 per cent of projects) did not explicitly link project activities to addressing climate vulnerability, as required under a more rigorous categorization of climate adaptation (such as the MDB three-step method).

We found that over 70 per cent of projects coded by OECD members as having climate as a 'significant' objective were not clearly related or lacked adequate information. We found that 443 projects had adaptation as a significant objective (8.5 per cent, instead of the 73 per cent originally claimed). Only 874 met our criteria for adaptation as a principal objective (16.8 per cent of the original 5,201 projects listed as adaptation by the OECD, as opposed to the 27 per cent originally claimed). Four hundred and forty projects were uncategorizable, for lack of clear project titles, descriptions, purpose or sector codes (8.4 per cent of projects).

Figure 6: OECD coding projects as adaptation versus Climate and Development Lab re-evaluation

Figure 6
The 5,201 projects as categorised by OECD members as adaptation, and recoded by the Climate Development Lab (CDL) as 'adaptation appear to be the principal objective of the project,' 'adaptation appears to be a significant objective,' 'adaptation not mentioned, project apparently not adaption,' or 'insufficient information to categorise the project.'

Figure 6A
OECD coding of projects as adaptation (2012)

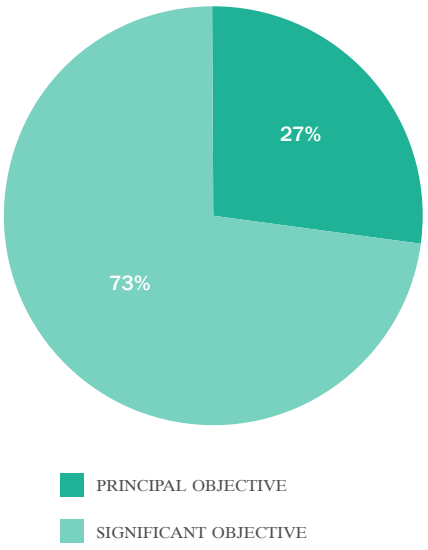


Figure 6B
CDL re-evaluation of these projects

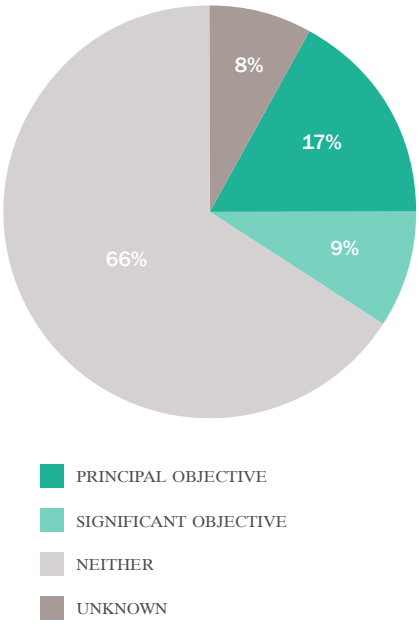


Figure 7: Dollar amount commitment by OECD member nations to projects coded as adaptation versus CLD re-evaluation

Figure 7
Dollar amount commitment by OECD member nations to all projects coded as 1 or 2 ('significant' or 'principal' objective as adaptation to climate change), as recategorised by the CDL.

Figure 7A
OECD categorisation of projects as adaptation (2012)

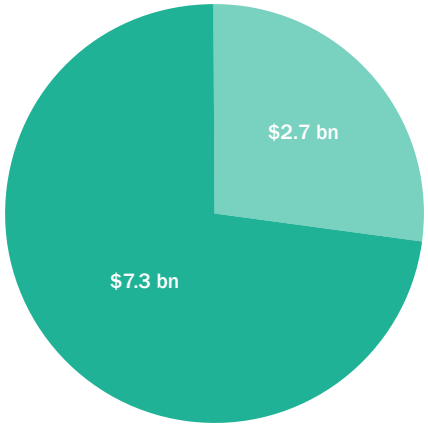
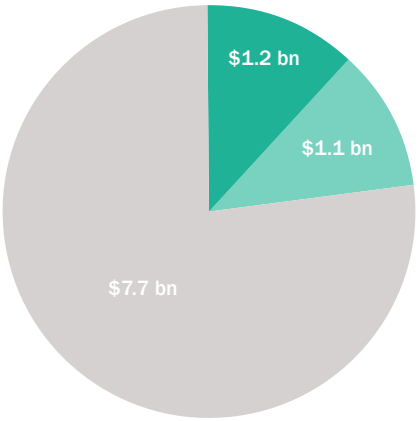


Figure 7B
CDL re-evaluation of these projects



Our findings indicate vastly fewer adaptation projects than reported by OECD countries. Projects coded by OECD member states as having adaptation as a principal objective were far more likely to be recategorized (confirmed) by us as adaptation, but more than a third of these projects showed a questionable relationship to climate change adaptation. Only one ninth of projects coded by OECD members as having adaptation as a significant objective stood up to this independent review: the rest lacked an explicit tie to addressing vulnerability.

To put this into dollars (see Figure 7), of the US$10.1 billion claimed by OECD countries as aid for adaptation in 2012, US$7.7 billion was not, in fact, explicitly adaptation-related. Based on our analysis, projects worth US$1.1 billion actually appeared to have had adaptation as a significant objective. Projects worth $1.2 billion (not the claimed US$2.68 billion) appeared to have adaptation as a principal objective.

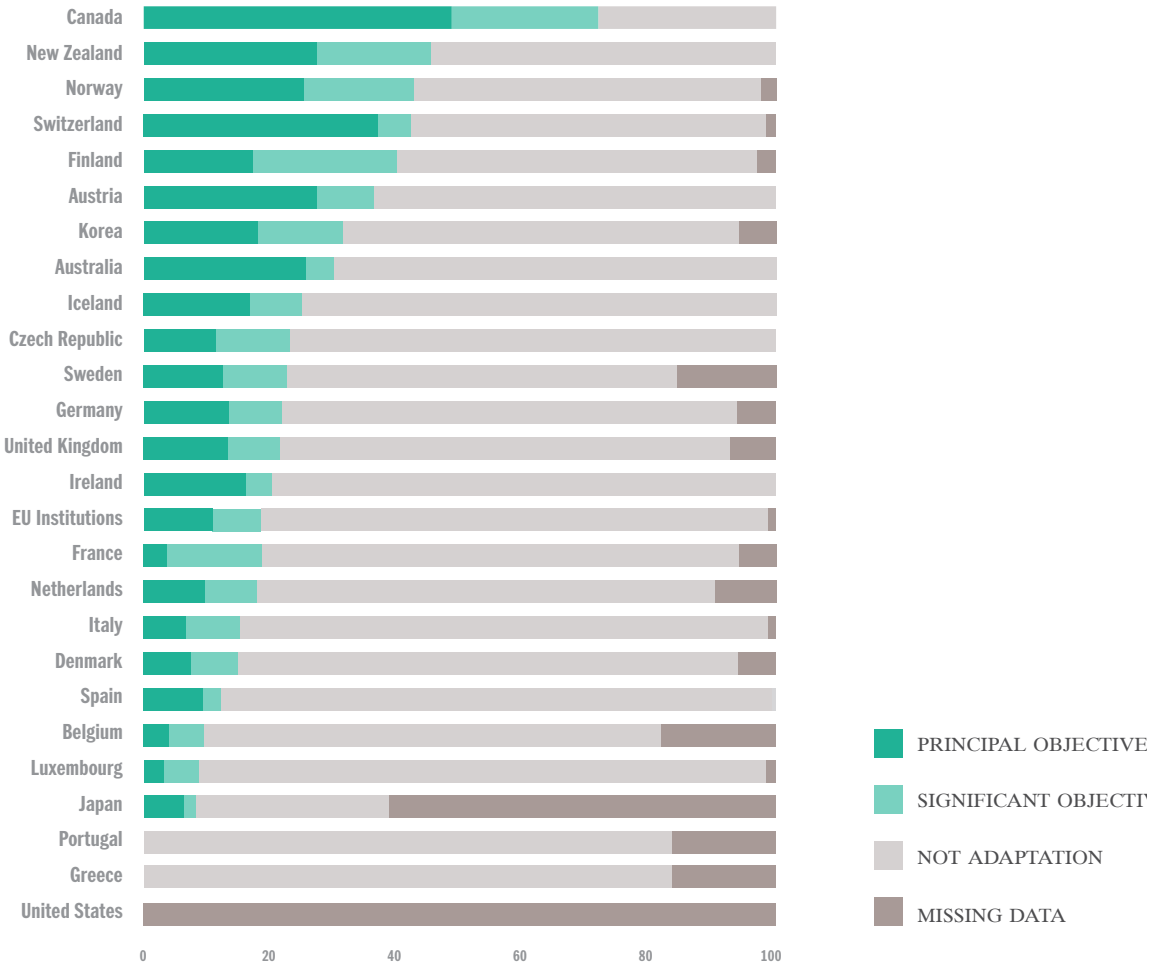
To understand why so many projects have been mis-categorized under the OECD Rio marker system, we used a second categorization system[92] to distinguish climate projects from other environmental funding. We found that 56 per cent of those listed by contributor countries as adaptation projects were in fact environmental projects without a climate change adaptation component. Fourteen per cent were projects to mitigate greenhouse gas emissions but appeared to have no adaptation component, while 28 per cent appeared to be completely unrelated to climate change adaptation, mitigation or environment, and two per cent were uncategorizable. This suggests a lack of clarity on the aid agency side about the distinction between climate change adaptation and other types of environmental projects.

92 This system, described in a working paper, has not been published formally but the full codebook description for the two coding schemes are in the online-only appendix to this briefing.

3.4 The good, the bad, and the ugly: recategorizing countries' projects

Comparing countries' projects revealed significant differences in the level of apparent mis-categorization (Figure 8). Luxembourg, Spain, Italy, Portugal and Greece all reported relatively small numbers of projects to the OECD as having adaptation as their significant or principal objective. Even so, we reclassified over 85 per cent of those projects as probably not related to climate adaptation. Many of Japan's project descriptions had insufficient data in the OECD dataset and so were recategorized as unknown. Of the contributor countries, Canada's original reports were most frequently supported by our analysis as explicitly adaptation. Categorizations by Switzerland, Norway, New Zealand and Finland were also frequently supported but still over half of these were overturned. And, with no projects even having Rio markers reported to the OECD whatsoever, the US scored zero.

Figure 8: Projects initially coded by contributor countries as adaptation, which were recategorized as having adaptation as a 'significant objective,' 'a principal objective', 'unrelated', or 'cannot be categorized', by country, 2012



3.5 Drawing conclusions

In the recategorization process, some projects stood out: clearly supported categorizations were of projects that had detailed descriptions with clear objectives, often describing efforts that increased vulnerable communities' resilience to climate impacts; 'bad' projects were not related to climate change adaptation; and several questionable projects could actually be seen to *undermine* sustainable approaches to respond to climate risks. An example of a 'bad' project included a multi-year funding package to enhance trade and development by supporting the World Trade Organization Global Trust Fund, which was coded by the donor country as having a climate change adaptation objective. Another was the redevelopment of the Matavai resort on the Pacific island of Niue, which gave no explanation of a tie to climate vulnerability or adaptive value.

The lack of credibility highlighted here means we still have little or no idea of how much money is going into adaptation projects.

As the Paris deadline for a new climate agreement comes and goes, the lack of credibility highlighted here means we still have little or no idea of how much money is going into adaptation projects. This analysis suggests that, compared to a requirement to explicitly describe how projects are addressing vulnerability, claims might be inflated by as much as four-fold. But much is uncertain in that claim. Would better project descriptions have provided a different picture? Would greater granularity on activities *within* projects have increased or decreased our estimates of funding for adaptation?

3.6 Recommendations

3.6.1 The need for a rigorous categorization framework

What is clear is that a simple, coherent, consistent and rigorous framework is needed to explain and verify how projects are categorized as climate adaptation and mitigation. To count climate finance, such a system should explicitly require project activities to be tied to addressing specific climate vulnerability of communities. Transparency is crucial to ensure accountability on both sides and to build trust, but independent review is also needed. To avoid increasing workloads, categorization guidelines should be harmonized between reviewing bodies. It appears the Multilateral Development Banks' three-step approach is more rigorous, so it may be time to abandon the Rio marker system. Stricter regulation should not be seen as another bureaucratic hurdle that can be cleared by arbitrarily including keywords like 'resilience' or 'adaptation' in titles and descriptions; rather, it should hold countries accountable.

3.6.2 Only counting 'adaptation by design' project components

'Adaptation aid' should be 'adaptation by design'; it should not be acceptable to revisit a development project and 'rebrand' it as adaptation. While adaptation considerations should be integrated into development aid projects, countries

should not be allowed to revisit *ex post* their portfolio and rebrand such projects as adaptation finance. We have to be sure that these considerations were integrated from the start. The MDB three-step system appears to be useful in this regard. What counts as climate finance should only be the component (or components) of the project specifically aimed at targeting climate change, which is also the approach of the MDB three-step system. As some countries move from an 'adaptation project' approach to a more programmatic or even 'mainstreamed' approach to reducing climate risks, clear rules must be developed on what counts as funding for adaptation. The three-step categorization being developed by the MDB is promising and should be considered by the OECD and any new panel.[93] Whatever the methodology used for categorization, all projects submitted should provide enough detail in descriptions to make their adaptation objectives and mechanisms clear.

93 IDFC 2013; Duarte and Alatorre 2014.
94 As is being developed by the International Development Finance Club, see IDFC 2014.

3.6.3 Centralized monitoring and categorization

A UNFCCC authorized panel (or equivalent) should monitor project submissions and decide independently what types of projects can be counted as adaptation. This would ensure categorization is consistent regardless of donor country. The panel should adopt clear instructions for categorizing projects in different sectors (e.g., food security, weather monitoring, water supply) and develop a positive list of those eligible.[94] Contributors and recipients should be able to appeal to have new types of projects added.

These actions amount to an increased commitment to fulfill promises of 'new and additional' climate finance, a commitment that should be reflected in project descriptions, and also in how aid is distributed and implemented.

Chapter 4

Ranking Donor Countries on Their Biennial Reports

4.1 Introduction

As a result of the Fast Start Finance Program outlined at the 2009 Copenhagen negotiations, the developed (Annex II) Parties to the UNFCCC agreed to submit documentation that describes in a "rigorous, robust and transparent manner, the underlying assumptions and methodologies used to produce information on finance" provided to non-Annex I (developing) parties to the Convention. At the 2011 Durban meetings, the UNFCCC decision specified guidelines for nations regarding the information that should be included in their National Communications and Biennial Reports relevant to climate finance.

Developed country (Annex II) Parties were required to submit their sixth National Communication and first Biennial Report to the Convention Secretariat by January 1, 2014. This chapter synthesizes our review of these 24 Biennial Reports and National Communications submitted for this deadline. The review assesses Annex II countries' transparency with regard to their financial reporting to the Convention so as to identify transparency dimensions where countries tended to perform poorly (section 4.3) and highlight the leaders and laggards in adaptation finance transparency (sections 4.4 and 4.5).

In particular, as many consider the US to be the driver of the Copenhagen Accord and the FSF Program that emerged from it, we examine in further detail its financial reporting practices to the UNFCCC (section 4.6). The review also compares country performance in 2014 to their rankings in an earlier study of 2011 reports on FSF (section 4.7)[95] and concludes with several policy recommendations to be considered in the formulation of new reporting structures (section 4.8).

4.2 A new evaluation

For this report, we revised the methodology we developed for preparation of a policy briefing 'Scoring fast-start climate finance: leaders and laggards in transparency' published by the International Institute of Environment and Development in 2011.[96] Our revisions sought to more closely reflect UNFCCC reporting guidelines laid out in the Durban Conference of the Parties (see Appendix 1). We consulted the sixth National Communications and first Biennial Reports submitted by Annex II Parties, as well as associated UNFCCC 'Common Tabular Format' tables. We also consulted the Technical Reviews[97] of those Biennial Reports (though when discrepancies arose between the Technical Review and Biennial Report, we scored only information found in the latter).

We elaborated specific criteria on which we scored countries on a scale of 0, 0.5, or 1, depending on how well they met the criteria (see Table 3 for a summary of our scoring methodology). Our criteria fall into three main category sets:

(i) Reporting of summary information

This first category focuses on the reporting of basic summary information, which is necessary to begin evaluating transparency within climate finance. Not all climate finance goes through climate funds established under the UNFCCC; most is distributed through bilateral and other multilateral channels (see Chapters 1 and 2).

95 IIED 2011.
96 Ibid.
97 Each Annex II Parties' first Biennial Report was reviewed by an expert review team in accordance with the "Guidelines for the Technical Review of information reported under the Convention related to greenhouse gas inventories, Biennial Reports and National Communications by Parties included in Annex I to the Convention" (see Decision 23/CP.19). Those Technical Reviews are available online at: http://unfccc.int/national_reports/biennial_reports_and_iar/technical_reviews/items/8446.php

But there is no globally agreed framework to assess this fragmented landscape and to measure, report, and verify (MRV) how much climate finance is being delivered.

This means developing countries do not know how much assistance to expect, whether climate funds are simply replacing money previously committed to address other development needs, or whether the funds are being delivered at all. Long-term planning for climate change action in this context is almost impossible. A lack of transparency in climate finance also hinders governments, non-governmental organizations and communities from monitoring the flow and use of funds.

(ii) Transparency regarding methodologies used to track adaptation finance

As detailed in Chapters 1 and 2, the Copenhagen Accord and subsequent COP decisions permit significant discretion for individual Annex II countries to decide what they consider to be climate finance. The least we can expect from them is to be transparent regarding their methodologies, such as how they determine what qualifies as climate finance, why their climate finance can be seen as "new and additional" and how it meets the needs of developing countries. This category set deviates the most from the 2011 IIED report as it includes several items specifically required by the UNFCCC Durban outcome.

(iii) Quality and completeness of project-level data

Our experience in tracking development aid shows that individual project-level data are necessary to verify summary numbers, understand where finance goes and improve transparency, effectiveness, and coordination among contributors, recipients, implementing agencies, and civil society. Robust project data are important to allow watchdog groups and citizens in recipient nations to hold decision-makers accountable for the climate funds they receive. Project-level data are also fundamental for development agencies and national/local administrations to make and coordinate effective plans. Since the reporting of this information was not mandated by the UNFCCC but is critical for transparency, countries were rewarded for even basic attempts to provide project-level data.

Table 3: Summary of evaluation criteria

CRITERIA	SCORING METHOD
A. Reporting of Summary Information (12)	
A1. Timely reporting: met deadline (January 1st, 2014)	0 - missed deadline; 1 - on time
A2. Clarity on total committed (vs. pledged)	0 - no information; 0.5 - if indicate pledged but not clear if committed; 1 - if indicate how much was committed and pledged
A3. Clarity on total provided	0 - no information; 0.5 - some ambiguity in reporting; 1 - clear reporting
A4. Summary information about channels	0 - no information; 0.5 - multilateral/bilateral proportions; 1 - specific channels listed
A5. Proportion grants vs. loans	0 - no reporting; 0.5 - partial reporting; 1 - clear reporting
A6. Proportion public vs. private	0 - no information; 0.5 - reporting only on public finance; 1 - clear reporting on share between private and public finance
A7. Proportion to LDCs, SIDS and Africa	0 - no information; 0.5 - some information; 1 - clear reporting
A8. Proportion to global regions and countries	0 - no information; 0.5 global regions; 1 - global regions and countries
A9. Proportion adaptation vs. mitigation	0 - no information; 0.5 - partial reporting; 1 - clear reporting
A10. Reported annual historical climate funding	0 - no information; 0.5 - information on previous year; 1 - information on previous four years or more
A11. Accessible organization of data	0 - no clear organization of data; 0.5 - some clarity; 1 - accessible organization of data
A12. All information in Biennial Report	0 - several major categories missing; 0.5 - one major category missing; 1 - all included
B. Transparency Regarding Methodologies Used to Track Adaptation Finance (11)	
B1. Definition of Adaptation	0 - no clear definition; 0.5 - some information, but some ambiguity; 1 - clear definition
B2. Indication of methodologies used for tracking finance	0 - no clear indication; 0.5 - some information, but some ambiguity; 1 - clear indication
B3. Clarified how determined whether “new and additional”	0 - no clear definition; 0.5 - some information, but some ambiguity; 1 - clear definition
B4. Indication of how “fair share” calculated	0 - no clear indication; 0.5 - some information, but some ambiguity; 1 - clear indication
B5. Indication of how country is planning to scale up to 2020	0 - no clear indication; 0.5 - some information, but some ambiguity; 1 - clear indication
B6. Clear rationale for allocation to countries	0 - no clear rationale; 0.5 - some information, but some ambiguity; 1 - clear rationale
B7. Clear rationale for allocation to sectors	0 - no clear rationale; 0.5 - some information, but some ambiguity; 1 - clear rationale
B8. Submitted “common tabular format”	0 - no; 1 - yes
B9. No double counting of previous years	0 - yes, double counting; 1 - no double counting
B10. Description of how resources address the needs of beneficiaries	0 - no information; 0.5 - general information of overall process or partial information on projects; 1 - project-specific reporting
C. Quality and Completeness of Project-level Data (11)	
C1. All projects are reported	0 - no or few projects reported; 0.5 - most projects listed; 1 - all projects listed
C2. Amount committed to projects listed	0 - no information; 0.5 - most projects listed with commitments; 1 - clear reporting
C3. Amount actually disbursed (status)	0 - no information; 0.5 - most information; 1 - clear reporting
C4. Start date of project	0 - no information; 0.5 - most information; 1 - clear reporting
C5. Description of the project listed	0 - no information; 0.5 - most information; 1 - clear reporting
C6. Level of concessionality	0 - no information; 0.5 - split grant vs. loan; 1 - clear reporting on level of concessionnality for loans
C7. Implementing agencies	0 - no information; 0.5 - most information; 1 - clear reporting
C8. Accessible database	0 - no information; 0.5 - most information; 1 - clear reporting
C9. Adaptation or mitigation	0 - no information; 0.5 - most information; 1 - clear reporting
C10. Georeferenced location	0 - no information; 0.5 - most information; 1 - clear reporting
C11. Links to full project documents	0 - no information; 0.5 - most information; 1 - clear reporting

4.3 The findings: whose Biennial Reports were more transparent? whose less?

After evaluating each country based on the criteria set out in Table 3, we totalled the scores and allocated each country percentage of transparency calculated against the total points possible. Since the UNFCCC did not specify that Parties needed to supply project level information, we decided to have two separate ranks of countries, one incorporating and one not incorporating the project-level data score: one calculation included only the 'Reporting of summary information' and 'Transparency regarding tracking methodologies' category sets (Table 4), and the other also including the "Quality and completeness of project level data" (Appendix 3).

Our findings show that countries vary widely in the transparency of their climate finance reporting. Very few countries scored well on the project-level data category, with most countries earning zeroes in all 11 items (see complete results in Appendix 3). Even with this set not included in our overall ranking, however, only three of 24 countries earned 70 per cent or greater, and the median donor countries (ranked 10th of 24) were only awarded 57 per cent of points possible – a failing grade at most institutions of higher learning.

Table 4: Evaluation scores and ranking of 2014 Biennial Reports

TRANSPARENCY RANK	CONTRIBUTORS	SUMMARY INFORMATION (Out of 12 points)	METHODOLOGIES (Out of 11 Points)	OVERALL SCORE
1	Netherlands	10.5	7	80%
2	Sweden	10	6.5	75%
3	Japan	10	5.5	70%
4	Germany	10.5	4.5	68%
5	United States	7	7.5	68%
6	New Zealand	8.5	5.5	64%
7	Australia	7.5	6	61%
7	Switzerland	8.5	5	61%
9	Canada	7.5	5.5	59%
10	Finland	6	6.5	57%
10	United Kingdom	7.5	5	57%
10	Iceland	7.5	5	57%
10	Ireland	8.5	4	57%
10	France	8	4.5	57%
10	Norway	8.5	4	57%
16	Luxembourg	8	4	55%
16	Belgium	6.5	5.5	55%
18	Portugal	7.5	4	52%
19	EU Institutions	5	6.5	42%
20	Spain	5.5	4	43%
20	Greece	6	3.5	43%
22	Denmark	4	5	41%
23	Italy	4.5	4	39%
24	Austria	3.5	4	34%

These findings suggest that countries are not being transparent in their reporting of climate finance, or at the very least are failing to UNFCCC guidelines in their reporting process. In particular, points were commonly lost in the following criteria:

Indication of how their "fair share" was calculated (B5).
This criterion is critical to understanding the role of equity and common but differentiated responsibilities in the climate financing process: developed countries that are historically the most responsible for the emission of greenhouse gases and have the most capabilities (in terms of GDP and technology, for example) of addressing climate change, should be held similarly responsible for helping non-Annex I parties adapt to the impacts of climate change. However, many countries did not specify or were not clear about how their "fair share" of climate finance was calculated.

Proportion or amount to Least Developed Countries, Small Island Developing States, and African countries (A7).
Many Annex II Parties did not discuss the amount of funding disseminated to these particularly vulnerable nations. However, the Copenhagen Accord, as well as subsequent COP decisions including the Cancun Agreements (Decision 1/CP.16: para. 95), highlight that these countries should be prioritized for adaptation finance.

Description of how resources address the needs of recipient countries (B10).
This criterion is an important component of the FSF Program, as interventions should be driven by the needs of recipient countries. A discussion of recipient involvement in needs assessment would help assure observers and recipients that adaptation finance is being fairly distributed. However, this was lacking in many of the reports.

Indication of how a country is planning to scale-up financial contributions by 2020 (B5).
Many Annex II Parties did not provide specific information about how they intend to appropriate or leverage more funding to reach the collective 2020 goal of US$100 billion per year in climate finance for developing countries. From the perspective of a developing country this information is critical for long-term budget planning and strategizing.

All information is present in the Biennial Report (C1).
Several countries lost points in this section because they did not comply the following provision:

> *"The Biennial Report when presented as an annex to the National Communication, should be possible to be read as a stand-alone document and should meet all requirements of the UNFCCC biennial reporting guidelines for developed country Parties."* [98]

98 UNFCCC 2011b, Decision 2/CP.17: Annex.

Difficulties in this section may be the result of transitioning to the new Biennial Report system, and can be expected to improve as more Biennial Reports are published. Until then, this remains an issue of transparency, as it makes locating all the necessary climate finance information for a particular country difficult.

4.3.1 Hall of fame: overview of the most transparent Biennial Reports

#1: The Netherlands

The Netherlands scored the highest of all countries, earning 80 per cent of points possible. The Netherlands scored well on the methodologies section, including almost every item we evaluated. In this case, they lacked a discussion of "fair share" calculations, and how they intended to scale finance up to 2020 levels. For our purposes, discussing this would make the reporting more transparent, as it would allow comparisons with other developed parties. In the reporting summary information category, The Netherlands lost points on its proportion of public versus private finance, and proportion of funding to Least Developed Countries, Small Island Developing States, and African countries. The Netherlands had good country reporting elsewhere.

#2: Sweden

Photo by Sujay Natson

Sweden fell just short of The Netherlands, earning 75 per cent of all possible points. The summary information included in their extensive Biennial Report (which totalled 74 pages) was strong, missing only the proportion and/or amount to Least Developed Countries, Small Island Developing States, and African countries.

Unlike The Netherlands, however, not all of the information required by this assessment was included in the Biennial Report, and had to be located within the common tabular format submission. Good tables were included throughout the report, which made important information easy to find and understand. According to the Technical Review conducted by an expert review team (ERT) regarding Sweden's Biennial Report.[99]

> *"The information provided […] is complete and mostly transparent [...]. The ERT commends Sweden for mostly adhering to the UNFCCC reporting guidelines on Biennial Report. […] The ERT recommends that Sweden improve the transparency of its reporting of the financial figures in its next Biennial Report by clarifying […] the level of support catalysed from the private sector and the level of support for technology transfer in addition to the estimated volumes generated through private-sector participation."*

This commentary supports our findings.

Regarding Sweden's methodologies section, their report struggled with similar items as compared to other countries. For instance, they failed to include a calculation of how the finance provided relates to their "fair share" of climate action, or any specific mechanisms for how finance may scale up to 2020. They also lost half a point regarding the allocation of finance to particular sectors. However, Sweden had an exemplary summary of how funds are "new and additional" and how funding addresses recipient needs – two elements that are critical to transparency.

99 Available at: http://unfccc.int/resource/docs/2014/trr/swe01.pdf.

#3: Japan

Japan's Biennial Report scored third of the 24 countries analyzed, earning 70 per cent of possible points. Historical information was nearly complete, and the summary information that was provided was easily accessible and did not send readers digging through other documents to find critical figures and definitions. Japan's methodology section was weaker than other countries with similar rankings. In particular, no information was included on how finance was being tracked (a category in which many other nations found success) or on how finance was allocated to individual countries. Moving forward, the addition of these key points could make Japan's report one of the most transparent, as the discussion contained in its 117 pages was more comprehensive than the work submitted by many other nations.

Project-level leaders: Germany (#4 overall), Canada (#9), and Ireland (#10)

It is worth briefly noting that if project-level data had been included in this ranking, Germany, Canada, and Ireland would have received the top three scores. Of the 24 countries assessed, only eight earned points in any of our 11 project-level criteria, meaning that if countries scored well otherwise, a strong performance in the project level data category would greatly increase a country's final ranking.

4.3.2 Wall of shame: overview of the least transparent Biennial Reports

#24: Austria

Austria's climate finance reporting scored the lowest of all countries, earning a mere 34 per cent of all possible points. They scored their few points on "submitted common tabular format" and "no double counting of previous years" categories, which every country earned full credit on. Overall, Austria's Biennial Report was disappointingly thin, often referring readers to their NC or common tabular format, where descriptions of climate finance provisions are equally limited. Austria's Biennial Report methodology sections are poor, and only vague mentions of broad geographic regions are made, as opposed to the country-specific reporting expected.

Photo by Sujay Natson

#23: Italy

Italy's climate finance reporting, though markedly better than Austria's, still fell far short of what the UNFCCC expects. Earning 39 per cent of all possible points, Italy earned partial credit in several categories, including proportion of funding delivered as loans and grants, proportion public versus private finance, proportion to adaptation and mitigation, rationale for allocation to countries, and rationale for allocation to sectors. This smattering of half-point awards is not reflective of a country ignoring UNFCCC recommendations but rather of a report that dedicated only 15 pages to climate finance provided to developing parties, and which relied heavily on the common tabular format, which could have benefited substantially from elaboration.

#22: Denmark

Denmark's Biennial Report earned them 41 per cent of all possible points, placing them 22nd out of 24. Contrary to the issues with Italy and Austria, Denmark did surprisingly well in the methodology section – earning five out of ten points. Instead, where Denmark was lacking was in the summary information. Again, where country-level clarity is needed, Denmark failed to provide information about the regions or countries where finance was provided, the proportion of funding dedicated to Least Developed Countries, Small Island Developing States, and African countries, and even omitted information about relative amounts of public and private finance, and proportions of loans versus grants. These are fundamental breakdowns for any understanding of the flows of climate finance.

4.3.3 An assessment of transparency of the US's Biennial Report

Photo by Katie Haugland

Many regard the US as the driver of the Copenhagen Accord and the Fast Start Finance Program that emerged from it. According to the Technical Review published by the UNFCCC regarding the US's first Biennial Report, information included was "mostly complete" and "mostly transparent." A good deal of information required by the UNFCCC (and this assessment) was not provided in the first Biennial Report originally submitted by the US, but rather was added at a later date upon request. This shows the value of UNFCCC expert reviews of contributor reports. The Technical Review also points out that the majority of climate finance being provided by the US was directed toward mitigation efforts (more than 70 per cent each year) as opposed to adaptation efforts. Given that the specific goal of Fast Start Finance was to balance adaptation and mitigation funding, it is clear that redeployment is needed in the future, but the reporting was at least transparent.

In terms of specific scoring items, the US did comparatively well overall, earning 66 per cent of all possible points. Their summary information was fairly strong but they were penalized on the accessible organization of data and for failing to have all information in the Biennial Report (very few tables and figures were provided throughout, and readers were often redirected to the sixth National Communication, Common Tabular Format tables, or other government-published documents necessary to understand the report). For methodologies, the US scored the highest of any country, earning points in every category aside from calculation of "fair share". A full point was awarded for how funding was determined "new and additional" because of the clarity of the definition (although in itself the definition is extremely objectionable and not in the spirit of the Copenhagen Accord or the Framework Convention).[100]

It is worth mentioning that the US counts some funding to the Overseas Private Investment Corporation and the Export-Import Bank in its reports of climate finance. The Overseas Private Investment Corporation is essentially an insurance agency for American corporations operating abroad, and finance being included from this represents insurance being provided to American investments that help with climate mitigation and adaptation, as opposed to actual adaptation

100 The US indicated that: "Since ratifying the Convention, which is where the term "new and additional" was first used, US international climate finance increased from virtually zero in 1992 to an average of $2.5 billion per year during the FSF period (2010 to 2012)" (US 2014, 23).

or mitigation. No other countries had counted those kinds of finances in the past, which inflates figures provided by the US as compared to other countries. Other nations have observed this shift, and have begun to follow the example of the US, again reinforcing the need for a common, clear definition of what is, and what is not, climate finance, agreed by all UNFCCC Parties.

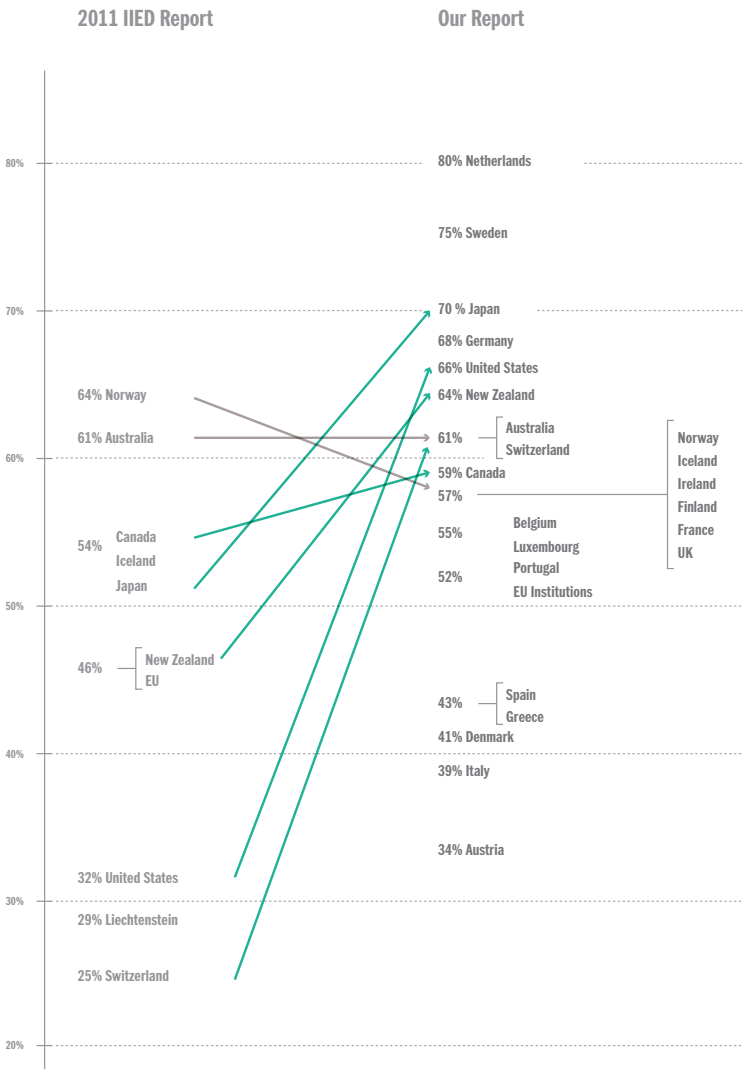
4.4 Who's improving? A comparison of 2011 and 2014 evaluations

101 IIED 2011.

Overall, in comparison to the 2011 IIED study of climate finance transparency,[101] the level of transparency among some donor countries improved in the 2014 study. While not all countries in this report were also scored in the 2011 report, we noticed a general trend of improvement in transparency from 2011 to 2014. In 2011, the European Union submitted only one report including all its member states, whereas in 2014 individual country reports were submitted. Previously this had made comparison for those countries impossible, and the results suggest that the 2011 EU ranking was the result of averaging some very transparent and some very non-transparent nations. The criteria used to score countries in this chapter are (rightly) more stringent than in the 2011 assessment, but more can still be done to make sure finance reporting is carried out in a transparent way. In the new scoring, though we kept most evaluated criteria consistent since 2011, we added a few more indicators. In the section on summary information, we added criteria for whether or not countries reported the proportion of public versus private funding, and for if all information could be found in the Biennial Report. The number of criteria in the section on measuring and allocating funds increased in comparison with our 2011 review: we added criteria on including the definition of adaptation, methodologies used for tracking finance, indication of how a country is planning to scale up finance by 2020, whether they supplied a common tabular format file, whether there was double-counting of previous years, and whether there was discussion of how resources provided addressed the needs of recipient countries.

Despite a trend of overall improvement, more countries scored worse in 2014 in the project-level data category than in 2011. In 2011, countries received some credit for very partial reporting of projects; in this report, we gave credit only for reports that included almost full information on project-level data. In our comparison below, however, we excluded project-level data, so as to be consistent with the final results presented in this paper, and because of the differing methods of scoring. As shown in Figure 9, according to our new scoring, six countries had improved transparency scores since 2011.

Figure 9: Comparison of 2011 and 2014 Annex II Parties' performances in transparency



In particular, four countries improved their transparency scores by leaps and bounds: Japan, New Zealand, the US, and Switzerland, with the latter two more than doubling their percentages.

In the cases of Japan and New Zealand, this drastic improvement appears to be mostly due to the changes in our criteria, as they received partial or full credit for many of the added categories. They did also improve in certain areas: Japan in including information about channels, the proportion of their funding to global regions and countries, historical funding, how they defined "new and additional" climate finance, and on the rationale for allocation to sectors, as well as improved organization of their data. New Zealand improved in the categories on timely reporting, specifying finance provided, reporting historic funding, data organization, and allocation rationales. However, despite overall improvement, both Japan and New Zealand each slipped backwards slightly in one to two categories.

While the US and Switzerland improved – due, to some extent, to the presence of our additional categories – they also showed marked improvement

on the categories that were consistent with the 2011 analysis. The US provided partial information on the proportion of funding as loans and grants, the proportion of funding for adaptation and mitigation, and on its historic funding, as well as providing full information on funds allocated to the most vulnerable regions, the proportion of funds given to regions and countries, a definition of "new and additional" funds, and a rationale for allocation to sectors and countries – none of which had been presented before. This helped the US jump from a transparency score of 32 per cent to a score of 66 per cent.

Switzerland climbed from the bottom, with a low score of 25 per cent, to near the middle of the pack at 61 per cent. Contrary to its FSF report, Switzerland included the total amount of funds provided, information on channels, the proportion of funds as grants and loans, historic funding, and accessible organization of data.

While some of these improvements are due simply to the scoring differences between our two reviews and the increase in evaluated criteria (some of which may have been easier to comply to than the previous criteria), they could also be a result of clearer UNFCCC guidance.

4.5 Policy recommendations and directions for future research

To increase the transparency of future climate finance reporting, we suggest:

- A revision of transparency guidelines so that it is very clear to donor countries what needs to be included in their reports, and the depth of explanation that is expected on the methodologies reporting nations follow in collecting and processing their data.
- An agreement on a consistent definition of what is and is not considered climate finance, so that countries can be clear on which finance 'counts' towards Copenhagen financial commitments, and meaningful comparisons can be drawn between donors (see Chapters 1 and 2).
- An agreement on what constitutes "new and additional" finance. Current definitions of these terms put forward by developed country parties vary widely and impede comparisons of contributors' performance with regard to the provision of adaptation finance.
- An effort to include all project level data in the Biennial Reports. Project-level information is fundamental for the independent review of claims made about the volume and type of climate finance flows (and also for researching and improving effectiveness of climate finance spending).
- A development of methodologies by the UNFCCC for transparent and consistent tracking of private climate finance. This should be done in collaboration with developing countries and this information should be included in the Biennial Reports.

Looking ahead, the methodology used in this chapter has several clear limitations, reflective of the flaws present in the broader UNFCCC process for assessing transparency in climate finance. The uniform weight of each criterion in calculating

our rankings is clearly problematic as countries will score more highly by complying with 'simple' criteria (such as finance provided, submitting the report on time, etc) and are not rewarded for including more difficult criteria (like how finance will scale-up to 2020). Countries were much more likely to succeed in the reporting of summary information than in the methodology section. At the same time, it is possible to earn points in some of the more difficult categories (description of how resource addresses needs, for instance) with minimal information. In the Technical Reviews, countries that mentioned they were including recipient nations in the decision making process were celebrated, even when it was unclear how recipient nations participated. As a result, it is possible that nations complied with UNFCCC guidelines, but were still not being transparent.

This ranking exercise demonstrated a dire need for a uniform definition of 'climate finance', applicable to all donor countries. If nations are reporting flows from a wide variety of sources, and different nations include different flows, comparisons between nations (especially with regard to "fair share") and statements on total flows quickly become meaningless. In the same vein, this is an excellent argument for requiring project-level data from each country as this is the only way to truly understand where climate finance goes and whether it is being used to address the types of mitigation and adaptation goals that are accepted by both donor and recipient countries.

Finally, many contributor countries have encountered difficulties with tracking private climate finance. The elaboration of international methodologies under the UNFCCC for the tracking of private climate finance could greatly improve the transparency of reporting on the donor side. In addition, many donor countries did not provide information about the scaling up of climate finance to 2020 levels. This information, however, is crucial for governments of developing country parties to know how much funding to expect and plan accordingly. There are many reasons to improve transparency of contributor reporting to the UNFCCC – expectations need to be clear, reasonable and agreed by parties, and those expectations must be met.

Chapter 5

Transparency and Prioritization at the Recipient Level

5.1 Introduction

Recipient countries also have responsibility for transparency and accountability, both to their citizens, as aid beneficiaries, and to donor countries and their taxpayers. Problems of accountability and transparency in many recipient governments are well-known. However, when donors established a new mode of financing under the rubric of climate change adaptation (Chapter 1), there was a window of opportunity to design a transparent and accountable system for planning and implementing climate change adaptation projects. Responsibility lies with donors to invest in a transparent and accountable climate change adaptation planning and financing system. This chapter investigates the transparency and accountability outcomes of international climate financing in recipient countries,[102] exploring the accountability feedback loops between beneficiaries and the recipient government and between the recipient government and donors.

102 Recipient countries in Africa, Asia and Latin America.

The first system for planning and allocating adaptation finance in the Least Developed Countries (LDCs) was the National Adaptation Programs of Action (NAPAs). Many LDCs and other recipient countries have since independently established more permanent institutions to govern climate change adaptation planning. These may take the form of an office under an environment line ministry, a multi-disciplinary committee, national fund and/or cross-sectoral working groups. It is up to each recipient government to determine how transparent, accountable and participatory any of these institutions may be – to either donors or beneficiaries.

In a significant move towards increased aid transparency and accountability, some recipient governments have begun partnering with the World Bank Open Aid Map and/or Development Gateway to create open-access internet databases of development aid projects, called aid management platforms (AMPs). We reviewed these AMPs, and included case studies from two Latin American countries: Guatemala and Venezuela. These studies offer insight into transparency concerns from a middle income country perspective to complement and complicate the adaptation transparency experience in the LDCs.

We investigate NAPAs, recipient country adaptation governance and AMPs as transparent windows into mutual accountability from recipient country perspectives. We ask, on the one hand, how international climate change financing may have facilitated transparency and accountability in recipient governments. On the other, if there are ways in which international systems of climate change planning and financing have stymied transparency and accountability. We address this issue through five questions: (i) how has adaptation been planned? (ii) how transparent are the adaptation plans? (iii) how has adaptation been funded? (iv) how transparent and accountable are adaptation governance institutions? And (v) how can AMPs contribute to accountability and transparency in climate adaptation?

5.2 Adaptation planning in NAPAs

The NAPAs were initially surrounded with optimism for their potential to create country-driven, participatory, equitable, transparent and accountable environmental policy, encoded in the guidelines of Decision 28 at the seventh Conference of the Parties (COP7).[103] COP7 also established the Least Developed Countries Fund[104] (LDCF) to finance adaptation planning and urgent adaptation projects in LDCs, and delegated responsibility for fund management to the Global Environment Facility (GEF), managed by the World Bank.

Each NAPA workflow started with a multidisciplinary team who synthesized available information on climate change vulnerability. The team then conducted participatory workshops to assess vulnerability, identify potential adaptation activities and select country-driven criteria by which to prioritize adaptation options. Urgent, prioritized adaptations were developed into project proposals for funding. At this stage, the whole NAPA document went through public review and revision, official government endorsement, and publication and submission to the UNFCCC.[105] The expectation of the UNFCCC and donors was for a genuinely transparent and accountable NAPA process leading to well-justified, high-priority adaptation projects to fund; the expectation from LDCs was for financial support in adaptation planning and a fast-track funding mechanism for their highest priority adaptation projects.

Although NAPAs were meant to address urgent needs, they were developed through slow bureaucratic processes. Implementing agencies assisted each country to apply for a US$200,000 grant for NAPA preparation from the Least Developed Country Fund. The United Nations Development Programme (UNDP) oversaw 33 of these, UNEP 15, and the World Bank two.[106] For most countries, the NAPA synthesis was superficial and the organizational structure was temporary. Funds for climate and adaptation research were not included, so vulnerability synthesis had to draw on knowledge from existing reports and databases, and usually remained siloed by sector.[107] NAPA teams were created specifically for constructing the NAPA, and most have since dissolved as members and foreign consultants return to their respective ministries and countries.[108]

The NAPA teams lacked sufficient time and funding to complete comprehensive national public participation on the scale imagined at COP 7. Most countries only managed to hold a few national or regional workshops—far from representative of the diverse social groups impacted by climate change. For example, Bangladesh conducted just one national workshop and four sub-national workshops for its first NAPA.[109] In Burkina Faso:

> *"The time allocated to produce the NAPA document was about 15 months; this was not enough time to fully mobilize community participation because the process required many other tasks during those months, including desk research, national-level meetings and workshops, and document preparation. Residents of only 67 of the country's 8,000 villages were interviewed during the NAPA elaboration process."*[110]

The public participation workshops tended to be more accountable to the NAPA team and UNFCCC guidelines than to the participants. NAPA teams

103 Huq and Khan 2006, 181–200.
104 UNFCCC 2001, Decisions 5 and 7.
105 Official explanation of the NAPA guidelines and process is available in: LDC Expert Group 2002. Annotated guidelines for the preparation of national adaptation programmes of action, UNFCCC. Available at: http://unfccc.int/resource/docs/publications/annguid_e.pdf.
106 Figures compiled from the UNFCCC database of submitted NAPAs http://unfccc.int/adaptation/workstreams/national_adaptation_programmes_of_action/items/4585.php and the GEF database of funded projects, including NAPA preparation grants www.thegef.org/gef/gef_projects_funding.
107 LDC Expert Group 2002, 7.
108 LDC Expert Group 2011.
109 Ayers 2011, 62–88.
110 Kalame et al. 2011, 542.

synthesized vulnerability *before* public participation and approached workshops with authoritative scientific accounts of climate change, foreign consultants and prescribed agendas, effectively marginalizing local knowledge.[111] Participatory workshops were also meant to have power to determine the criteria to be used to prioritize adaptation projects.[112] However, the NAPA guidelines enumerate suggested criteria, leading the majority of countries to adopt these criteria as their own. For example, Bangladesh included "cost-effectiveness" from the NAPA guidelines, but cautioned that "to enhance adaptive capacity of the poor may not always pass the economic efficiency criteria."[113] The participatory process of identifying adaptation priorities was ultimately more accountable to the UNFCCC than to participating beneficiaries, almost never failing to prioritize criteria from the NAPA guidelines, especially cost-effectiveness, compatibility with existing multilateral environmental agreements, and some form of sustainable development or poverty alleviation.

A full draft of the NAPA, including vulnerability analysis and prioritized projects, was to be published and disseminated in local languages for public review.[114] A $200,000 budget was allocated to each country regardless of size or diversity of languages, significantly limiting the ability of a large, diverse country to fully engage in a public review process. While each LDC may have disseminated the completed NAPA to varying degrees, we found almost no evidence[115] of revisions based on public review prior to finalization and submission to the UNFCCC.

The NAPAs vary tremendously in their level and quality of public participation, synthesis of vulnerability and quality of priority adaptation projects. The majority are lacking many or most of these attributes. LDCs required more time, funding and flexible technical assistance in order to achieve the depth and breadth of information and participation necessary for participatory vulnerability synthesis and adaptation planning. The Least Developed Country Expert Group and NAPA preparation grants worked to improve NAPA team capacity, including training and guidance documents, regional workshops, expert consultants, and even software programs to automate multi-criteria decision analysis.[116] This assistance was meant to be flexible and customizable to country-driven criteria but in practice was too instrumentalist and ultimately may have hampered public participation.

The NAPA process aspired to transparency and accountability to beneficiaries, but ultimately fell short of this goal. The time and resources allocated to vulnerability synthesis were insufficient for broadly inclusive public participation. Instrumentalist guidelines and procedures often overrode public participation. Transparency though participation and public review were too often an afterthought alongside government endorsement. In sum, accountability shifted away from beneficiaries, and towards the implementing agencies and UNFCCC.

5.3 The rough road from NAPAs to project funding

The NAPAs were intended to be "living documents", setting a national agenda in each country to influence adaptation funding channels and prioritize the most vulnerable places and social groups.[117] Their vulnerability assessments and participatory workshops should have laid all the necessary groundwork to quickly

111 Ayers 2011, 351–376.
112 UNFCCC 2001, Decision 28, sections 7(f), 7(j) and 8(b)(iv).
113 Bangladesh NAPA 2009, 42.
114 UNFCCC 2001, Decision 28, sections 8(e) 8(f) and 8(h).
115 Based on reviewing the NAPA preparation process sections of each country's NAPA.
116 LDC Expert Group 2002; 2005; 2009; Desanker 2004.
117 "Living Document" language can be found in several country NAPAs, e.g. those of Bhutan, Bangladesh, and Tanzania. It is also explicit in the technical guidelines for the new National Adaptation Plans, available at https://unfccc.int/files/adaptation/cancun_adaptation_framework/application/pdf/naptechguidelines_eng_high__res.pdf

develop full project proposals for funding from the LDCF. The final NAPA documents should therefore contain a transparent and comprehensive synthesis of vulnerability to drive country-driven priorities for climate adaptation, and high-priority adaptation projects with clear justification of climate change vulnerability. We evaluated 40 NAPAs documents for these criteria, with results below.

Every country at least compiled separate sectoral accounts of climate change for their NAPA based on prior reports and research in each sector, but most countries fell short of a comprehensive vulnerability synthesis. Additional multi-sectoral and participatory work is required to integrate each sector into a more comprehensive synthesis of vulnerability.[118] Comprehensive synthesis entails consistent analysis of climate change exposures, sensitivities, and adaptive capacity across exposure units and sectors, and less than half of the countries achieved this (see Table 5). Seven countries synthesized vulnerability with a quantitative, multi-criteria analysis, cross-tabulating economic sectors as exposure units with climate hazards, so long as some indicators of adaptive capacity were included in economic sectors (e.g., particularly marginal social groups or livelihoods). Six countries synthesized vulnerability with spatial analysis of multiple sources of vulnerability according to geographic exposure units. Three countries created spatial data representing the extent of each climate exposure, sensitivity, or adaptive capacity, and overlaid them in a geographic information system (GIS) to identify geographic areas of highest vulnerability.[119]

Climate adaptation projects must be planned with awareness of interactions and intersections of risk and vulnerability between economic sectors, inclusive of all three components of vulnerability. However, less than half of the countries we reviewed did so. Without this, it is difficult to prioritize the most critical sectors and geographic areas for adaptation financing, or to avoid inadvertently maladaptive projects.[120]

118 LDC Expert Group 2005.
119 This method featured prominently in both LDC Expert Group 2005 and Desanker 2004, but rarely used by least developed countries.
120 Eriksen et al. 2011, 7–20.
121 LDC Expert Group 2002, 9.
122 This is consistent with the Intergovernmental Panel on Climate Change definition of vulnerability. See, e.g. Smit and Pilifosova 2001.

Table 5: Synthesis of vulnerability in 40 NAPAs: present or absent?

NUMBER, PERCENTAGE OF COUNTRIES WHO INCLUDED EACH ASPECT OF SYNTHESIS IN THEIR NAPAS			
	Yes	No	Percentage
Comprehensive synthesis	19	21	48%
Quantitative	7	33	18%
Spatial	9	31	22%
GIS analysis	3	37	8%

The LDCF is intended to fund NAPA projects addressing adaptation to climate change, and as such NAPA project profiles are to include "Rationale/justification, in relation to climate change"[121] – that is, how the project proposed specifically addresses climate change vulnerability. Using our database of 40 NAPAs, we assessed whether climate change vulnerability has been established in three areas: exposure, sensitivity and a lack of adaptive capacity.[122]

Table 6 presents percentages of projects justified by climate change vulnerability per country, to account for variability in the number of projects per country. Ideally, all countries would justify each project with all three components

of vulnerability. Eight countries accomplished this, indicated by 100% in the *all components* column. At a minimum, each project should be justified by at least one component of vulnerability to climate change. Eleven additional countries satisfied this criteria for all projects, indicated by 100% in the *one or more component(s)* column. The remaining 21 countries all remained with at least one project with *no components* of climate change vulnerability justified.

Table 6: How adaptation projects were justified in 40 NAPAs

		CLIMATE CHANGE VULNERABILITY JUSTIFICATION (%)					
LDC	TOTAL NUMBER OF PROJECTS	ADAPTIVE CAPACITY	EXPOSURE	SENSITIVITY	ALL COMPONENTS	ONE OR MORE COMPONENT(S)	NO COMPONENTS
Cape Verde	3	100.0	100.0	100.0	100.0	100.0	0.0
Eritrea	5	100.0	100.0	100.0	100.0	100.0	0.0
Maldives*	12	100.0	100.0	100.0	100.0	100.0	0.0
Myanmar	12	100.0	100.0	100.0	100.0	100.0	0.0
Samoa*	9	100.0	100.0	100.0	100.0	100.0	0.0
Solomon Islands	7	100.0	100.0	100.0	100.0	100.0	0.0
Somalia	3	100.0	100.0	100.0	100.0	100.0	0.0
Sudan	5	100.0	100.0	100.0	100.0	100.0	0.0
Nepal	9	88.9	100.0	100.0	88.9	100.0	0.0
Tanzania	6	100.0	83.3	83.3	83.3	100.0	0.0
Lesotho	8	75.0	100.0	100.0	75.0	100.0	0.0
Mozambique	4	75.0	75.0	100.0	75.0	100.0	0.0
Yemen	12	75.0	83.3	75.0	58.3	100.0	0.0
Benin	5	58.3	75.0	75.0	60.0	100.0	0.0
Vanuatu	5	100.0	60.0	60.0	60.0	100.0	0.0
Rwanda	7	57.1	85.7	100.0	57.1	100.0	0.0
Tuvalu	7	57.1	100.0	100.0	57.1	100.0	0.0
Bangladesh	15	73.3	93.3	73.3	46.7	100.0	0.0
Timor-Leste	9	66.7	77.8	100.0	44.4	100.0	0.0
Comoros	13	69.2	92.3	92.3	69.2	92.3	7.7
Burkina Faso	12	58.3	33.3	33.3	25.0	91.7	8.3
Zambia	10	70.0	90.0	80.0	70.0	90.0	10.0

		CLIMATE CHANGE VULNERABILITY JUSTIFICATION (%)					
LDC	TOTAL NUMBER OF PROJECTS	ADAPTIVE CAPACITY	EXPOSURE	SENSITIVITY	ALL COMPONENTS	ONE OR MORE COMPONENT(S)	NO COMPONENTS
Gambia	10	70.0	80.0	80.0	60.0	90.0	10.0
Cambodia	20	70.0	85.0	75.0	55.0	90.0	10.0
Kiribati	10	50.0	70.0	60.0	30.0	90.0	10.0
Bhutan	9	66.7	88.9	77.8	66.7	88.9	11.1
Uganda	9	77.8	66.7	77.8	55.6	88.9	11.1
Niger	14	57.1	85.7	85.7	57.1	85.7	14.3
Burundi	12	58.3	75.0	75.0	50.0	83.3	16.7
Ethiopia	11	63.6	54.5	54.5	27.3	81.8	18.2
Malawi	5	60.0	80.0	80.0	60.0	80.0	20.0
Angola	5	40.0	60.0	60.0	20.0	80.0	20.0
Sierra Leone	24	41.7	50.0	50.0	25.0	66.7	33.3
Central African Republic	10	40.0	60.0	60.0	40.0	60.0	40.0
Lao PDR	12	58.3	50.0	41.7	41.7	58.3	41.7
Sao Tome Principe	20	30.0	35.0	30.0	5.0	55.0	45.0
Afghanistan	2	50.0	50.0	50.0	50.0	50.0	50.0
Guinea-Bissau	14	21.4	42.9	42.9	21.4	42.9	57.1
Mauritania	26	15.4	34.6	38.5	15.4	38.5	61.5
Liberia	3	33.3	33.3	33.3	33.3	33.3	66.7
Average	9.85	68.2	76.3	76.1	59.6	85.9	14.1

* Submitted NAPA before graduating from the LDC list

'One or more component(s)' indicates the percentage of projects explicitly justified with at least one of the three components of climate change vulnerability. Countries with all projects meeting this criteria have a dark shade.

'All components' indicates the percentage of projects explicitly justified with all three of the components of climate change vulnerability. Countries with all projects meeting this criteria have a medium shade.

'No components' indicates the percentage of projects with no explicit justification of any of the three components of climate change vulnerability. It is the inverse of 'any component'. Countries with projects having no components have a light shade.

On average, countries used all three components for just 61 per cent of their projects. Only eight out of 40 countries comprehensively justified all of their priority projects. Certainly, some projects lend themselves to less comprehensive justification – for example, building adaptive capacity of meteorological services for

uncertain climate futures may easily make justifications under the 'lack of adaptive capacity' component but find justification under exposure and sensitivity more difficult. Similarly, in the NAPA's urgency to address climate impacts, they often emphasized exposure and sensitivity to human and economic losses, but neglected to discuss a lack of adaptive capacity.

The NAPA focus on impacts is evident in the average rates of justification per country. Countries justified and average of 70 percent of their projects with lack of adaptive capacity, while exposure and sensitivity were both justified at an average rate of 78 per cent. On average, at least 86 per cent of each country's projects included at least one justification to a component of climate change vulnerability. This leaves an average of 14 per cent of countries' projects without any climate vulnerability justification, and 19 out of 40 countries prioritized at least one unjustified project. The percentage of unjustified projects ranges from 0 to 67, exemplifying the inconsistencies in NAPA priority adaptation projects across countries.

Most often, unjustified projects address environmental problems (e.g., ozone layer depletion, overfishing, deforestation) or hazards (e.g., floods, droughts) without any explicit justification related to global climate change. While recognizing that many of these factors may exacerbate climate change by increasing sensitivity, increasing severity of the exposures or decreasing adaptive capacity, these exposures and anthropogenic environmental problems were causing vulnerability regardless of global climate change. Project descriptions assume the climate change connection without explicitly defining how it impacts exposure, sensitivity, and adaptive capacity. Therefore, the projects do not provide the evidence of climate change vulnerability required for climate adaptation planning, financing, or assessment.

The absence of appropriate justification in the NAPA projects and appropriate planning processes and documentation in submitted NAPAs delayed processes of applying for project funding and, in some cases, required revision of the planning process. Even considering delays of project planning and approval measured in years, however, donor countries have failed to follow through on their funding commitments to the LDCF.

5.4 Funding urgent adaptation through the LDCF

The process of funding the urgent adaptation priorities of NAPAs through the LDCF has been characterized by lengthy delays, a chronic lack of funds and a lack of transparency in reporting the relationship between NAPA priorities and LDCF projects.

In the eleven years since the first NAPA document was submitted to the LDCF for review, 32.7 per cent of the funding requested for NAPA projects has been committed by the Least Developed Country Fund (see Table 7). As of October 2015, the GEF Project Database[123] indicated that only five NAPA-related LDCF adaptation projects have been completed, sixteen are in implementation, 88 have been approved, and 34 are in development. Projects may linger without funding for more than a year after approval due to donors failing to fulfill commitments to the LDCF. According to the GEF's report to the Least Developed

123 GEF 2015a.

124 LDC Expert Group 2015.
125 Desanker 2004, 7.

Country Expert Group on the May 27, 2015, 22 approved projects for 16 countries were awaiting funding, requiring a total of $141,674,000.[124] Considering that NAPA priorities were meant to address short-term adaptation issues,[125] the sluggish rate of LDCF commitments and disbursements has resulted in failure to address the urgency of adaptation needs.

Table 7: Funding NAPAs through the LDCF

COUNTRY	SUBMITTED NAPA PRIORITIES			GEF
	NAPA YEAR	NUMBER OF PROJECTS	AMOUNT REQUESTED (USD)	AMOUNT COMMITTED (USD)[A]
Afghanistan	2009	2	4,400,000	20,800,000
Angola	2011	5	62,500,000	25,464,392
Bangladesh	2009 (updated)	15	68,175,405	19,575,114
Benin	2008	5	14,580,100	22,300,000
Bhutan	2006	9	7,526,212	14,935,250
Burkina Faso	2007	12	5,896,884	17,710,000
Burundi	2007	12	7,294,000	11,795,000
Cambodia	2007	20	128,850,000	18,060,285
Cape Verde*	2007	3	16,680,000	3,000,000
Central African Republic	2008	10	3,000,000	9,920,000
Chad	2010	10	14,000,000	7,305,936
Comoros	2006	13	4,512,000	17,530,909
Dem. Rep. of the Congo	2006	3	16,475,654	18,409,452
Djibouti	2006	8	7,437,000	14,739,452
Equatorial Guinea*	2013	6	48,500,000	0
Eritrea	2007	5	33,149,000	9,050,000
Ethiopia	2008	11	769,000,000	10,207,885
Gambia	2008	10	15,082,000	24,116,456
Guinea	2007	25	8,655,000	14,686,364
Guinea-Bissau	2008	14	6,930,000	4,000,000
Haiti	2006	14	21,957,322	6,425,665
Kiribati	2007	10	13,997,537	7,446,210
Lao People's Democratic Republic	2009	12	23,910,000	19,342,481
Lesotho	2007	8	12,841,000	17,905,866
Liberia	2007	3	65,300,000	12,011,500

COUNTRY	SUBMITTED NAPA PRIORITIES			GEF
	NAPA YEAR	NUMBER OF PROJECTS	AMOUNT REQUESTED (USD)	AMOUNT COMMITTED (USD)[A]
Madagascar	2006	15	2,130,330	17,486,897
Malawi	2006	5	22,930,000	22,278,200
Maldives*	2008	12	24,037,820	5,900,438
Mali	2007	19	53,260,000	21,664,545
Mauritania	2004	26	20,158,780	14,848,000
Mozambique	2008	4	9,200,000	13,433,000
Myanmar	2013	12	24,000,000	10,987,500
Nepal	2010	9	350,000,000	14,235,973
Niger	2006	14	NA	17,699,315
Rwanda	2007	7	8,110,000	17,479,749
Samoa*	2005	9	7,812,500	18,672,936
Sao Tome Principe	2007	20	12,167,000	13,235,000
Senegal	2006	4	59,182,000	15,323,995
Sierre Leone	2008	24	60,100,802	13,584,800
Solomon Islands	2008	7	17,250,000	14,155,900
Somalia	2013	3	18,650,000	8,000,000
South Sudan	2015	NA	NA	NA
Sudan	2007	5	15,050,000	21,510,000
Tanzania	2007	6	17,170,000	14,671,233
Timor-Leste	2011	9	21,300,000	21,410,000
Togo	2009	7	23,300,000	14,286,966
Tuvalu	2007	7	8,769,800	7,200,000
Uganda	2007	9	39,800,000	15,189,790
Vanuatu*	2007	5	6,000,000	10,607,272
Yemen	2009	12	29,920,000	14,920,000
Zambia	2007	10	14,650,000	17,542,500
Average		10.1	47,786,229	15,294,663
Totals		505.00	2,245,598,146	703,554,516

* Country scheduled for graduation from the least developed countries list since submitting the NAPA. See http://www.un.org/en/development/desa/policy/cdp/ldc/ldc_list.pdf.

Data Sources:
NAPA project priorities summarized from the UNFCCC database of submitted NAPAs, available at http://unfccc.int/adaptation/workstreams/national_adaptation_programmes_of_action/items/4585.php.

Committed funding was summarized from the GEF project database in October 2015, available at https://www.thegef.org/gef/gef_projects_funding.

[a] Figures exclude the initial $200,000 NAPA preparation grants and a few regional grants for which country-level commitments are not known.

Although the NAPA process for *urgent* projects was meant to be streamlined, the GEF initially lacked transparency and accountability to LDC recipient countries. Completion and submission of the NAPA to the GEF and UNFCCC was only the beginning of a long process to fund urgent adaptations. Individual projects had to be sponsored by an implementing agency and approved by both GEF and the implementing agency before funding could be released. Only a small cadre of officials was trained and capable of submitting projects, and these officials were often from a small climate or meteorology service within an environmental line ministry.[126] Thus, tremendous gatekeeping power was often entrusted to a few individuals in governmental divisions, set up to protect the environment but inexperienced in public participation or development. This restricted the scope of potential NAPA projects to the expertise, interest, and availability of a very limited set of government officials and in-country implementing agencies.

LDCF requirements to finance only the *additional* costs of climate change beyond ordinary development projects and assistance added a complex layer of technical challenges to funding NAPA projects. The issue of additional adaptation costs is a very tricky and contested one: climate vulnerability and additionality is difficult to prove, and the baseline development costs prior to the additional cost of climate change are difficult to meet.[127] Ayers and Huq[128] provide an example from the Tuvalu NAPA which includes a project to develop coastal infrastructure to protect the shoreline from erosion, which is an ongoing development problem *exacerbated* by climate change. This adaptation of coastal infrastructure was difficult to calculate, since Tuvalu has no baseline pre-climate change infrastructure to build upon and from which to calculate the additional costs of climate change. Therefore, the project must wait for another funding source to fund the infrastructure costs not related to climate change.

The GEF project proposal and approval cycle slows down LDCF adaptation projects: even streamlined, the project pipeline takes 18 to 24 months or more to complete.[129] First, an implementing agency submits a project identification form and program formulation document to request limited funding to develop a full proposal. With council approval, a full proposal is developed and submitted in a final project document to the GEF chief executive officer for endorsement. The implementing agency can then approve and implement the project.

Although NAPA projects are cycling through the GEF proposal process more efficiently now, they may still face delays counted in years. The project cycle and requirements are long and complex, and the LDCF is chronically short of funds for approved projects. Ultimately the bureaucracy surrounding the LDCF demands accountability from recipient governments, but has not reciprocated with transparent and efficient procedures and has caused recipient governments to be more accountable to the GEF and UNFCCC than to potential project beneficiaries.

126 LDC Expert Group 2012, 46
127 Ayers and Huq 2009, 678.
128 Ibid.
129 GEF 2015a.

5.5 Transparency in NAPA funding

We found the task of tracking which NAPA priorities have been proposed, approved by GEF, and funded to be remarkably difficult. NAPA project profiles underwent significant revision in the process of identifying a suitable implementing agency and proposing the project through the GEF procedures. Project titles change, multiple projects are aggregated into one and multi-sectoral programmatic projects may be disaggregated into multiple projects. Separately analyzing databases of NAPA priorities and of LDCF projects does not, therefore, reliably reveal the NAPA-priority-to-LDCF-project relationship. Our research did not find any data source consistently tracking the relationships between LDCF projects and NAPA projects.

Tracking actual disbursements of funds by recipient country is not a trivial task. The GEF project database[130] reports the status of individual projects, enabling one to track single-country projects. However, many of the approved projects currently lack funding, and the GEF has reported funding by implementing agency, but not by country.[131] Furthermore, some NAPA priorities may have been bundled into regional projects, for with the relationships and allocations to each country are unclear. Ultimately, tracking the fulfillment of NAPA priorities requires researching and triangulating relationships between NAPAs, LDCF projects, recipient countries, implementing agencies, the GEF, the World Bank as the GEF Trustee, and the Least Developed Country Expert Group. We have applied reasonable diligence in our attempt to summarize Least Developed Country Fund financing of NAPA projects based upon public information here but the analysis is limited by lack of transparency between the numerous institutions involved.

130 GEF 2015b.
131 GEF 2015c.

5.6 Adaptation beyond NAPAs: The case of some Latin American countries

Adaptation is increasingly prioritized worldwide. In Latin American middle-income countries, for example, case studies in Bolivia and Guatemala exemplify the strides made towards adaptation and mutual accountability.

5.6.1 Funding adaptation priorities in Guatemala in the context of mutual accountability

Guatemala's Framework Law to Regulate Vulnerability Reduction and Obligatory Adaptation to the Effects Climate Change and the Mitigation of Greenhouse Gas Effects (Decree No 7-2013)[132] places adaptation at the forefront of national policy at multiple scales. The law encourages different government levels including central government, autonomous entities, municipalities and civil society organizations to adopt practices that promote conditions to reduce vulnerability and improve

132 El Congreso de la República de Guatemala 2013.
133 Gobierno de Guatemala Ministerio de Ambiente y Recursos Naturales 2015.

adaptability. The law establishes a national information system[133] on climate change and an institutional framework for planning and programming of public investment in the various sectoral and territorial levels of the government.

The Guatemalan government requires significant local and foreign financial investments to fully implement this climate change law and national action plan for adaptation (NAPCC). International sources, including official development assistance, have provided initial funding. However, Guatemala has recognized the need to build an institutional framework to mobilize and receive external support. The law created a National Climate Change Fund (*Fondo de Cambio Climático – FONCC*) to mobilize and channel financial resources from public or private sources. Public funds may be budgetary allocations from the government of Guatemala, debt swaps for climate change, donations and loans from international organizations and international funds established for the purpose. In addition, this fund may receive proceeds from fines, environmental compensation, and fees or securities The fund aims to be flexible and mobilize resources to channel transparency and agility to public and private sectors that need these resources to reduce risks and become more efficient mechanisms.. Emphasis is placed on investment in short, medium and long-term training, promotion of research and development of sectoral strategic plans linked to institutional changes. Resources placed in the FONCC may be channeled to public or private beneficiaries for implementing programs, projects and activities.

5.6.2 The Pilot Program for Climate Resilience funding and Bolivia's adaptation efforts

Bolivia integrated a climate change chapter into its 2012 Mother Earth Framework Law (Law No 300).[134] The law established the institutional framework covering climate change policy, defined implementation mechanisms and created a national fund to operate domestic and international resources. Despite different attempts, the country has not consolidated a multi-sector national adaptation plan and its adaptation agenda has concentrated almost exclusively on the water sector.

The adaptation project funded by Bolivia's Pilot Program for Climate Resilience[135] also focuses entirely on the water sector. The project, channeled through multilateral development banks, addresses major water provision priorities affected by glacier melting in the area of La Paz– El Alto city. These include water management and irrigation in the Río Grande basin and climate-related disasters in the flood-prone area surrounding Piray River in Santa Cruz.

Bolivia's Pilot Project on Climate Resilience funds supplement a multi-donor sector-wide approach and a 'basket fund' that pools finance to support climate change adaptation mainstreaming efforts in the National Watershed Plan (*Plan Nacional de Cuencas de Bolivia*) and its policy instruments.[136] Previous GEF Funds served to build needed capacities, enable public policy and research for better integration of climate change considerations in the sector.

134 Estado Plurinacional de Bolivia 2015.
135 Inter-American Development Bank Climate Investment Funds 2011.
136 Estado Plurinacional de Bolivia 2015.

5.6.3 How does mutual accountability work in these cases – and where are the gaps?

The establishment of national climate change funds in common ground in Latin American countries, and this is the case for Bolivia and Guatemala. And there has been much expectation about the entry into operation of the GCF; some countries have initiated readiness processes to make the financial sector fit so as to efficiently channel international resources.

In the case of Bolivia, the Pilot Program for Climate Resilience and the GEF funds served to build essential capacity in the country, and to enable public policy and research for better integration of climate change considerations. However, difficulties and barriers remain to making international climate change funds transparent and to ensuring civil society can obtain critical information for their involvement at different stages of the project cycle.

5.7 Aid management platforms

Over the last decade, significant progress has been made in increasing transparency of development aid at the international level, particularly under the OECD and AidData. At the level of recipient countries, Development Gateway[137] is developing aid management platforms or portals (AMPs). AMPs are innovative databases for reporting and visualizing development aid, compatible with international standards on aid reporting and databases like AidData[138], and additionally they are capable of tracking locations of aid projects at a subnational scale. The organization currently showcases 24 aid recipient countries and five major donors as partners using their aid management platforms.[139]

At least seven of the recipient countries have opened online public interfaces to their databases, and this move has significant potential to improve transparency and accountability between beneficiaries, recipient governments and donors. For example, the AMP for Malawi is managed by the Ministry of Finance, with ambitions to:

> *"Generate aid reports, catalyze new conversations with its donor partners, and improve aid effectiveness at the local level. Recipient communities can also use Malawi's publicly accessible geocoded aid information to identify financing gaps or inequalities of aid distribution."*[140]

Effective AMPs require responsible contributions from, and use by, donors, recipient governments and beneficiaries. Donors are responsible for self-reporting. The recipient government is then better able to monitor and coordinate development aid across multiple donors, sectors, and geographic areas.[141] Beneficiaries should be able to access a platform and query exactly which development projects are located in their geographic area. Development aid as a whole should become much more transparent while providing essential information to improve accountability between beneficiaries, recipient countries and donors.

In order to effectively improve transparency and accountability in climate adaptation, AMPs will require several technical features: they must be publicly

137 This is a non-profit organization based in Washington D.C. See Development Gateway 2015.
138 International Aid Transparency Initiative at www.aidtransparency.net and AidData at aiddata.org.
139 Development Gateway 2015.
140 AidData 2015.
141 Weaver and Peratsakis 2010.

accessible; they should include projects from at least the top-ranking donors in order to be representative of the total amount of aid; and projects should have fully and accurately recorded information on timelines (start and end dates), committed and disbursed funds, and geographic locations. For transparency in climate adaptation, it must also be possible to discern which projects address climate change adaptation and how they justify designation as climate change adaptation in terms of specific climate exposures, sensitivities and lack of adaptive capacity. If climate adaptation is included as one component of a greater project, the costs and locations of project activities related to climate change should be explicit. Finally, to complete the cycles of transparency and accountability, platforms should include a mechanism for feedback from beneficiaries.

We reviewed the potential effectiveness of seven AMPs to increase transparency and accountability of climate adaptation financing in recipient countries. Sixteen platforms were not publically available, or were hosted on websites with no access during the study,[142] while seven were available for public use.[143] We were interested in the following platform features for climate change financing transparency:

- The portal is inclusive of the top donors, defined as the top five donors on AidData.org
- Project locations are specified
- Project sectors are specified
- The database includes a marker to designate projects addressing climate change or climate change adaptation
- The project's justification for climate change is specified
- For multi-sectoral or programmatic projects, component activities addressing climate change are specified
- Database includes an integrated mechanism for beneficiary participation and feedback on projects

142 Countries with aid management portal and no public access, and the year established: Burkina Faso (2008), Chad (2014), Colombia (2015), Cote D'Ivoire (2014), Democratic Republic of Congo (2008), Ethiopia (2005), Gambia (2015), Kyrgyz Republic (2012), Lao PDR (2010), Madagascar (2005), Senegal (2009), Sierra Leone, Somalia (2014), South Sudan (2010), Tanzania (2008), and Kenya (2013).

Each of the AMPs had features for recording project locations, sectors and donors. All of the platforms reviewed included projects from the top five donors operating in the country – but project data was not always complete. Even in brief reviews of the seven project databases, it was apparent that locations and sectors were not always present for all projects in the databases. Following a more in-depth review of the Malawi database, we have concluded that some projects in each database are likely to be incompletely or incorrectly recorded due to the diversity of donors contributing data, and due to the complexity of development project geographies and activities profiles. We found no functionality in the AMPs for linked project relationships to climate change, justifications for climate change action, or disaggregation of activities in complex projects to discern the costs and locations of specific activities addressing climate change. The AMPs also did not directly include functionality for receiving feedback from beneficiaries.

AMPs hold significant potential for increasing transparency and accountability in climate change adaptation financing. They can be integrated into international databases and standards on aid reporting, and record and visualize climate adaptation financing at sub-national levels. However, they need to be reliably accessible to the public, and require additional indicators to record aid projects' justification for, and contribution to, climate change adaptation. To truly

close the gaps in mutual accountability feedback loops, they should also include functionality to enable beneficiary feedback on development projects.

5.8 Conclusions

The idea to finance climate adaptation in developing countries was founded on principles of global responsibility and equity to reduce vulnerability from current and future risks of global climate change. Climate adaptation planning was first codified in the NAPAs and funding for the plans was established in the LDCF, creating a new global model of multi-sectoral, participatory, country-driven planning, coupled with international financing. This framework inspired enthusiasm for a more transparent and accountable system of assistance for developing countries. However, NAPAs and the LDCF were, perhaps, too urgent, too bureaucratic and too underfunded to realize this hopeful mandate. The Cancun Adaptation Framework, provides and encourages the countries of the world (regardless of their level of development) to consider adaptation in their development planning efforts. For many middle-income countries – like the majority of Latin American countries – the diversity of public and private funding mechanisms potentially used for funding adaptation makes tracking financial flows a real challenge for ensuring transparency and mutual accountability. AMPs are a good example of steps towards transparency but still require full donor participation, accurate and complete data, variables indicating project relationships to climate change, and improved accessibility in terms of public access and a public capable of meaningfully using the data.

Ultimately, adaptation planning and financing has been more accountable to donors than to beneficiaries. Planning and financing systems have not been transparent enough for either independent researchers or local beneficiaries to easily track fulfillment of climate adaptation plans and commitments. The NAPAs and Green Climate Fund, and other channels of climate adaptation financing, should work together to create transparent and substantial goals. The Green Climate Fund pledges up to "US$1 million per calendar year in readiness support"[144] for each developing country but achievement of this pledge is still far from realization. Certain countries receive much more funding support than others, often leaving those with the least adaptive capacity behind (Table 7). The inconsistencies in who is pledged money and who actually receives money raises questions about funding transparency. This support is not fast, easy or available to developing countries in need of climate change adaptation funds. In order to develop and fund impactful, accountable and transparent national adaptation plans, donor countries, recipient countries and funding agencies must communicate transparently to enhance climate adaptation planning capacity in recipient countries and work towards the goal of US$100 billion in adaptation funding by 2020 in donor countries.[145] In the future, an adequately supported adaptation planning process, coupled with a reliable and streamlined adaptation funding process, increases potential for transparency, accountability and, ultimately, successful adaptation for all parties.

143 Public aid management portals: Haiti (2009), Honduras (2012), Kosovo (2009), Malawi (2008), Moldova (2013), Nepal (2010), and Timor-Leste (2009).
144 GCF 2015.
145 Oxfam 2013.

Chapter 6

Conclusions and Recommendations

6.1 Our findings

At COP 21 in Paris, a pivotal aspect of the negotiations will be climate finance. The words 'finance', 'financing', or 'financial' appear more than 150 times throughout the 51-page draft agreement text,[146] showing how crucial and potentially divisive the topic is. An increase in funds to help poor nations cope with climate change has been widely described as the "make-or-break issue" for Paris climate talks, with developing countries wanting climate finance to be "scaled up from a floor of $100 billion from 2020".[147] However, as identified in this report, a promise of financial support means nothing without transparent monitoring, reporting and verification that provide a clear indication of where the funds go and how they are used. And the current definitions of adaptation finance, and methods for categorizing and tracking it are not up to the task.

In the first two chapters of the report, we discussed the roots of this transparency gap, which are based in the unclear definitions of how climate finance is different from regular development finance, and the difficulty in defining and categorizing finance supposedly geared towards adaptation. What counts? While defining precisely what constitutes an 'adaptation project' has been difficult, without a mutually-agreed definition, any counting system was bound to be contentious.

Problems also arose from the lack of a system for deciding how to allocate funds for adaptation versus mitigation, and how to determine funds that constitute finance that is "new and additional" to previous commitments to development aid. The lack of clear-cut guidelines for reporting on these issues leads to individual national discretion and differences, resulting in a lack of clarity in reporting of financial contributions by donor countries. While the goal should be mutual accountability between donor and recipient countries, the gap in transparency means that it is hard to tell what money is being delivered and how – and whether it's doing any good.

Chapters 3, 4 and 5 provided empirical research giving a more in-depth look at the lack of transparency in the categorization of projects under the OECD Rio marker system (Chapter 3) and in information in the Biennial Reports and National Communications of Annex II countries on finance (Chapter 4). Reciprocally, transparency was considered from the perspective of recipient countries by looking at Least Developed Countries' experience with NAPAs and three Latin American Case studies (Chapter 5).

Our analysis of categorization of projects under the OECD Rio marker system identified rampant mis-categorization (Chapter 3). Many projects categorized as having adaptation as a principal or significant objective were only tenuously linked to climate change adaptation. In our assessment of OECD Annex II countries' Biennial Reports and National Communications (Chapter 4), we found wide variation in reporting transparency, illustrating the need both for greater efforts by individual donor countries but also for clearer and more stringent UNFCCC guidelines. Though there was some increase in overall transparency as compared to 2011 and a few countries showed substantial improvement, there is still a long way to go.

146 The "Draft Agreement and draft decision on workstreams 1 and 2 of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (23 Oct 15@23:30)" is available at: http://unfccc.int/files/bodies/application/pdf/ws1and2@2330.pdf.

147 Doyle and Rowling 2015.

The experience of LDCs with the process of developing National Adaptation Programmes of Action was difficult to examine, due largely to a serious lack of transparency and coherence in both application and funding processes. Our exploration of these issues in Chapter 5, supported by a series of short case studies of national adaptation planning and financing in Latin American countries, found a lack of commitment to transparency at all links in the chain – from donor country (parliament and responsible ministries) to operational entities (multilateral development banks and multilateral climate funds), to partners (recipient countries and their citizens).

This research illustrates the need for change to build a better and more transparent system of financial accounting. This will help ensure adequate provision of resources are delivered to those who need them the most. In this final chapter we make a series of ten recommendations for what is an urgent problem, given the great human need and the tens – or hundreds – of billions of dollars that will be spent in this area in the next decades. Will the money be spent well? Will it build trust and resilience? How will we know? And how will we know who's contributed and how it was spent? We suggest some directions for the most pressing areas of further research, both for future AdaptationWatch and for the policy and research communities working in this vital area.

6.2 Recommendations: Ten Steps to Building a Real and Robust System

Over its two decades of growth, climate finance has effectively been a 'Wild West' frontier, without laws or functioning systems of justice. Those with power and money did as they chose, and described their actions as lawful and generous, without any global agreement about what lawful or fair really was.

One of the first tasks of a frontier governance system is to regulate property ownership — deeds needed to be regularized in what they claim and promise, what information they report and how it is reported, and how they are verified. There has been written agreement since the 2007 Bali meeting that there needs to be a system of 'MRV of finance' to systematically measure, report and verify what is being claimed by contributing countries.

Starting a climate finance registry in which countries report how they are meeting their Copenhagen promises would be like a land title system on a frontier, and for real verification of claims, the registry must be at the level of projects and activities (just as a land registry requires information on each parcel). This part of the law needs to be established urgently, and could be done so quickly and cheaply – the software exists and countries are already reporting nearly all of this information to the OECD.

Such a registry, however, needs to be established under the authority of the UNFCCC, which would set standards for reporting format and criteria for what counts as climate-relevant funding. We have tools from tracking foreign assistance in other sectors that can provide timely, complete information in a way people can

understand. The rule of law can be strengthened by harnessing the energy of civil society to provide their own reports on how the actors are behaving.

Following from this vision, ten steps would provide a quantum leap towards the building of a real system for climate finance accountability. These steps are feasible and necessary for forward movement in this crucial part of the climate negotiations. Several of these could be accomplished with a one-year Work Plan on the MRV of Finance, agreed in Paris:

Step 1: Empower the Standing Committee. In just the past few years the UN's Standing Committee on Finance has finally begun to function. This committee's mandate is the right one to be built upon to address the bulk of the concerns in this report, in building a real system to replace the lawlessness of the existing non-system. Clearly this cannot happen in isolation: a renewed commitment by the Parties to the UNFCCC is needed to building a real system of climate finance, from definition to delivery, tracking and evaluation.

These steps are feasible and necessary for forward movement in this crucial part of the climate negotiations. Several of these could be accomplished with a one-year Work Plan on the MRV of Finance, agreed in Paris.

Step 2: Agree and enforce consistent definitions and valid flows. This is the foundation for building trust in a new round of climate agreement and supporting real action. The ministerial document released on September 6, 2015 showed an effort by 18 governments to develop a consistent set of definitions for "what counts" as climate finance.[148] This is an important step, but developing countries were not included in that group. This leaves the new system open to critique, and the lack of any definition of baselines or "new and additional" funding reflects that.[149] Therefore, this agreement and enforcement of consistent definitions must take place in a more inclusive venue. Ideally this would take place under the UNFCCC, agreed in the COP and perhaps carried out by the Standing Committee on Finance.[150] A one-year work programme should put a deadline on establishing an agreed definition and tracking system and express the urgency of this issue.

Step 3: Abandon the Rio marker system and create a new framework. A clear, consistent, and rigorous framework is needed to explain and verify how projects are categorized as climate adaptation. To count as adaptation finance, such a system should require explicitly tying project activities to the specific climate vulnerability of communities. Transparency is crucial to ensure accountability on both sides and to build trust. Independent review is also needed. It appears the Multilateral Development Banks' three-step approach is more rigorous, so it should be the basis for a replacement for the OECD's Rio marker system. To avoid increasing workloads, categorization guidelines should be harmonized between reviewing bodies.[151] Whatever the methodology used, all projects submitted should provide enough detail in descriptions to make their adaptation objectives and mechanisms clear. As some countries move from an 'adaptation project' approach to a more programmatic or even 'mainstreamed' approach to reducing climate risks, clear rules must be developed on what counts as funding for adaptation. A UNFCCC-authorized panel (or equivalent) should monitor project submissions and decide independently what types of projects can be counted as adaptation. This would ensure categorization is consistent regardless of donor country. The panel should adopt clear instructions for categorizing projects in different sectors and develop a

148 See the "Joint Statement on Tracking Progress Towards the $100 billion Goal" (Paris, France, September 6, 2015), available at: www.news.admin.ch/NSBSubscriber/message/attachments/40866.pdf.

149 Weikmans and Roberts 2015.

150 If the full COP is too complex a group to negotiate with, then some mini-lateral forum may be needed, such as one with representatives from the regions and major negotiating groups, perhaps appointed by the UNFCCC Secretariat, or by the Secretary-General of the UN.

151 Duarte and Alatorre 2014; IDFC 2014.

positive list of those eligible.[152] Contributors and recipients should be able to appeal to have new types of projects added.

Step 4: Agree on the types of private flows that count as climate finance, and those that don't. This is the most difficult part of the definitions work, as there are a large number of flows that could be counted.[153] As with overall questions of climate finance, there needs to be agreement in both developed and developing countries about which of these private flows count. Methodologies need to be developed under the UNFCCC for the tracking of private climate finance, so that this information may be included in the Biennial Reports in a transparent and consistent way that developing countries accept. This complex work should not delay the most fundamental agreement on what public flows count as adaptation finance.

Step 5: Clarify reporting guidelines. Our review of the 2011 Fast Start Finance Reports and of the 2014 Biennial Reports have shown that clarity in the guidance to Parties is improving, but much greater clarity is needed. Complete project-level data should be supplied in Biennial Reports, since it is fundamental for the independent review of claims being made about volumes and types of climate finance flows, and for researching and improving effectiveness of climate finance spending.

Step 6: Streamline funding procedures. Simplification of funding and reporting processes will result in greater transparency and higher likelihood of implementation. This can potentially happen through more effective use of Aid Management Platforms (AMPs) and improving dashboards for organizations like the Global Environment Facility. For the Least Developed Countries, the LDC Fund has built a connection with LDCs and should be supported and assisted in building upon that.

Step 7: Make planning and governance of projects more transparent for, and receptive to, input from beneficiaries. Some possible strategies include making publicly available on the web all the government agency decisions impacting climate adaptation and translating them to local languages. Public participation, however, will not automatically happen with the release of planning documents. Rather, significant support will be needed to build local capacity to access and to understand the information and to formulate and deliver input to governments.

Step 8: Require georeferencing of activities. Having certitude about where a project is located and what type of landscape it covers can make a tremendous difference in many positive ways. First, it allows local communities to know what projects are planned for their area, and their status. Second, it can allow coordination among agencies and implementing NGOs working in the same places. Third, georeferencing of adaptation projects can allow assessment of whether projects are being located in areas that are the most vulnerable according to planners' definitions. Finally and relatedly, georeferencing can bring substantial improvements in evaluation and analysis of project outcomes. Georeferencing should at least include points on maps, such as dropping pins on a Google Map. Or the use of innovative location technologies such as 'what3words'. Far better, however, is the specification of an area to which a project is relevant, for example

152 As is being developed by the International Development Finance Club. See IDFC 2014.
153 Stadelmann et al. 2012.

a province, a city, or a mountain range or river valley. This way the analysis and coordination and community information can be advanced substantially, and prioritization and research on effectiveness greatly improved.

Step 9: Harmonize monitoring and evaluation. In many sectors of local and international interventions such as public health and education, evaluation of efforts is routine and well developed. By contrast, evaluation of climate adaptation efforts is barely in its infancy. The difficulty in defining what adaptation means has caused confusion with regards to monitoring and evaluation. Development agencies creating results-based management frameworks for adaptation initiatives have struggled to do so, and have made grants available to a range of organizations in an attempt to solve the problem. Various groups have proposed directions to evaluate efforts and some possible indicator/metrics of success, but none have been broadly instituted. This has led to the field becoming fragmented with a variety of competing approaches, which has not helped the cause of transparency and accountability. A consistent system is needed for evaluating climate finance activities and a commonly accepted set of best practices to measure and compare the effectiveness of adaptation actions. Again, the Standing Committee on Finance might be an institutional home for this effort. Civil society organizations also have an important role play to ensure that the indicators chosen to measure adaptation lead to benefits for all, and particularly the most vulnerable. More involvement of researchers, adopting the collaborative scientific approach of the academic community, would improve harmonization in this area.

Step 10: Track progress through crowdsourcing. To build information systems for tracking adaptation finance would not be difficult or expensive. Such systems are used for many online marketing firms and now some development interventions, and could allow us to get beyond merely having information from contributors. Rather, we could have detailed information from recipient national and local governments, documenting that they actually received the funding and what they have accomplished with it. Implementing agencies could contribute information on each project, and watchdog citizens' groups and community members could add information, including photos uploaded with location codes and time/date stamps to show the status of projects. The quality of monitoring and evaluating projects would take a quantum leap forward, and research on factors driving success or failure could improve measurably. Bad information could be identified and the quality of known reporters could be registered. Information from third-party providers could be ranked as "trusted," "uncertain," or "questionable/unreliable." This would effectively empower civil society and lead to more effective adaptation plans and actions, with high benefit and low risk to agencies, funders and communities.

Together, these ten achievable steps can bring a quantum leap in the transparency and effectiveness of international adaptation finance. They would go a long way to establishing a system of rules based on true mutual accountability, building trust to boost the negotiations and resiliency in the places it is needed the most.

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Appendix 1 National Communications, Biennial Reports and Common Tabular Format guidance to Parties from the UNFCCC COP

In preparing their National Communications, Annex II Parties have to follow the *UNFCCC guidelines on reporting and review* revised at COP 5 in Bonn in 1999 (Document FCCC/CP/1999/7: Para. 50-56). The UNFCCC guidelines for reporting and review have been under revision since June 2014 but they have not yet been finalized.

VIII. FINANCIAL RESOURCES AND TRANSFER OF TECHNOLOGY

50. In accordance with Article 12.3, Annex II Parties shall provide details of measures taken to give effect to their commitments under Article 4.3, 4.4, and 4.5, as follows.
51. Parties shall indicate what "new and additional" financial resources they have provided pursuant to Article 4.3. Parties shall clarify how they have determined such resources as being "new and additional" in their national communications. In communicating this information, Parties shall complete table 3.
52. Parties shall provide detailed information on the assistance provided for the purpose of assisting developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation to those adverse effects, in textual format and with reference to table 5.
53. Parties shall provide any information on any financial resources related to the implementation of the Convention provided through bilateral, regional and other multilateral channels. Parties should complete tables 4 and 5.
54. Parties shall, when reporting details of measures related to the promotion, facilitation and financing of the transfer of, or access to, environmentally-sound technologies, clearly distinguish between activities undertaken by the public sector and those undertaken by the private sector. As the ability of Parties to collect information on private sector activities is limited, Parties may indicate, where feasible, in what way they have encouraged private sector activities, and how these activities help meet the commitments of Parties under Article 4.3, 4.4 and 4.5 of the Convention.
55. Parties shall, where feasible, report activities related to technology transfer, including success and failure stories, using table 6 below. Parties shall also report their activities for financing access by developing countries to "hard" or "soft" environmentally-sound technologies.
56. Parties shall report information, in textual format, on steps taken by governments to promote, facilitate and finance transfer of technology, and to support development and enhancement of endogenous capacities and technologies of developing countries.

VI. Provision of financial, technological and capacity-building support to developing country Parties

13. Parties included in Annex II to the Convention (Annex II Parties) shall provide information on the provision of financial, technological and capacity-building support to non-Annex I Parties consistent with the requirements contained in section VIII of the UNFCCC Annex I reporting guidelines on national communications following common reporting formats, including information to show how this support is new and additional. In reporting such information, Parties should distinguish, to the extent possible, between support provided to non-Annex I Parties for mitigation and adaptation activities, noting the capacity-building elements of such activities, where relevant. For activities with multiple objectives, the funding could be reported as a contribution allocated partially to the other relevant objectives.
14. Each Annex II Party shall provide a description of its national approach for tracking of the provision of financial, technological and capacity-building support to non-Annex I Parties, if appropriate. This description shall also include information on indicators and delivery mechanisms used and allocation channels tracked. If this information was already reported in the national communication, the biennial report should only report changes to this information.
15. In reporting information in accordance with paragraphs 17 and 18 below, Annex II Parties shall use any methodology to be developed under the Convention, taking into account international experience. Annex II Parties shall describe the methodology used in their biennial reports. Annex II Parties shall report in a rigorous, robust and transparent manner the underlying assumptions and methodologies used to produce information on finance.

A. Finance

16. Each Annex II Party shall describe, to the extent possible, how it seeks to ensure that the resources it provides effectively address the needs of non-Annex I Parties with regard to climate change adaptation and mitigation.
17. Each Annex II Party shall provide information on the financial support it has provided, committed and/or pledged for the purpose of assisting non-Annex I Parties to mitigate GHG emissions and adapt to the adverse effects of climate change and any economic and social consequences of response measures, and for capacity-building and technology transfer in the areas of mitigation and adaptation, where appropriate. To that end, each Annex II Party shall provide summary information in a textual and tabular format on allocation channels and annual contributions for the previous two calendar or financial years without overlapping with the previous reporting periods, including, as appropriate, the following: (a) The Global Environment Facility, the Least Developed Countries Fund, the Special Climate Change Fund, the Adaptation Fund, the Green Climate Fund and the Trust Fund for Supplementary Activities; (b) Other multilateral climate change funds; (c) Multilateral financial institutions, including regional development banks; (d) Specialized United Nations bodies; (e) Contributions through bilateral, regional and other channels;
18. Each Annex II Party shall provide the summary information, referred to in paragraph 17 above, for the previous two calendar or financial years in a textual

and tabular format on the annual financial support that it has provided for the purpose of assisting non-Annex I Parties, including the following: (a) The amount of financial resources (including the amount in original currency and its equivalent in United States dollars/international currency); (b) The type of support (for mitigation and adaptation activities); (c) The source of funding; (d) The financial instrument; (e) The sector; (f) An indication of what new and additional financial resources they have provided pursuant to Article 4, paragraph 3, of the Convention; Parties shall clarify how they have determined that such resources are new and additional;

19. Recognizing that the goal of mobilizing the financial resources referred to in decision 1/CP.16, paragraph 98, includes private financial sources, Annex II Parties should report, to the extent possible, on private financial flows leveraged by bilateral climate finance towards mitigation and adaptation activities in non-Annex I Parties, and should report on policies and measures that promote the scaling up of private investment in mitigation and adaptation activities in developing country Parties.
20. Annex II Parties should specify the types of instruments used in the provision of their assistance, such as grants and concessional loans.

The *UNFCCC biennial reporting guidelines for developed country Parties* (Annex I of 2/CP.17: Para. 13-20) included guidance for Parties reporting on "Provision of financial, technological and capacity-building support to developing country Parties."

Since 2013 Annex II Parties are required to report to the UNFCCC using a standard format known as the common tabular format (Decision 19/CP.18).

As detailed in Tables 7(a) and 7(b) in decision 19/CP.18, Annex II Parties are required to indicate the total amount, status, funding source, financial instrument, and amount of support provided through bilateral, regional and multilateral channels, to specific countries for mitigation and adaptation, and the support provided to the following sectors: energy, transport, industry, agriculture, forestry, water and sanitation, cross-cutting and other. Also, Annex II Parties are to provide data on public finance support for each year over a two-year period through multilateral climate change funds, multilateral international financial institutions, regional channels and specialized United Nations bodies. In addition, Annex II Parties should report, to the extent that is possible, on private financial flows leveraged by bilateral climate finance towards mitigation and adaptation activities in non-Annex I Parties, and should also report on policies and measures that promote the scaling up of private investment in mitigation and adaptation activities in developing country Parties including the types of instruments used in the provision of their assistance, such as grants and concessional loans.

Appendix 2 Criteria for scoring Biennial Reports and National Communications

Category set one: transparent reporting of summary information

The first category focuses on the reporting of basic summary information, which is necessary to begin evaluating transparency within climate finance. Not all climate finance goes through climate funds set up under the UNFCCC – most is distributed through bilateral and other multilateral channels (see Chapters 1 and 2). But there is no globally agreed framework to assess this fragmented landscape and to measure, report and verify (MRV) how much climate finance is being delivered. This means developing countries do not know how much assistance to expect, whether climate funds are simply replacing money previously committed to address other development needs, or whether it's being delivered at all. Long-term planning for climate change action in this context is nearly impossible. A lack of transparency in climate finance also hinders governments, non-governmental organizations (NGOs) and communities from monitoring where the money goes, and assuring that it is spent responsibly.

When assessing the reporting of summary information, we scored each country on the following criteria:

A1. Timely reporting

Countries received one point for supplying their first Biennial Report by the agreed upon January 1st, 2014 deadline.

A2. Clarity on total committed vs. pledged

Countries received one point for explicitly differentiating between the amounts committed and pledged, or a half-point for only including information about the amount either committed or pledged.

A3. Clarity on total provided

Countries received one point for explicitly discussing which finance had already reached recipient countries, or a half-point for indicating whether or not finance was provided in some areas, but not in others.

A4. Summary information about channels

Countries received one point for specifying the multilateral and bilateral channels funding was provided to, or a half point for including information about the proportion of funding that went to multilateral and bilateral channels, but not listing the specific channels.

A5. Proportion as loans and grants

Countries received one point for specifying the amount of finance provided as loans and grants to recipient countries, or a half point if this information was ambiguous.

A6. Proportion public vs. private

Countries received one point for specifying the proportion of finance provided by the public and private sector, or a half point if only public finance was reported.

A7. Proportion or amount to LDCs, SIDS, and Africa

Countries received one point for listing the proportion of finance provided to these particularly vulnerable parties, or a half point if only some of this information was included.

A8. Proportion to global regions and countries

Countries received one point for specifying the proportion of finance provided to specific countries, or a half point for only listing the proportion provided to global regions.

A9. Proportion to adaptation and mitigation

Countries received one point for specifying the proportion of finance intended for adaptation and mitigation, or a half point if there was some ambiguity.

A10. Reported annual historical climate funding

Countries received one point for listing the amount of climate finance provided since the beginning of the Fast Start Finance Program (2009), or a half point for listing some previous climate funding, but not back to 2009.

A11. Accessible organization of data

Countries received one point if the data was clearly presented in their Biennial Report, particularly in the form of tables and graphs so that it was easily accessible to readers, or a half point if some but not all information was available in tables and graphs.

A.12 All information in Biennial Report

Countries received one point if all categories (in both Reporting of Summary Information and Methodologies) could be located in the first Biennial Report. If one category of information had to be located in the sixth National Communication or another text, countries received a half point, and received no points if several categories were only included in other documents.

Category set two: transparency regarding methodologies

This category set deviates the most from the 2011 IIED report, as it includes several items specifically required by the UNFCCC Durban outcome. This category focuses on transparency with regard to how countries determine and track their climate finance (i.e., how fair share is calculated, whether they provide a clear rationale for funding allocations, and other criteria related to their methodologies).

When assessing the reporting of methodologies, we scored each country on the following criteria:

B1. Definition of adaptation

Countries received one point if a clear definition of adaptation was included (regardless of definition usefulness), or a half point for including an ambiguous definition.

B2. Indication of methodologies used for finance tracking

Countries received one point for describing the methodologies used for finance tracking (i.e., Rio markers), or a half point for including ambiguous information.

B3. Clarified how determined whether new and additional

Countries received one point if they provided a clear definition of how they determined "new and additional" funding, regardless of the quality of their calculation, or a half point if the definition was ambiguous.

B4. Indication of how "fair share" calculated

Countries received one point for indicating how their "fair share" of climate finance provision was calculated, or a half point if some information was included in reference to "fair shares".

B5. Indication of how planning to scale up to 2020

Countries received one point for describing in detail how they planned to increase the provision of climate finance to reach the goals set for 2020, or a half point for mentioning that upscaling would occur, but being ambiguous about mechanisms.

B6. Clear rationale for allocation to countries

countries were awarded a full point for describing how finance was allocated to various countries. A half point was awarded for including some ambiguous information.

B7. Clear rationale for allocation to sectors

Countries received one point for describing how finance was allocated to various sectors, like adaptation or mitigation, or particular industries, or a half point for including some ambiguous information.

B8. Submitted common tabular formatting

Countries received one point for submitting their common tabular formatting tables along with their first Biennial Reports.

B9. No double counting of previous years

Countries received one point if, according to the Technical Reviews of their first Biennial Reports, funding provided was not 'double counted' for more than one year.

B10. Description of how resources address needs

Countries received one point for indicating the specific process by which needs were determined alongside the recipient country, or a half point for indicating the needs that climate finance provided would address in a recipient country.

Category set three: project-level data

We also scored countries on their reporting of information at the project-level. These are not shown here, since the UNFCCC did not specify that Parties needed to supply project level information. However our experience tracking development aid shows that individual project-level data are necessary to verify summary numbers, understand where finance goes, and improve transparency, effectiveness, and coordination among contributors, recipients, implementing agencies, and civil society. Robust project data is important so that watchdog groups and citizens in recipient nations can hold decision makers accountable for the climate funds they receive. And, it is fundamental for development agencies and national and local administrations to make and coordinate effective plans. Considering the reporting

of this information was not mandated by the UNFCCC, but is still critical for transparency, countries were rewarded for even basic attempts at providing project level data.

In evaluating these reports, we scored each country on each of the following criteria:

C1. All projects are reported

Countries received one point for listing all of the projects in recipient countries funded by the finance provided. A half point was awarded for the listing of some projects.

C2. Amount committed to projects listed

Countries received one point for listing the finance committed to individual projects, or a half point for listing finance committed to some projects.

C3. Amount actually disbursed

Countries received one point for listing the finance actually disbursed to individual projects, or a half point for listing funds disbursed to some projects.

C4. Start date of project

Countries received one point for indicating the start date of the project listed, or a half point for listing some project start dates.

C5. Description of project listed

Countries received one point for describing each individual project to which finance was provided, or a half point for describing some projects.

C6. Grant/loan and level of concessionality

Countries received one point for listing if each individual project was funded by a grant or a loan and the level of concessionality of the loan, or a half point if information was included for some projects.

C7. Implementing agencies

Countries received one point for listing the agency that implemented each project or a half point for listing the implementing agencies for some projects.

C8. Accessible database

Countries received one point if they included a link to a database that was available in PDF form, and was easily to query and searchable.

C9. Adaptation or mitigation

Countries received one point for indicating if each project was addressing adaptation or mitigation goals, or a half point for providing this information for some projects.

C10. Georeferenced location

Countries received one point for including georeferenced locations for each project, or a half point for including this information for some projects.

C11. Links to full project documents

Countries received one point if they provided links to full project documents for each project, or a half point for including links to full project documents for some projects.

Appendix 3
Full Results of our Transparency Coding

CRITERIA		GERMANY	CANADA	IRELAND	BELGIUM	NETHERLANDS	FINLAND	SWEDEN	UK	JAPAN	UNITED STATES	NEW ZEALAND	PORTUGAL
A	Reporting of Summary Information (12 points)	10.5	7.5	8.5	6.5	10.5	6.	10.	7.5	10.	7.	8.5	7.5
A1	Timely reporting: met deadline (January 1st, 2014)	1.	1.	0.	0.	1.	1.	1.	1.	1.	1.	1.	1.
A2	Clarity on total committed (vs. pledged)	1	0	0.5	1	1	0	1	1	1	1	1	1
A3	Clarity on total provided	1	1	1	0	1	1	1	1	1	0	1	1
A4	Summary information about channels	1	1	1	1	1	1	1	1	1	1	1	0.5
A5	Proportion grants vs. loans	1	0.5	1	1	1	0.5	0.5	0.5	0.5	0.5	0.5	1
A6	Proportion public vs. private	0.5	0	0.5	0.5	0.5	0.5	1	1	1	0.5	0.5	0
A7	Proportion to LDCs, SIDS and Africa	1	0.5	0.5	0.5	0	1	0	0.5	0	1	0	0
A8	Proportion to global regions and countries	1	0.5	0.5	0	1	0	1	0	1	1	1	1
A9	Proportion adaptation vs. mitigation	1	1	1	0.5	1	0	1	0.5	1	0.5	0.5	0.5
A10	Reported annual historical climate funding	0.5	1	0.5	1	1	0.5	1	0	0.5	0.5	1	1
A11	Accessible organization of data	0.5	0.5	1	0.5	1	0.5	1	0.5	1	0	1	0.5
A12	All information in Biennial Report	1	0.5	1	0.5	1	0	0.5	0.5	1	0	0	0
B	Transparency Regarding Methodologies Used to Track Adaptation Finance (11 points)	4.5	5.5	4.0	5.5	7.0	6.5	6.5	5.0	5.5	7.5	5.5	4.0
B1	Definition of Adaptation	0	0.5	0	0	1	0.5	1	0	1	1	1	0
B2	Indication of methodologies used for tracking finance	0.5	0.5	0	1	1	1	1	1	0	0.5	0.5	0
B3	Clarified how determined whether "new and additional"	1	1	0.5	0.5	1	1	1	0	1	1	0	0
B4	Indication of how "fair share" calculated	0	0	0	0	0	0	0	0.5	0	0	0	0
B5	Indication of how country is planning to scale up to 2020	0	0	0.5	0	0	0	0	0.5	0.5	0.5	0	0
B6	Clear rationale for allocation to countries	0.5	0.5	0	0.5	0.5	1	0	0	0	1	0.5	1
B7	Clear rationale for allocation to sectors	0	0.5	0	0.5	0.5	0.5	0.5	0.5	0.5	1	0.5	1
B8	Submitted "common tabular format"	1	1	1	1	1	1	1	1	1	1	1	1
B9	No double counting of previous years	1	1	1	1	1	1	1	1	1	1	1	1
B10	Description of how resources address the needs of beneficiaries	0.5	0.5	1	1	1	0.5	1	0.5	0.5	0.5	1	0
C	Quality and Completeness of Project-level Data (11 points)	7.0	6.5	6.5	6.0	0.0	5.0	0.0	3.5	0.0	0.0	0.0	2.5
C1	All projects are reported	1.	1.	1.	1.	0.	1.	0.	1.	0.	0.	0.	0.5
C2	Amount committed to projects listed	1	1	1	1	0	1	0	0	0	0	0	0
C3	Amount actually disbursed (status)	0	1	0	1	0	1	0	1	0	0	0	0
C4	Start date of project	0	0	0.5	0	0	0	0	0	0	0	0	0
C5	Description of the project listed	0.5	1	1	0.5	0	0	0	0	0	0	0	1
C6	Level of concessionality	0.5	1	1	1	0	0.5	0	0.5	0	0	0	0
C7	Implementing agencies	1	0.5	0.5	0.5	0	0.5	0	0	0	0	0	1
C8	Accessible database	1	0	0	0	0	0	0	0	0	0	0	0
C9	Adaptation or mitigation	1	1	1	1	0	1	0	1	0	0	0	0
C10	Georeferenced location	1	0	0.5	0	0	0	0	0	0	0	0	0
C11	Links to full project documents	0	0	0	0	0	0	0	0	0	0	0	0
	Total Score (out of 34 points)	22.	19.5	19.	18.	17.5	17.5	16.5	16.	15.5	14.5	14.	14.
	Ranking	1	2	3	4	5	5	7	8	9	10	11	11

CRITERIA		AUSTRALIA	SWITZERLAND	ICELAND	FRANCE	NORWAY	LUXEMBOURG	EU INSTITUTIONS	GREECE	SPAIN	DENMARK	ITALY	AUSTRIA
A	Reporting of Summary Information (12 points)	7.5	8.5	7.5	8.	8.5	8.	5.	6.	5.5	4.	4.5	3.5
A1	Timely reporting: met deadline (January 1st, 2014)	1.	0.	0.	1.	0.	0.	0.	1.	1.	0.	0.	0.
A2	Clarity on total committed (vs. pledged)	1	1	0.5	1	1	1	0	1	0.5	0.5	0	1
A3	Clarity on total provided	1	1	1	1	1	1	1	0	0	0.5	1	0
A4	Summary information about channels	1	1	1	1	1	1	0.5	0.5	1	1	1	1
A5	Proportion grants vs. loans	1	1	1	0.5	0.5	1	0.5	1	0.5	0	0.5	0
A6	Proportion public vs. private	0	0.5	0.5	0.5	0.5	0.5	0	0.5	0.5	0	0.5	0
A7	Proportion to LDCs, SIDS and Africa	0.5	0	0.5	0	0	0.5	0	0	0.5	0	0	0
A8	Proportion to global regions and countries	0.5	0.5	1	0.5	1	0	0.5	0.5	0.5	0	1	0
A9	Proportion adaptation vs. mitigation	0.5	0.5	1	1	1	1	1	0.5	0.5	0.5	0.5	0.5
A10	Reported annual historical climate funding	1	1	0.5	1	0.5	0.5	1	1	0.5	1	0	1
A11	Accessible organization of data	0	1	0.5	0	1	1	0.5	0	0	0.5	0	0
A12	All information in Biennial Report	0	1	0	0.5	1	0.5	0	0	0	0	0	0
B	Transparency Regarding Methodologies Used to Track Adaptation Finance (11 points)	6.0	5.0	5.0	4.5	4.0	4.0	6.5	3.5	4.0	5.0	4.0	4.0
B1	Definition of Adaptation	0.5	1	0	1	0.5	0	0.5	0	0.5	0.5	0	0
B2	Indication of methodologies used for tracking finance	0	0	0.5	0.5	0	0.5	1	0.5	1	1	0	0.5
B3	Clarified how determined whether "new and additional"	1	0.5	0.5	0	1	1	1	0	0.5	1	0	1
B4	Indication of how "fair share" calculated	0	0.5	0	0	0	0	0	0	0	0	0	0
B5	Indication of how country is planning to scale up to 2020	0.5	0	0	0	0	0	0.5	0	0	0	0	0
B6	Clear rationale for allocation to countries	0.5	0	1	0.5	0	0.5	0.5	1	0.5	0.5	0.5	0.5
B7	Clear rationale for allocation to sectors	1	0.5	1	0.5	0.5	0	0.5	0	0	0	0.5	0
B8	Submitted "common tabular format"	1	1	1	1	1	1	1	1	1	1	1	1
B9	No double counting of previous years	1	1	1	1	1	1	1	1	0	1	1	1
B10	Description of how resources address the needs of beneficiaries	0.5	0.5	0	0	0	0	0.5	0	0.5	0	1	0
C	Quality and Completeness of Project-level Data (11 points)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0
C1	All projects are reported	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
C2	Amount committed to projects listed	0	0	0	0	0	0	0	0	0	0	0	0
C3	Amount actually disbursed (status)	0	0	0	0	0	0	0	0	0	0	0	0
C4	Start date of project	0	0	0	0	0	0	0	0	0	0	0	0
C5	Description of the project listed	0	0	0	0	0	0	0	0	0	0	0	0
C6	Level of concessionality	0	0	0	0	0	0	0	0	0	0	0	0
C7	Implementing agencies	0	0	0	0	0	0	0	0	0	0	0	0
C8	Accessible database	0	0	0	0	0	0	0	0	0	0	0	0
C9	Adaptation or mitigation	0	0	0	0	0	0	0	0	0	0	0	0
C10	Georeferenced location	0	0	0	0	0	0	0	0	0	0	0	0
C11	Links to full project documents	0	0	0	0	0	0	0	1	0	0	0	0
	Total Score (out of 34 points)	13.5	13.5	12.5	12.5	12.5	12.	11.5	10.5	9.5	9.	8.5	7.5
	Ranking	13	13	15	15	15	18	19	20	21	22	23	24

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