

Draft 1<sup>st</sup> Biennial Assessment and Overview of Climate  
Finance Flows\_V1

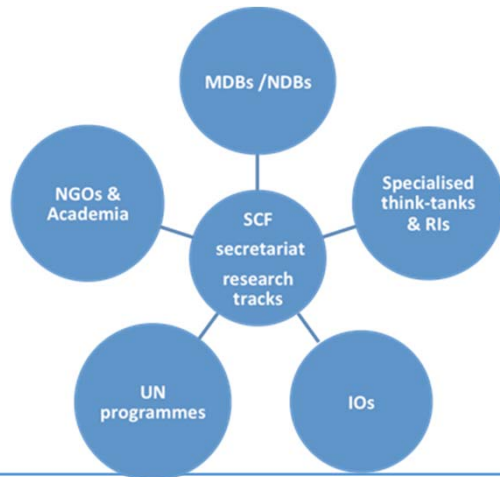
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### Approach

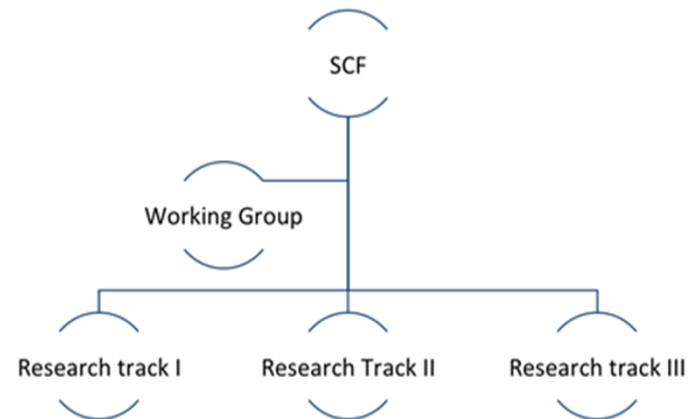
- The development of the first BA involve meta-data and information gathering from multiple sources – **internal sources** (e.g., Biennial reports, FSF reports, NAPAs, TNCs) and **external sources** (UN agencies’ reports, MDBs reports, DFIs reports, OECD DAC, other research institutions)
- The research combines literature review with conference calls with SCF working group and external contributors, and technical meetings involving external contributors and members of SCF.
- The organisation and implementation of the research work takes a “hub-and-spokes” approach.



### Research modalities

The work is organised in research tracks, each reviewing literature and gathering available data sets from primary and secondary data providers.

- Research track I**: reviews methodologies used to measure, report and verify different types of flow.
- Research track II**: collects data sets and any other relevant quantitative and qualitative information
- Research track III**: supports SCF to develop the assessment



## Draft chapter on the overview of current climate finance (2<sup>nd</sup> order draft)

**SCOPE** – The draft summarizes climate finance estimates from available sources. These include estimates of global climate finance flows and two types of sub flows – i.e., climate finance flows to developing countries (public and private) and climate finance reported to the Convention respectively. Where available, the chapter also presents estimates of flows by theme, sector/type of activity, and financial instrument under each.

### SOME HIGHLIGHTS ON TRENDS OF PUBLIC AND PRIVATE CLIMATE FINANCE

#### Total flows

- Global climate finance estimates summarized provides a sense of direction, composition, and scale compared to global financial flows in general (see section 3)
- The shares of global public and private climate finance are noticeable – private finance represents a significant share of the global total (see section 3.1.)

#### Sub-flows

- public funds flow mainly through bilateral and multilateral institutions (see section 4)
- Climate finance reported to UNFCCC (section 5)
- Multilateral finance under the UNFCCC represents a very small share of the climate finance provided to developing countries (< USD 1 billion per year)
- The rest of the support is channeled through bilateral and multilaterals outside the Convention (> USD 15 billion per year)

**LIMITATIONS** – the underlying data of the estimates of sub-flows is not easily/immediately comparable while available estimates of current global climate finance are limited by available data (i.e., estimates of flows are made at different stages of climate finance cycle)

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## **Draft chapter on methodological issues relating to MRV of public and private finance (2<sup>Nd</sup> order draft)**

**SCOPE** – The draft describes thoroughly the mechanics of evolving public and private climate finance tracking and reporting systems. It presents methodological issues resulting from use of different definitions and reporting approaches relating to public and private, multilateral and bilateral flows. The chapter also highlights a number methodological issues relating to reviewing public finance provided by developed countries under different reporting requirements and monitoring of support received by developing countries.

### **IDENTIFIED CHALLENGES AND LIMITATIONS**

#### Institutional and procedural issues

- Lack of common definition of climate finance
- Lack of, or inconsistent, reporting of climate finance to the UNFCCC, MDBs and other international finance institutions
- Inconsistent and incomplete reporting by developed countries of climate finance in NCs and BRs, particularly with regard to adaptation
- Lack of guidance for reporting financial support received by developing countries, including from MDBs and international funds, sub-national governments, NGOs, and private firms
- Inadequate capacity in developing countries to monitor international and domestic climate finance.

#### Methodological and data issues

- Lack of detailed climate finance information from the World Bank Group, MDBs and other international financial institutions on a regular basis
- Lack of information on private sector finance in sectors and subsectors other than renewable energy
- Lack of information about the role of developing countries in financing climate projects and programmes in other developing countries



## Draft assessment chapter (1<sup>st</sup> order draft)

### SCOPE

- **Considerations around transparency** which will inform to the extent possible the assessment as to whether the quality, quantity and comparability of financial data has improved over time (completed – see section II)
- A framing of **financial considerations** which would help us understand the extent to which different financial aspects can be assessed in future BAs, with some preliminary considerations for the first BA (work in progress - see Section III)
- **Policy considerations**, which with updated data and further analysis could be useful to assess geographic and thematic distribution of global finance flows, and where possible the distribution of sub-flows (work in progress - see section (see section IV )
- **Considerations around climate change objectives**, which we have seen it as research into whether the finance flows associated with global goals like the 2degree goal and climate change vulnerability can be assessed based on available data and literature (work in progress – see section V)
- **Considerations around country ownership**, which looks at consistency of flows with priorities of recipient countries' priorities and issues around domestic institutional arrangements (work in progress (work in progress – see section VI)

**LIMITATIONS** – lack of historical data that are needed to analyze the relationships between CO2 saved/vulnerability reduction and the associated finance

**NOTE** – The analysis of the above considerations is useful to inform the development and use of assessment criteria in future BAs

