

Outputs of the 1<sup>st</sup> Biennial Assessment and Overview of  
Climate Finance Flows, Meeting Objectives and Follow-  
ups

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### Inter-sessional work: From Draft BA \_V1 to \_V3

#### A) Work undertaken from SCF7 (June) to SCF8 (October)

Activity(es)	Results/Output(s)
Re-structuring of the individual chapters, additional analytical work, updating of statistics and fact-checking, and consistency checks	Improved draft individual chapters
Working meeting of the BA team in Bonn from 24 to 26 August	Consolidated BA draft V2
Two rounds of reviews by the SCF members and external contributors	V1 and V2 Reviewed and fact-checked
An update on the BA work on 28 August at the Climate Finance Week in Lima by Seyni Nafo (co-facilitator)	Presentation /attendees updated
Continued interaction with external contributors	Statistics updated as new statistics become available and continued fact-checking

#### B) Areas of improvements in V3 that have benefited from SCF revision of V2 and V1

- Redundancies in the Introduction (to the Report), Overview. Methodological issues and Assessment chapters have been addressed to a large extent
- The Overview chapter has been re-structured based on suggestions from SCF7.
- Assessment chapter has been split into two chapters: chapter III and IV, with the first assessing the findings from the Overview Chapter (chapter II) and the second drawing insights from the Methodological issues chapter (chapter I)
- Over 2/3 of statistics have been updated, with the remaining statistics to be updated within the next two weeks.



## Draft Executive Summary: Key findings

- **Definitions** adopted by data collectors and aggregators identified in this report point to a convergence that can be framed as: “*Climate finance is finance that aims to reduce emissions and enhance sinks of greenhouse gases and that aims to reduce vulnerability of, and to [maintain/] enhance the resilience of human and ecological systems to climate change impacts.*”
- **Harmonization of tracing and reporting methodologies** used to aggregate data on climate finance is beginning to take place. Continued efforts to harmonize these methodologies could improve the quality of data of climate finance substantially in the future reports
- **Reporting on climate finance provided** to developing countries (FSF, NCs, BRs,) can further promote transparency and integrity of reporting methodologies and data. Experience of developing country Parties, particularly their institutional and procedural needs, to monitor and report climate finance received, is an important step towards in improving reporting by developing countries.
- **Global total climate finance flows** (developed and developing) range from USD 343 bn to USD 650 bn per year during the period 2011-2012, and possibly higher.
- **Flows from developed to developing countries** range from USD 40 bn to USD 175 bn, of which USD 35 billion to USD 50 bn per year are public finance flows from developed to developing countries (FSF = over USD 33bn; BRs = over USD 19bn) (FM = USD 0.5 bn per year; multilateral climate funds = USD 1.5 bb per year)
- **MDBs and bilateral development finance institutions** have channeled substantial amounts of climate finance from developed to developing countries, with roughly 80% supporting mitigation (USD 22.4 bn in 2011; USD 24.5 billion in 2012; USD 23,4 bn in 2013)
- **Climate-related bilateral ODA** stood at USD 17.8 billion in 2011 and USD 21.5 billion in 2012. Bilateral finance with adaptation objective (principle or significant) grew from USD 8.5 billion in 2011 to USD 10.1 billion in 2012.
- The magnitude of **private climate finance flows** - including mobilized private finance - are highly uncertain: some estimates put private climate finance flows to developing countries at between USD 27 and 123 billion based on 2008-2011 data from a variety of sources
- **Substantial uncertainty around the global figures** (i.e., lack of good information on domestic public spending; and uncertainties and incomplete information on private finance
- **Instruments:** Depending on the data set , about half of the public finance for which information on instruments is provided as grants. Substantial volumes of non-concessional finance were also mobilized as part of FSF.
- **Thematic:** The majority of finance across the datasets reviewed appears to support mitigation, with financial support to adaptation ranging from 11 to 24%. A significant share of funding has been directed to global programs that target multiple countries (13-20%)
- **Geographic distribution of multilateral climate funds, FSF, and climate related ODA:** Asia and Pacific region (38-53%); Latin America and the Caribbean and Sub-Saharan Africa appear to receive broadly comparable shares of multilateral climate funds and FSF (12-15%); African countries appear to receive more than 25% of climate-related ODA
- **Areas that require further consideration:** effectiveness, impact, and ownership



## Draft Executive Summary: Ways forward

**A) This report has identified a number of areas where progress can be made in [better] understanding climate finance flows, these may include:**

### Definition of climate finance

- Adoption of a core definition that reflects the points of convergence of definitions adopted by data producers and aggregators as follows: "*Climate finance aims to reduce emissions and enhance sinks of greenhouse gases and to reduce vulnerability to and enhance/maintain the resilience of human and ecological systems to climate change;*" (Option 1);
- In addition to the above core definition, adoption of the operational climate finance definitions used by data producers and aggregators as contained in Table I-2 of the BA and/or request the Committee to further work on the operational definition in collaboration with relevant international organizations (Option 2).

### Enhancing the provision of information on climate finance

- Consideration of the experience of developed countries in following the guidelines in preparing the first Biennial Reports by SBI [at its next session???
- Consideration of the findings of the BA relating to reporting of climate finance to the Convention by SBSTA and sharing of experiences of developing countries, particularly their institutional and procedural needs, in monitoring and reporting support received;
- Support to developing countries in improving their institutional arrangements, procedures and systems to monitor and implement climate finance;

### Collaboration with international financial institutions and international organizations

- Develop options to harmonize methodologies for reporting climate finance data in cooperation with other international finance institutions and developing country partners, to develop
- Cooperation with the OECD, developing country experts and experts from the business community to devise practical options for annually estimating and collecting data on private sector climate finance taking into consideration the results of the Research Collaborative on Private Finance.

**B) Other [more specific] specific areas of work, these may include:**

A study of south-south flows to determine a more comprehensive picture of climate finance; Assessment of different instruments used to mobilize climate finance in developed and developing countries; Identification of options to improve estimates of domestic public finance such as the CPEIR; Deeper analysis of the effectiveness of climate finance; Assessment of the experience of different institutions in mobilizing and tracking private finance; Improve estimates of adaptation finance and assessment of current institutional arrangements for providing support for adaptation.



### SCF8 meeting objectives

- Finalize and approve the Executive Summary, including ways forward, followed by web-posting, Friday, 3 October (Output # 1)
- Agree on procedure to finalize the technical report of the first BA by end of October, followed by web-posting on 1 November ( Output #2)
- Discuss and agree on a communications and outreach plan to promote the BA outputs and timeline with deliverable for the period October-December 2014 (e.g., ADP session in October, Webinar in mid-November, COP side event, pre-COP?, etc) (Output #3)

