

**Summary and Recommendations
by the Standing Committee on Finance
on 2014 Biennial Assessment and Overview
of Climate Finance Flows**

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Aggregation methods and approach used in preparing the 2014 BA

- The data and information were sourced from available sources – i.e., literature review combined with technical meetings involving data providers/external contributors (e.g., MDBs, OECD DAC, IDFC, UNDP, UNEP, CPI, ODI, WRI, etc.)
- Climate finance data are aggregated in two ways:
 - **Global total climate finance** which includes public and private financial resources devoted to addressing climate change globally, and
 - **Flows from developed to developing countries** aimed at addressing climate change, which includes climate finance reported to UNFCCC.
- The estimates for global total climate finance flows were drawn from reports and datasets that include total investment costs and expenditures, and the estimates of flows from developed to developing countries were drawn from reports and data sets that capture activity, project, and /or sub-component level data
- Data on thematic and geographic distribution of flows were limited to sub-flows (FSF, 2010-2012; BR, 2011-2012; OECD CRS, 2010-2012, MDB flows, 2011-2012, data from the multilateral climate funds and OEs of FM of the Convention)

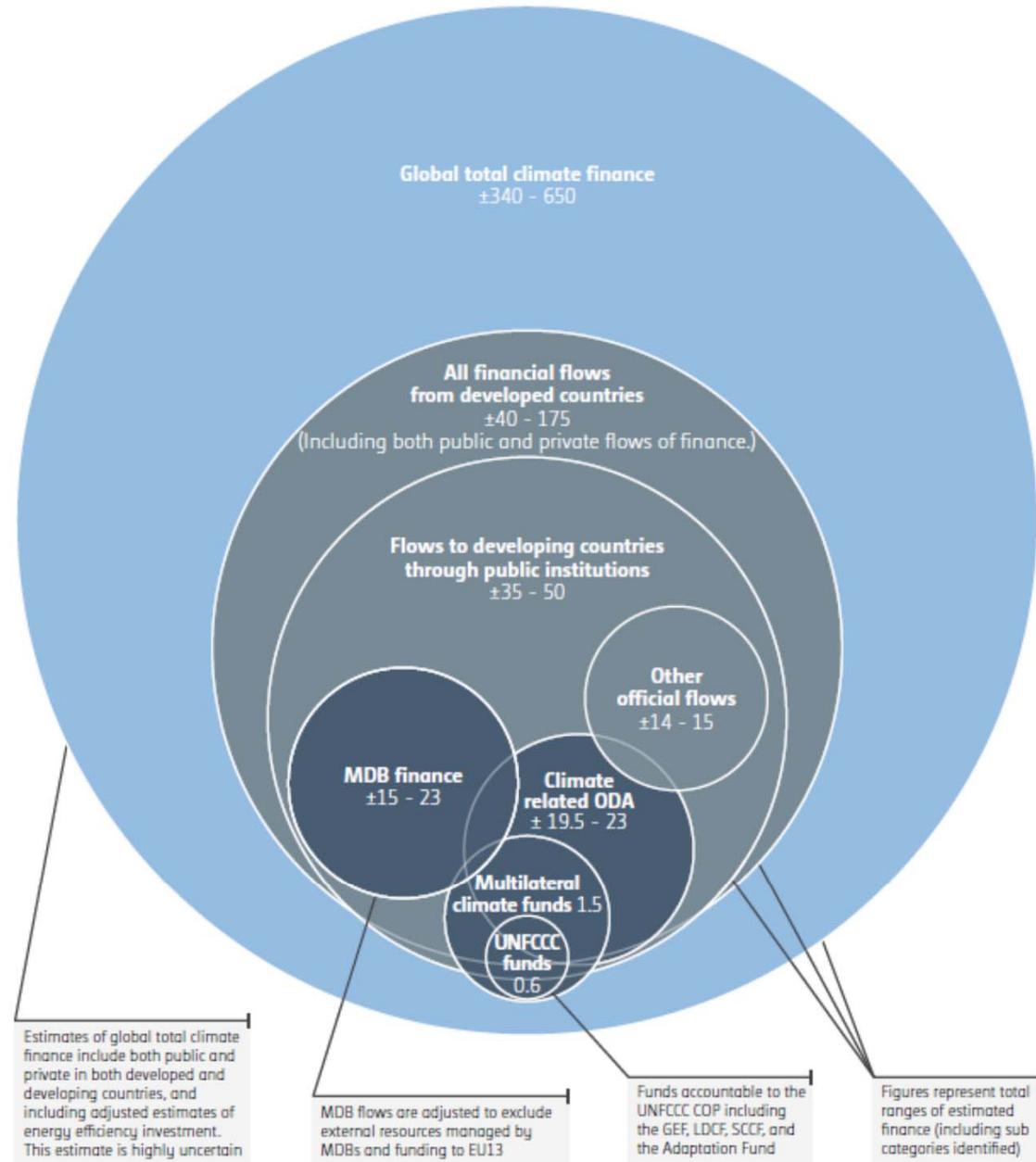


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Key findings I: Climate finance flows in period 2011-2012

Climate finance reported to the Convention is included in the flows from developed to developing countries:

- Total climate finance provided by developed countries reported through Biennial Reports was USD 28.755 billion in 2011 and USD 28.863 billion in 2012.
- The amount of Fast-start finance committed and reported by developed countries for the period 2010–2012 exceeded USD 33 billion.



Quality of measurement and reporting:

Relatively certain

Medium certainty

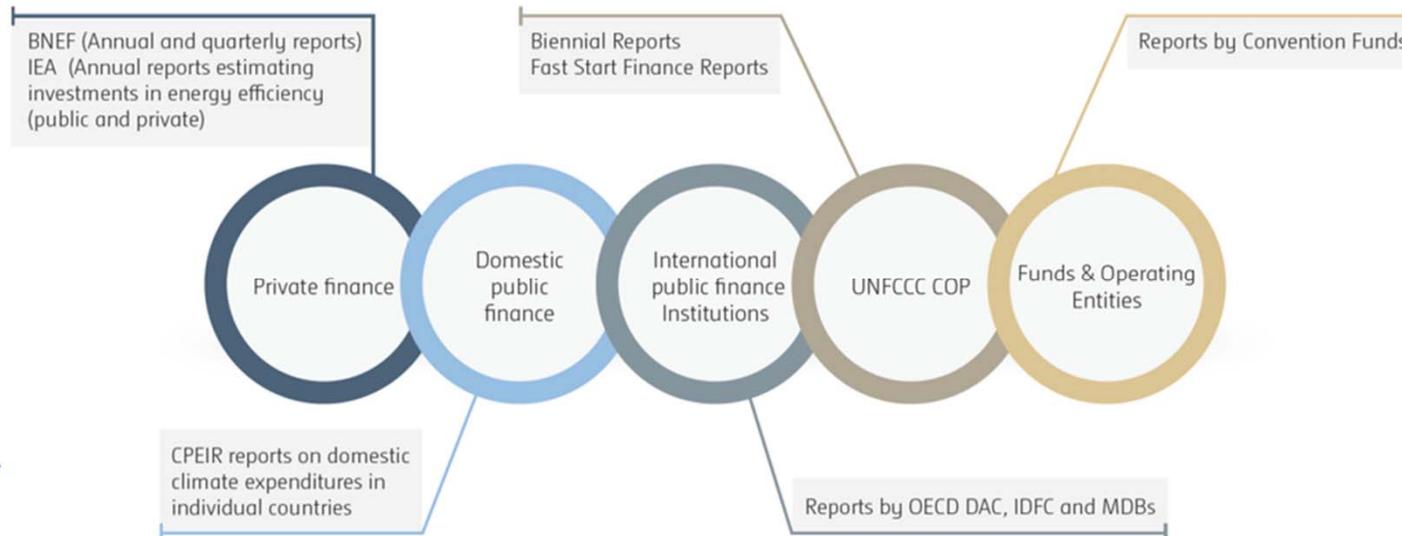
Relatively uncertain

Key findings II: Methodological issues relating MRV of public and private climate finance

- Data collectors and aggregators use different operational definitions but with common elements.

“Climate finance aims at reducing emissions, and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts.”
- Institutions report on climate finance for different purposes, and use different methods. Quality assurance of reporting and public disclosure of the underlying data also varies.
- Efforts to improve quality, comparability, and coverage of climate finance data that are underway
- To form a comprehensive picture of climate finance, information on both finance provided by developed countries and finance received by developing countries is needed.

Conceptual representation of five main categories of methodologies for reporting components of global total climate finance as applied by different institutions.



Key findings III: Assessment of climate flows

Thematic distribution of finance

- 48 to 78% of finance reported as FSF, in BRs, through multilateral climate funds, and through MDBs supports mitigation or other/multiple objectives (6 to 41 %).
- Classifying REDD+ finance as contributing to multiple objectives, as many countries have done in their BRs, results in a reduction in the share of mitigation finance relative to that reported in FSF.
- Adaptation finance in the same sources ranges from 11 per cent to 24 %

Geographic distribution of finance

- In general, the largest share of funding from multilateral climate funds, FSF, and climate-related development assistance has been directed to the countries of the Asia and Pacific region (38 to 53%).
- 13 to 20 % of funding has been directed to global programs that target multiple countries.
- The countries of Latin America and the Caribbean and Sub-Saharan Africa appear to have received broadly comparable shares of the finance committed (12 to 15%) of multilateral climate funds and FSF.
- More than 25 % of climate-related development assistance appears to have been directed to Africa.

Instruments of finance

- 44 to 51 % of funding through multilateral climate funds, as well as FSF and climate-related Official Development Assistance is provided as grants.
- Concessional loans, Other Official Flows (OOFs) and export credit finance for climate change activities were also reported as part of FSF.



Recommendations I: Methodologies

Further efforts would enable better measuring, reporting and verifying of climate finance flows. This will require many steps over a number of years and require the cooperation of all data producers and aggregators identified in this report. For instance:

- Improvements in the guidelines for reporting climate finance under the Convention and development of common reporting methods for needs and climate finance received in time for the next BURs cycle
- Relevant data producers, collectors, aggregators, and experts from both developed and developing countries could offer suggestions for the enhancement of approaches for measuring and reporting climate finance through, inter alia, introduction of formal data assessment processes; improvements in the use of common definitions, and; further efforts to develop common methodologies, particularly for the provision of information on adaptation finance and private climate finance, to the extent possible, disaggregated data to improve comparability of data
- Cooperation with relevant institutions and experts, including from the private sector, to devise practical options for estimating and collecting data on private climate finance, taking into consideration the findings of the OECD Research Collaborative on Tracking Private Climate Finance



Recommendations II: Operational definition of climate finance

The transparency and accuracy of estimates of climate finance could be strengthened with a common definition of climate finance. For example:

- Parties could consider the definitional elements for future reporting under Convention
- SCF, in collaboration with relevant international financial institutions and organizations, could continue technical work on operational definitions.

Recommendations III: Ownership, impact and effectiveness

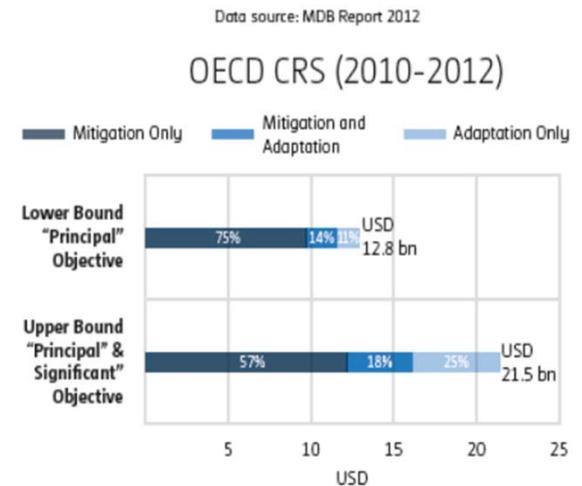
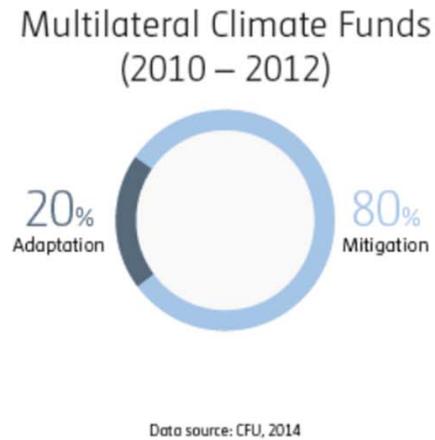
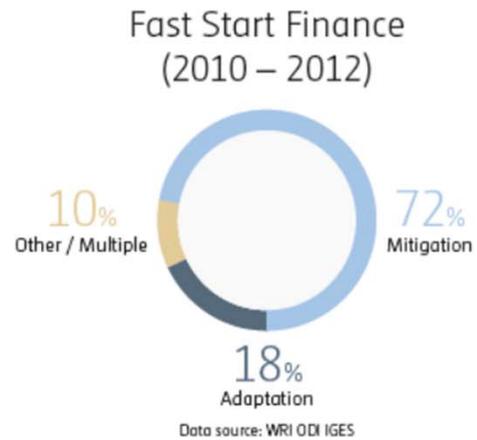
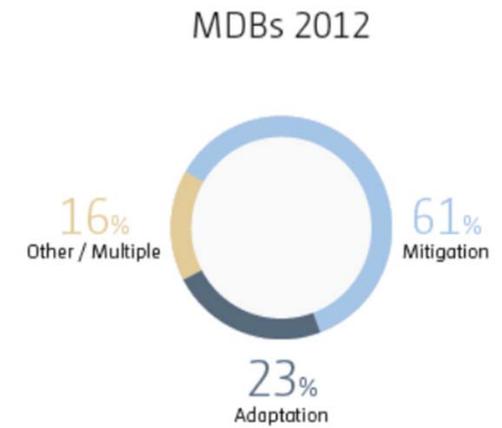
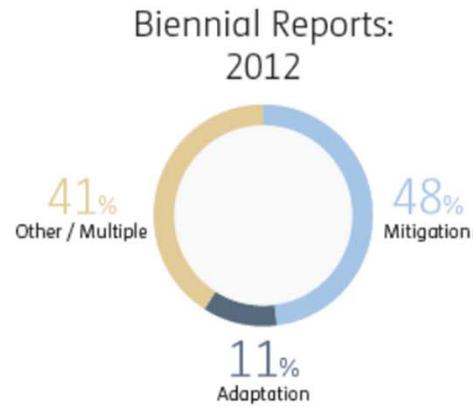
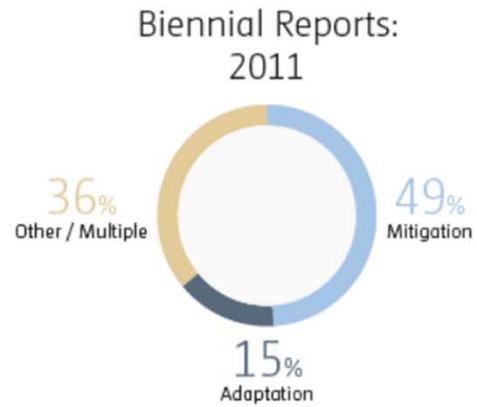
Steps can be taken to advance the effectiveness and developing country ownership of climate finance. For example:

- Climate finance providers continue to deepen their engagement with recipient countries to strengthen alignment with national needs and priorities
- Climate finance providers could be encouraged to inform UNFCCC focal points of climate finance committed and reported to the Convention as directed to their country to the extent possible
- Further work with regards to needs assessment processes is needed to inform future BAs of the SCF.



ANNEXES



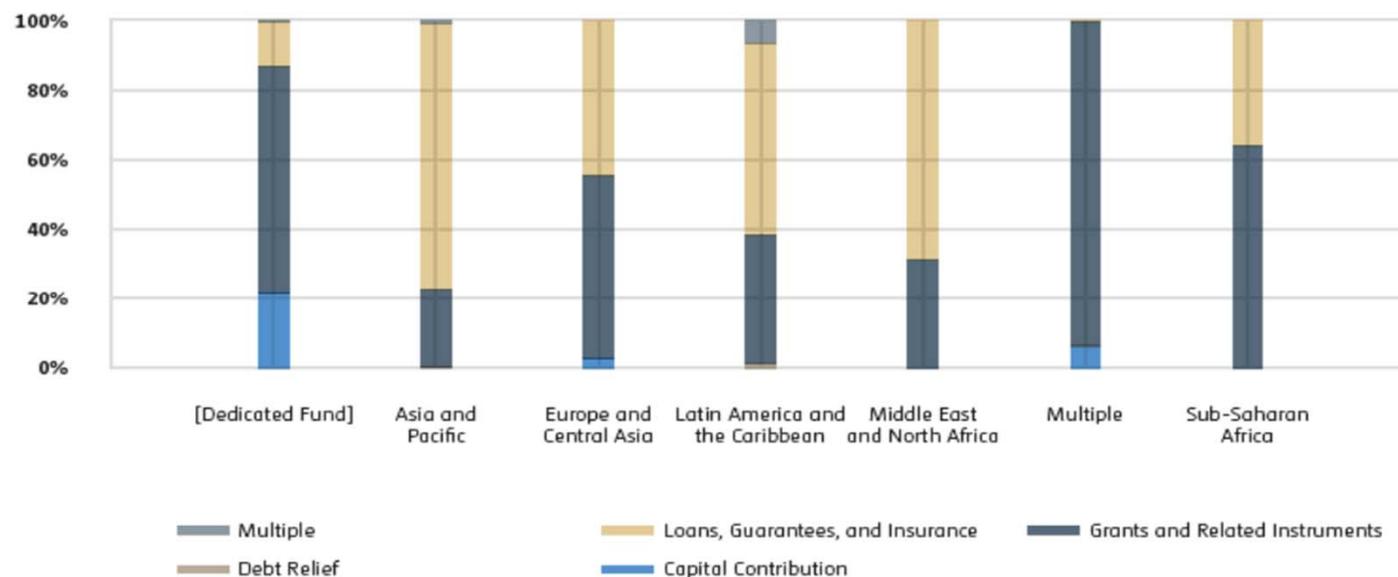


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	ODA Grants	ODA loans	OOF	Other~	Total
Fast Start Finance (2010 - 2012)	44%	26%	16%	15%	30435.1
Multilateral Climate Funds* (2008 - 2014)	51%	33%	-	16%	10514.0
OECD CRS (2007-12)	44%	51%	3% (partial data)	1%	6
Biennial Reports (2011-2012)	51%		6%	13%	

Note: All figures are in current US\$ Million * based on approved figures; ~ partly equity investment

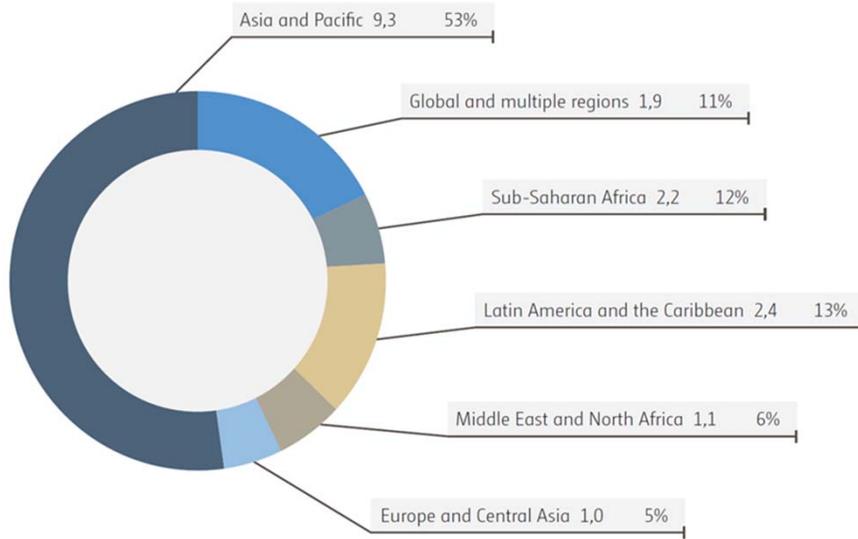
Climate finance instruments across regions during the FSF period (2010-12)



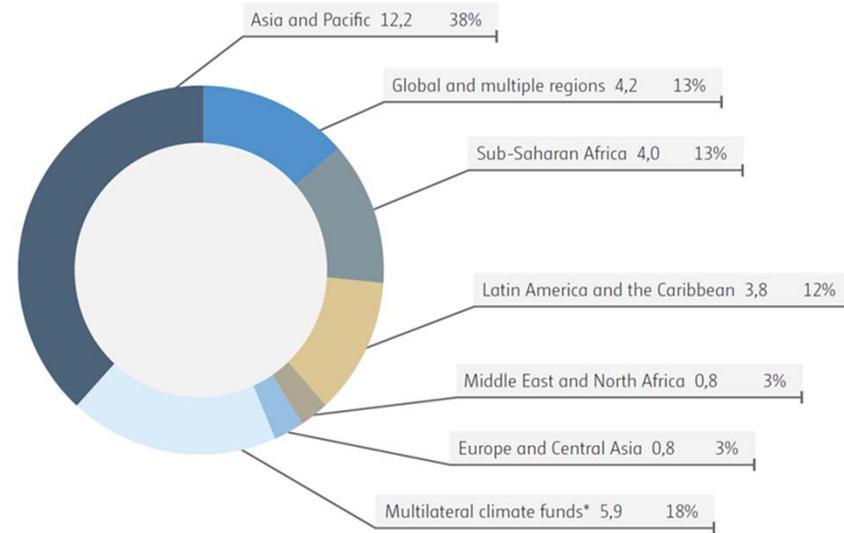
Data source: UNFCCC (2012)

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**Dedicated Climate Funds (including the GEF, LDCF, SCCF, AF, CIFs)
(2010–12) USD billion**



Fast-start Finance (2010–2012) USD billion



**Global distribution of principal and significant climate relevant ODA
(2007–12) USD billion**

