Views on the methodologies for the reporting of financial information,

Submission to Standing Committee on Finance

Submission by UNDP

Draft by Joanne Manda, Kit Nicholson, Kevork Baboyan and Hanh Le

Key Messages

1. MRV of support needs to go beyond tracking of climate finance flows but also assess how international climate finance contributes to strengthening country-led climate response. It should encompass both domestic and international finances and support recipient countries in verifying receipts of international financial flows. CPEIRs are a valuable tool to support MRV more generally in relation to providing recipient country perspectives on financial flows as well as adaptation and mitigation actions.

2. There is no agreed definition of climate finance. The Biennial Assessment Report proposes a definition that is broad, functional and flexible to allow for country context. The CPEIR methodology provides a common framework for defining climate finance whilst allowing for contextual flexibility.

3. CPEIR has methodological options/experiences that many be useful for the COP going forward.

Background

1. At COP17, Parties requested the Standing Committee on Finance (SCF) to assist the Conference of the Parties in exercising its functions with respect to the financial mechanism of the Convention in terms of improving coherence and coordination in the delivery of climate change financing, rationalization of the financial mechanism, mobilization of financial resources, and measurement, reporting and verification of the support provided to developing country Parties[1].

2. At COP19, Parties invited the SCF to increase its work on MRV of support beyond the biennial assessment and overview of climate finance flows (BA)[2]. The BA was tabled at COP 20 along with clear recommendation for further work including:

   - Invitation to relevant bodies of the Convention to develop common reporting methods for needs and climate change finance received in time for the next cycle of Biennial Update Reports (BURs), with consideration of developing countries experiences;

   - Invitation to relevant international institutions, organizations, and experts from both developed and developing countries to explore options to strengthen tracking and reporting of domestic climate change finance from public and private sources in

[1] Decision 2/CP.17, paragraph 121

[2] Decision 7/CP. 19, paragraph 9

developed and developing countries, building on international experience and emerging practices.

3. At COP20, in relation to the work on methodologies for reporting of financial information by Annex I countries, the COP invited Parties and observer organizations to submit views on the methodologies for the reporting of financial information[3]. The submissions will be summarized in a technical paper to be developed by the Secretariat to inform an in-session technical workshop jointly organized under the auspices of the SCF, the Subsidiary Body for Scientific and Technical Advice (SBSTA), and the Subsidiary Body for Implementation (SBI).

4. Over the past 5 years, UNDP has been working with developing countries to conduct Climate Public Expenditure Reviews[4] (CPEIRs) which review, quantify and analyse national climate finance including from domestic and international sources with integrating climate change into the national budget process. As such, the CPEIRs provide the tools and methodologies in tracking the delivery of climate change finance at the national levels as well as provide insights into key factors towards successful MRV of climate change finance from the recipient countries' perspective.

5. Given the relevance of the CPEIR experience to the issue of MRV of climate change finance and support from Annex I Parties, UNDP makes this submission, in response to the above-mentioned call for submissions of views on the methodologies for the reporting of financial information by Parties at COP20 (Decision 11/CP.20, paragraph 2). It aims to share country experiences from CPEIRs on the issue of tracking climate change finance.

Balancing national and international perspectives on MRV of support

6. An effective framework for MRV of support needs to generate a comprehensive view of both domestic and international efforts towards climate change resilient development. The wide range of sources and delivery channels of climate change finance poses a challenge in monitoring and tracking from both perspectives of disbursing and recipient countries. The COP guidelines outline that the source and character of funds should allow for traceability on the part of non-Annex I parties in order for them to be able to certify the funds received and report on the effective use of those funds. Evidence from Biennial Update Reports indicates that there is still a lot to be done to allow for comprehensive certification of funds received in current reporting. As already indicated in the BA report, MRV of support should encompass both domestic and international climate change finance. Non-Annex 1 countries require further support to roll out CPEIR analysis globally in order to build up a credible body of work and more comprehensive datasets for both domestic finance and recipient led certification of international climate finance flows. Future iterations of the BA could then include more comprehensive coverage of both domestic and international finance as a complete picture of global climate finance flows.

7. Channels for delivery of international climate change finance are often off budget and difficult for recipient countries to trace. The challenge remains in how to ensure coherence between the amount reported to be mobilized from disbursing countries and the corresponding budgets allocated within recipient countries. Current reports in Annex 1 country Biennial Reports (e.g. Table 7: Provision of public financial support) does little to help track and quantify funds received. The CPEIR provides recipient countries with the tool to track and measure receipts of climate change finance flows in the context of overall national

[3] Decision 11/CP.20, paragraph 2

[4] More information on CPEIRs is available on our website at http://climatefinance-developmenteffectiveness.org/.

planning and budgeting processes. UNDP has developed a CPEIR database[5] which captures climate change expenditures from a national perspective. While data is currently not easily comparable (due to the various definitions of what constitutes climate change finance) it might provide a useful platform for future MRV reporting. The main challenge is to ensure that disbursing and recipient countries have common approaches and methodologies to track financial flows. This submission outlines below some of the approaches utilised within the CPEIR which can be used to strengthen classification and reporting of Annex 1 countries.

Definition of Climate Change Finance

8. A key challenge in measuring climate change finance is that there is a wide range of sources of and channels for the delivery of climate change finance and there is currently no internationally agreed definition of climate change finance. Climate change finance comes from public and private sources, including international dedicated climate funds, climate-relevant ODA contributions, national budgets, private sector etc. Each of these sources uses its own definition of climate change finance and its own systems and methodologies for reporting it.

9. The initial review of the climate change finance definitions identified in BA report points to a convergence that can be framed as: "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." Whilst this makes it clear that the definition is determined by the aim (or objective) of the finance, the practical application of this has proved difficult and liable to over-estimation. The COP through the work of the SCF should continue to work towards a common, functional definition of climate finance which incorporates views from non-Annex 1 countries. The CPEIRs methodology offers an emerging framework for classification of climate change finance which provides core elements relevant to defining climate change finance whilst allowing flexibility for country context.

Methodologies for measuring climate change finance – Classification and Weighting Climate Relevance

10. Experience with Climate Public Expenditure and Institutional Reviews (CPEIRs) and with Climate Change Financing Frameworks (CCFFs) suggests that robust measurement of climate finance is a major challenge, especially for adaptation. As outlined above, it is a challenge to define climate change finance in an objective manner that is practical and easy to understand. A method is needed to define the extent of the 'CC relevance' (i.e. the CC%)of all actions, to focus on the most important actions and so avoid duplicating conventional development programming. The CPEIRs undertaken in various countries[6] since 2012 define CC finance based on assessing the level of climate change relevance of a particular expenditure using two approaches, namely: i) CPEIR Climate Change Relevance Index and ii) CPEIR Benefits Approach.

Approach 1 - CPEIR Climate Change Relevance Index

11. This approach builds on the Rio Markers Methodology developed by the OECD which utilises the declared objectives of the programmes and expenditures to determine the climate change relevance of the expenditure on a scale of 0 – 100%. All activities are grouped into the five categories listed in the table below, with the corresponding weightings then applied

[5] Link: http://climatefinance-developmenteffectiveness.org/CPEIR-Database

[6] CPEIRs have been conducted in Bangladesh, Cambodia, Fiji, Indonesia, Morocco, Nauru, Nepal, Philippines, Samoa, Tanzania, Thailand, Uganda and Vietnam.

to the programme/policy expenditures in order to quantify the climate change-relevant expenditures.

The structure of the climate change relevance index is summarized in table 1 which is based on the structure used for the Thailand 2012 CPEIR.

Table 1. *CPEIR Climate Change Relevance Index*

High	>75%	CC is the explicit primary objective
Mid	50%-74%	Include a mix of activities, only some of which are CC relevant
Low	25% - 49%	CC is a secondary objective, or with only one CC activity amongst several
Marginal	<25%	CC is a very minor objective, often only implicit
No	0%	Unaffected by CC

Source: Thailand CPEIR, 2012.

Actual examples of what is considered climate change finance in CPEIRs based on national planning and budgeting documentation, literature review, expert opinion and national stakeholders consultations can be found in table 2 below.

Table 2. *Public Expenditures Classification According to the Climate Change Relevance Index*

High relevance	Rationale	Clear primary objective of delivering specific outcomes that improve climate resilience or contribute to mitigation
Weighting more than 75%	Examples	• Energy mitigation (e.g. renewables, energy efficiency) • Disaster risk reduction and disaster management capacity • The additional costs of changing the design of a programme to improve climate resilience (e.g. extra costs of climate proofing infrastructure, beyod routine maintenance or rehabilitation) • Anything that responds to recent drought, cyclone or flooding, because it will have added benefits for future extreme events • Relocating villages to give protection against cyclones/sea-level • Healthcare for climate sensitive diseases • Building institutional capacity to plan and manage climate change, including early warning and monitoring • Raising awareness about climate change • Anything meeting the criteria of climate change funds (e.g. GEF,PPCR)
Medium relevance	Rationale	Either (i) secondary objectives related to building climate resilience or contributing to mitigation, or (ii) mixed programmes with a range of activities that are not easily separated but include at least some that promote climate resilience or mitigation
Weighting between 50% to 74%	Examples	• Forestry and agroforestry that is motivated primarily by economic or conservation objectives, because this will have some mitigation effect • Water storage, water efficiency and irrigation that is motivated primarily by improved livelihoods because this will also provide protection against drought • Bio-diversity and conservation, unless explicitly aimed at increasing resilience of ecosystems to climate change (or mitigation) • Eco-tourism, because it encourages communities to put a value of ecosystems and raises awareness of the impact of climate change • Livelihood and social protection programmes, motivated by poverty reduction, but building household reserves and assets and reducing vulnerability. This will

		include programmes to promote economic growth, including vocational training, financial services and the maintenance and improvement of economic infrastructure, such as roads and railways
Low relevance	Rationale	Activities that display attributes where indirect adaptation and mitigation benefits may arise
Weighting between 25% - 49%	Examples	• Water quality, unless the improvements in water quality aim to reduce problems from extreme rainfall events, in which case the relevance would be high • General livelihoods, motivated by poverty reduction, but building household reserves and assets and reducing vulnerability in areas of low climate change vulnerability • General planning capacity, either at national or local level, unless it is explicitly linked to climate change, in which case it would be high • Livelihood and social protection programmes, motivated by poverty reduction, but building household reserves and assets and reducing vulnerability. This will include programmes to promote economic growth, including vocational training, financial services and the maintenance and improvement of economic infrastructure, such as roads and railways
Marginal relevance	Rationale	Activities that have only very indirect and theoretical links to climate resilience
Weighting less than 25%	Examples	• Short term programmes (including humanitarian relief) • The replacement element of any reconstruction investment (splitting off the additional climate element as high relevance) • Education and health that do not have an explicit climate change element

Source: Thailand CPEIR, 2012.

12. The strength of the Climate Change Relevance Index approach is its simplicity, and how it adjusts to the country's context. It provides useful rough estimates of climate relevance based on expert opinion and agreed by national stakeholders.

13. Another advantage of the Climate Change Relevance Index is that it simple to explain and communicate to stakeholders with limited technical expertise due to capacity constraints when engaging them in national consultations. It also requires less data and resources than the alternative approach that will be presented later. .

14. However, the approach presents some weaknesses including a certain level of subjectivity which might lead to weights that are biased upward undermining, therefore, the credibility of the climate weighting exercise.

15. Finally, it is important to remember once again that the climate relevance index tries to capture the significance of CC as an objective of the expenditures it is analyzing. It does not, for example, take into account the outcomes of expenditure nor does it distinguish more subtle but important nuances between the relevance of the expenditures to current climate variability versus their relevance with respect to long term change in climate trends. For example, a cyclone shelter will become increasingly **climate change relevant** as the impact of climate change grows in the coming years and disasters become more likely. However, cyclone shelters are also relevant to disaster events due to **current climate variability**. By assigning a high relevance weight (often 100 percent) to cyclone shelters and other disaster risk infrastructure, the climate relevant index does not distinguish between relevance for current climate variability and relevance for change in the climate happening in the long

term. Assigning a 100 percent CC relevance weight to a cyclone shelter implies that it has only relevance for future disaster events happening as a result of future climate change impact but is not relevant for actual disaster events due to current climate variability.

Approach 2 - CPEIR Benefits Approach

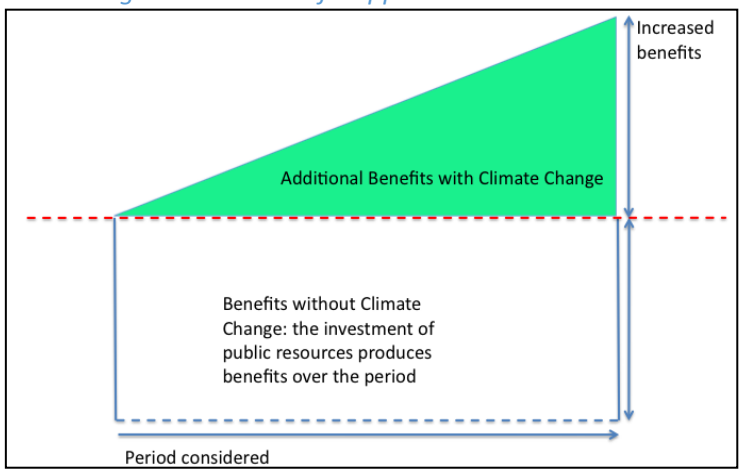
16. . This methodology defines climate change relevance by how sensitive a programme is to climate change, linking intrinsically to the expected benefit of the action to the impact of climate change. It reconciles the climate impact analysis and the climate relevance analysis by analysing the benefits when climate change impacts materialise compared to the situation without climate change. This is done by estimating the benefits of an action both with and without CC and comparing these benefits, as follows

CC% = (B – A) / B
where A = the benefits that would be generated by the action, if there was no CC
B = the benefits that would be generated with CC

17. The benefits from an action are those conventionally recognised in national planning and include: economic benefits (e.g. incomes, assets etc.), social benefits (e.g. education, health, welfare, gender …) and environmental benefits (e.g. biodiversity, reduced pollution etc.). For major investments, the benefits may be estimated as part of an economic analysis (e.g. rates of return for irrigation, roads, new crop varieties, energy investments etc.). For other actions, they may be defined as outcomes in logical frameworks, with associated indicators (e.g. people protected from floods, hectares of forest planted, number of households).

18. Figure 1 visualises the analysis of benefits in situations "with" and "without" climate change impacts. The transparent and green areas represent the benefits of investing[7] public resources.

Figure 1: The Benefit Approach-An Illustration



19. Three countries (Cambodia, Thailand and Indonesia) have undertaken this methodology. In all of these countries, the analysis has used national evidence, wherever possible, supplemented by international studies. For all the countries, the benefits analysis supported public finance reform initiatives that aim to improve the evidence base of policy formulation and introduce results based management.

20. This methodology provides a rational approach to objectively estimate climate change relevance. This requires an explicit definition not only of the climate change objectives, but

[7] Investing public resources can be done in any type of programme or tax incentives and subsidies, it is not tied to capital expenditures.

also of the other objectives (i.e. economic, social and environmental objectives). It helps avoid "green washing" programmes whose objectives are climate related without delivering climate benefits. This approach can be done in both quantitative and qualitative ways.

A - Quantitative Method to Assess CC Relevance or the "Benefit Cost Ratio" Approach

21. Where possible, the benefits with and without CC can be estimated quantitatively. In that sense, it is capable of identifying the "additional" climate change component of a programme on more objective grounds (compared to subjective judgements made by public finance management experts and climate finance specialists in the CPEIR Climate Change Relevance Index method). The indicator of benefit used in the CCFFs was the Benefit Cost Ratio, which allows benefits associated with reduced costs to be included, without making special provision.[8] For example, the Ministry of Agriculture in Thailand refined the CC% relevance weight initially calculated in the 2012 CPEIR based on the Benefits Cost Ratio approach for five strategic agriculture investments that present climate change co-benefits.

Table 3. *CC% Relevance for Selected Spending by the Thailand's Ministry of Agriculture and Cooperatives as per the BCR Approach*

	2014 Budget (THB m)	BCR		%CC Relevance
		without CC	with CC	(BCRcc - BCRwcc)/BCRcc
Irrigation (if proofed)	40,095	2.8	3.2	10%
Integrated Pest Management	5,435	4.8	6.2	22%
Fisheries – Shrimps	3,653	1.7	2.2	21%
Livestock - Pig Slurry	5,331	1.5	2.0	23%
Land Development - Vetiver	5,193	2.2	2.7	20%
Total	59,707	2.8	3.2	

Source: Strengthening Thailand's Capacity to Link Climate Policy and Public Finance, 2014.

22. Now if we compare how the two approaches defined climate change finance (let us take the example of irrigation for Thailand) we find out that each one provide a different insight:

- The climate change relevant index assessed the relative importance of climate change as a policy objective of investing in irrigation and find out that adaptation to climate change was an objective of investments in irrigation granting the irrigation expenditures in the budget 50-75 percent score on a total scale of 100 percent (please refer to table 2).
- The %CC relevance BCR approach finds out that investing in irrigation will bring additional climate change co-benefits of 10 percent (out of the total benefits brought by irrigation spending) over the lifetime of the project[9] as climate change impact increases causing additional droughts during the wet season (please refer to table 3).

B - Qualitative Benefits Analysis to Assess CC Relevance

23. A BCR approach might not be always feasible. Limited availability and reliability of data, the complexity of the analysis and national capacity might constrain a rigorous BCR analysis. This second method entails a more qualitative estimation of the relative importance of the

[8] However, if it is difficult to measure the value of benefits, it may be more appropriate to use indicators for physical benefits.

[9] The lifetime of the spending is assumed to span the 2014-2050 period.

climate benefits (compared with economic, social and environmental benefits) of each action and using that to determine climate change relevance. This approach is more accessible for most stakeholders, allows for participatory determination of climate change relevance and helps encourage experts from central and line ministries and other stakeholders consulted to think about how CC impacts on policy performance (please see table 4).

Table 4. *Guide for Subjective Estimation of Benefits Used in the Indonesia Green Planning and Budgeting*[10]

BCR	Interpretation
1.5 - 2.0	Strongly positive benefit, easily enough, on its own, to justify the (public/private) cost
1.2 - 1.7	Positive benefit, just enough, on its own, to justify the cost
0.7 - 1.3	Benefit about equal cost, needing some other modest benefit to justify the cost
0.3 - 0.8	Secondary benefit, important but needing substantial other benefits to justify cost
0.1 - 0.4	Minor benefit, worth noting, but not likely to be a major factor in justifying the costs

24. Guidance on how to score relative benefits to stakeholders involved in climate change weighting is required in order to avoid the overestimation of climate change benefits, compared with economic, social and environmental co-benefits. Therefore, qualitative assessment of benefits through expert opinion should be complemented by drawing on other sources and principles which are presented here as a matter of example:

- International case studies of policy appraisal could be used for evidence,
- The IPCC 'SREX Rule' which assumes that benefits from avoiding or reducing the impact of climate change will become twice as valuable by 2050 as that the return period of extreme events will be divided by 2 at horizon 2050 and this change is linear,
- The value of the CO_2 content in fuel or electricity, compared with the economic value of fuel or electricity using the social cost of carbon

25. The use of such guidelines help mitigate the overestimation that could happen when the weighting is based entirely on objectives like in the climate change relevance index. They also encourage stakeholders to think about how CC impacts policy performance. Unlike, the BCR approach however, they do not completely eliminate the risks related to the inflation of weights. Table 5 below provides a presentation of % CC relevance yardsticks that could be used in a qualitative benefit analysis for each type of climate change expenditures that have been identified by the comprehensive climate change typology developed for the 2015 Vietnam CPEIR.

[10] The executive summary of the Green Planning and Budgeting which assesses among other things the CC adaptation and CC mitigation benefits of Indonesia's green strategy priorities can be found at the following address: http://www.kemenkeu.go.id/sites/default/files/gpb-strategy.pdf

***Table 5**. Comprehensive Framework for Classification of Expenditures Incorporating CC relevance Yardsticks for Use in Qualitative Benefits Assessment*

			Standard Type of Activity	CC%	Comments
Policy and Governance	***Adaptation Planning***	PG1.1	CC adaptation guidelines and technical regulations	100%	
		PG1.2	Policy/planning for CC response at all levels	100%	
		PG1.3	Manage/monitor implementation of adaptation policies	100%	
	Mitigation Planning	PG2.1	Policy, tax and incentive structure for mitigation	5-10%	Type B
		PG2.2	Sectoral mitigation plans and coordination	5-10%	Type B
		PG2.3	Manage/monitor implementation of mitigation policies	5-10%	Type B
	Sector Plans	PG3.1	Action and Sector Plans	100%	
		PG3.2	Impact assessments	100%	
		PG3.3	CC Capacity building	100%	
	Instruments	PG4.1	Mitigation instruments		Depends on sector
		PG4.2	Adaptation instruments		Depends on sector
		PG4.3	Mitigation and Adaptation Instruments		Depends on sector
	International	PG5.1	International cooperation	100%	
		PG5.2	Coordinating foreign and domestic investment	100%	
Scientific, Technical and Societal Capacity	***Science & Technology***	ST1.1	Information and database development		
		ST1.2	Hydrometeorology, early warning & CC projection	33%	Type A
		ST1.3	Biological & genetic resource strengthening	100%	
		ST1.4	Survey and assessment on CC impacts	100%	
		ST1.5	Technology for energy efficiency & low GHG emission	5-10%	Type B
	Awareness	ST2.1	CC awareness in education	100%	
		ST2.2	CC awareness for post school aged learners	100%	
	Community capacity	ST3.1	Livelihoods for communities in the context of CC	10-33%	Type D
		ST3.2	Capacity across whole community in CC response	100%	
Climate Change Delivery	***Natural resources***	CD1.1	Coastal protection and coastal dykes	100%	
		CD1.2	Saline intrusion	50-75%	Depends on location
		CD1.3	Irrigation	10-33%	Type C
		CD1.4	River dyke and embankments	33%	Type A
		CD1.5	Water quality and supply	10-33%	Type C
		CD1.6	Rural development and food security	10-33%	Type D
		CD1.7	Forest development	10-45%	Type E
		CD1.8	Fisheries & aquaculture	?	Depends on ecosystem
		CD1.9	Biodiversity & conservation	?	Limited research
	Resilient society	CD2.1	Public health & social service for CC sensitive disease	10%	WHO impact studies
		CD2.2	Residential and city area resilience	33%	Type A
		CD2.3	Transport	1-5%	Depends on flood risk
		CD2.4	Waste management and treatment	13%	Cambodia research
		CD2.5	Disaster specific infrastructure	33%	Type A (if CC disasters)
		CD2.6	Strengthening disaster risk reduction	33%	Type A (if CC disasters)
	Enterprise and production	CD3.1	Energy generation	5-10%	Type F
		CD3.2	Energy efficiency	5-10%	Type F
		CD3.3	Infrastructure and construction	1-5%	Depends on flood risk
		CD3.4	Industry & trade (energy efficiency/renewables only)	5-10%	
		CD3.5	Tourism (energy efficiency/renewables only)	5-10%	

Type A: Benefits wholly associated with climate variability, assumed to double by 2050, increasing in a straight line stating from now.

Type B: Mitigation, in which the value of reduced GHG emissions is 5-10% of the value of energy generated/saved

Type C: Some benefits affected by climate variability, some not. If all benefits are related to CC, CC% = 33%; otherwise lower.

Type D: Livelihood benefits for CC vulnerable households are 2x value of non-vulnerable. CC% = 33% if fully targeted

Type E: Depends on value of timber, agricultural income, value of CO2 emissions and non-economic forest benefits.

Type F: Value of reduced GHG emissions relative to economic value of reduced energy use/generation.

Principles and Rational for utilising the CPEIR approach

26. Lessons from the CPEIRs highlight some principles and rationale for utilising the methodology outlined above in order to respond to the challenge of robust measurement of climate finance flows.

    a. *Focusing on the outcomes* - Understanding the way in which CC affects the benefits from public policy is central to developing a realistic, clear and objective methodology for defining the CC relevance (CC%) of expenditure. In particular, estimation of benefits provides the best option for assessing and reporting on adaptation finance. The proportion of finance that is associated with CC (the CC%) should be determined by the extent to which CC affects the achievement of overall objectives (i.e. the benefits delivered). Adaptation actions typically contain an element of expenditure that is devoted to routine sustainable development (i.e. economy, society or environment) and an element that responds to CC. Therefore, an evidence based approach to defining the climate relevant component is crucial.

    b. *Understanding long term Climate Change trends vs present Climate variability* – CC finance is concerned with the response to the long-term change in climate, not to programmes that address current weather conditions. Because climate change happens slowly, the actions with highest climate change relevance will be those that safeguard future benefits (i.e. investment in infrastructure, institutions and long term research). Actions that aim to deliver benefits in the short term will normally have very low CC%. Actions that alleviate poverty will be primarily motivated by sustainable development objectives and can only be classified as CC finance to the extent that they target the resilience of households to the changes in shocks that will occur because of CC (and not to resilience to current climate change shocks).

    c. *Moving from Tracking and Reporting to Improved Climate Change Action* - The estimation of climate change relevance should become an integral part of government planning. It should be used to demonstrate the extent to which current and projected CC finance will reduce the impact of CC. An inclusive and robust assessment of climate change relevance can ensure that current and future climate change actions are described in a way that encourages clear and explicit **revision of the action**, either by rescaling[11] or modification[12], to respond to CC. The tendency to overstate CC% to access new sources of climate change finance can be better managed because the focus will be on long term outcomes and how actions should be supported through a combination of international and domestic investments through the routine national budget.

    d. *Inclusive, Nationally owned Processes* - The estimation of climate change relevance should be quantified through some form of structured participatory process. The importance of this nationally owned process is in empowering national stakeholders

[11] Some actions may not need to be changed as a result of climate change, but there may be an argument for re-scaling actions them to reflect the fact that they become more valuable to beneficiaries with increasing CC impact. For example, cooperative management of farm water will become more important to farmers as rainfall become more variable.

[12] The design of some actions may need to be changed to take CC into account. This would mean introducing new features to existing actions, designed to ensure that actions respond to CC. For example, rural roads need to be built to new standards to resist more frequent and severe floods.

to better manage, coordinate and supervise various climate change finance flows. Where structured participatory scoring is used, clear principles can be defined and a reference table of default values provided to minimise the tendency to overstate climate change relevance and strengthen governance of climate finance.

e. *Institutional implications of Measuring Reporting and Verification (MRV) of support* - It is important that the methodology for MRV of support would provide the relevant institutions with practical tools for tracking and monitoring all climate change finance flows. Experience from CPEIRs indicates that institutional frameworks in many countries are weak in coordinating and reflecting international climate finance within the national planning and budgeting process. National mechanisms for delivery of climate change finance need further strengthening and coherence. Therefore, MRV of support should take into account of the technologies and the institutional capacity required for robust measurement and tracking of climate finance flows.