

# Provision of financial, technology and capacity-building support: what information is difficult to report and review?

4<sup>th</sup> BRs and NCs lead reviewers meeting



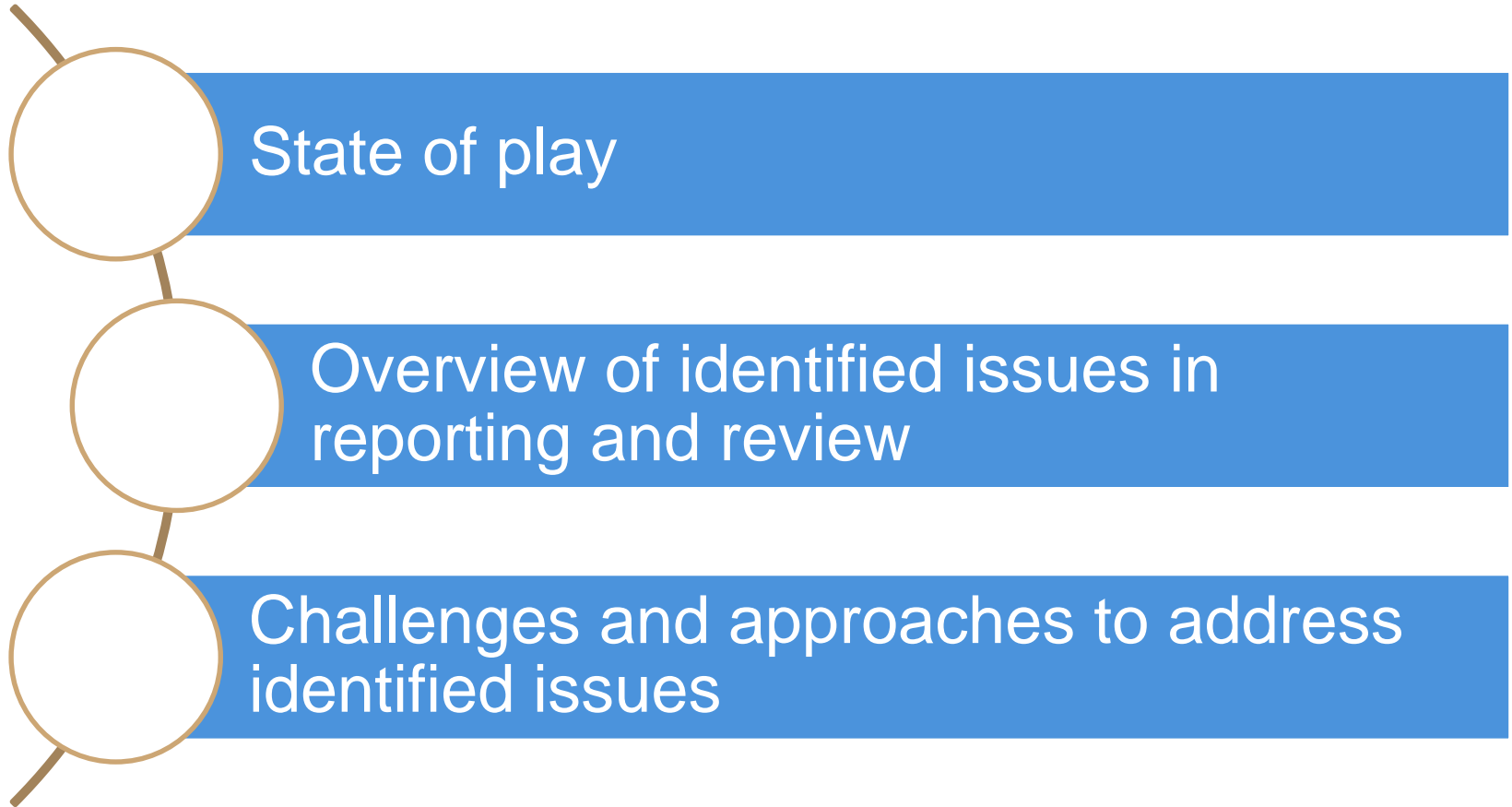
**Marion Vieweg, consultant**

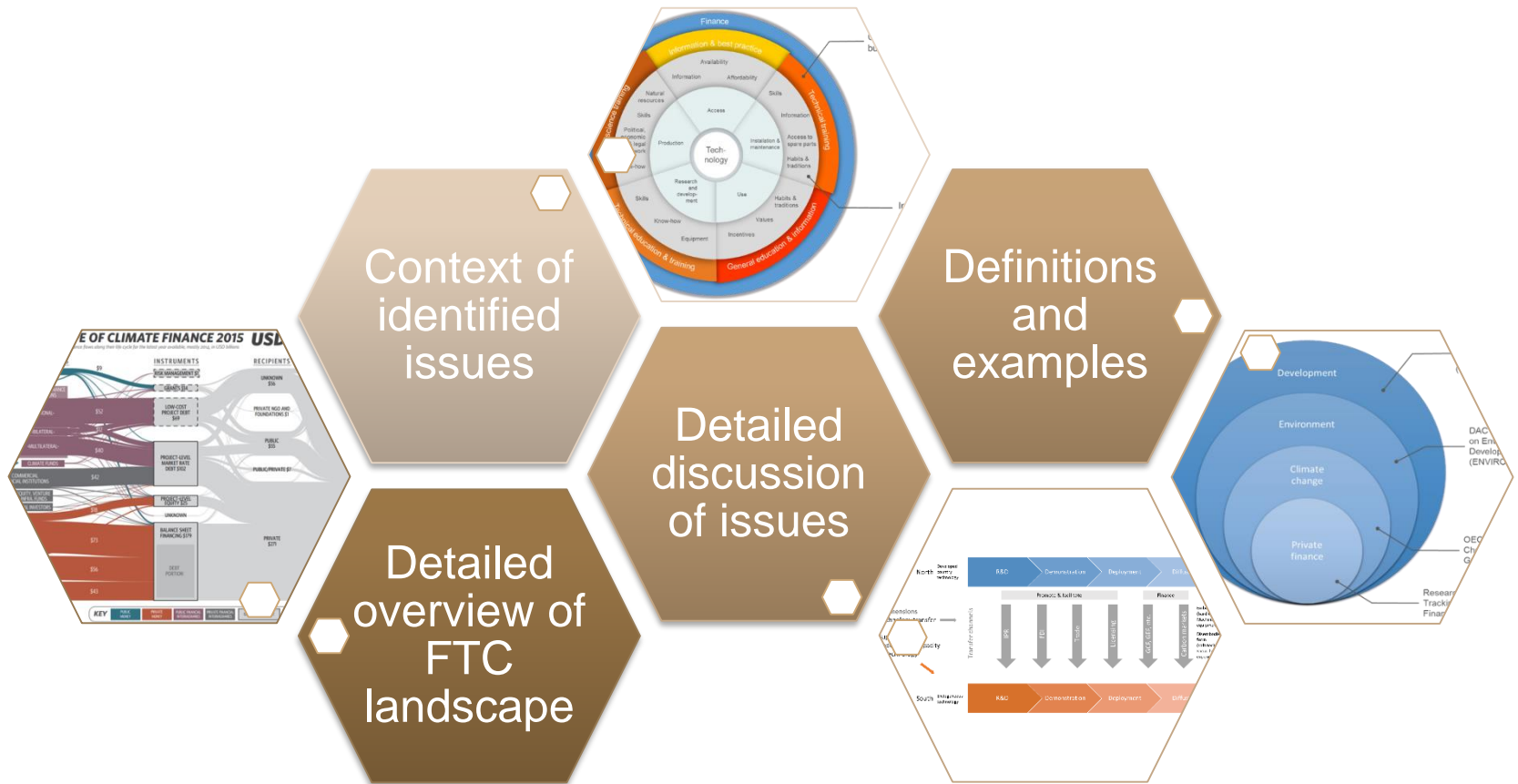
Bonn, 7 March 2017



## Outline of the presentation

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- **Financial support has grown.** Parties included in Annex II to the Convention (Annex II Parties) provided more information on methodological issues in reporting on financial support and private finance. Despite the challenges in comparing financial data sets reported for the periods 2011–2012 and 2013–2014, it is clear that Annex II Parties provided significantly more financial support to developing countries in the latest reporting period.
- **Technological support provided for adaptation and to Africa has been augmented.** Annex II Parties reported more activities for the provision of technological support to developing countries.
- **Capacity-building support has ascended.** Parties reported 37 per cent more capacity-building projects in their BR2s compared with their BR1s.



- Decision 9/CP.21 introduced three changes in the common tabular format (CTF) related to information on finance:
  - a) It changes the categories for the parameter “status” in tables 7, 7(a) and 7(b) from “pledged”, “committed” and “provided” to “committed” and “disbursed” in line with existing international methodologies;
  - b) It allows for finer granulation of the information by specifying “activity”, next to “recipient country/ region/project/programme”;
  - c) It introduces reporting fields for the provision of information on definitions or methodologies for the reporting parameters: “climate-specific” or “core/general”, “status”, “funding source”, “financial instrument”, “type of support” and “sector”.



| Requirement, para number   | No of rec in TRR1s | No of rec in TRR2 |
|--|--------------------|-------------------|
| 13. ...information on <b>“new and additional”</b>  | 6                  | 7                 |
| 14. ... a description of its <b>national approach for tracking</b> of the provision of FTC support, including indicators and delivery mechanisms used and allocation channels tracked. | 9                  | 6                 |
| 15. ... report in a rigorous, robust and transparent manner the underlying <b>assumptions and methodologies</b> used to produce information on finance                                 | 3                  |                   |
| 16. ... describe, how resources <b>effectively address the needs</b> of NAI Parties  | 6                  | 1                 |
| 17. ... shall provide information on the financial support it has <b>provided, committed and/or pledged ...</b>  |                    | 5                 |
| 18. ... information on the annual financial support provided for the purpose of assisting non-Annex I Parties ( <b>amount, type, source, financial instrument, sector</b> )            | 4                  | 1                 |
| 21. ... information on <b>endogenous capacities and technologies</b>   | 7                  | 2                 |
| 22. ... information on measures and activities related to TT <b>implemented or planned since its last national communication or biennial report</b>                                    |                    | 4                 |
| 23. on how it has provided capacity-building support that responds to the <b>existing and emerging capacity-building needs</b>   |                    | 6                 |

See background document



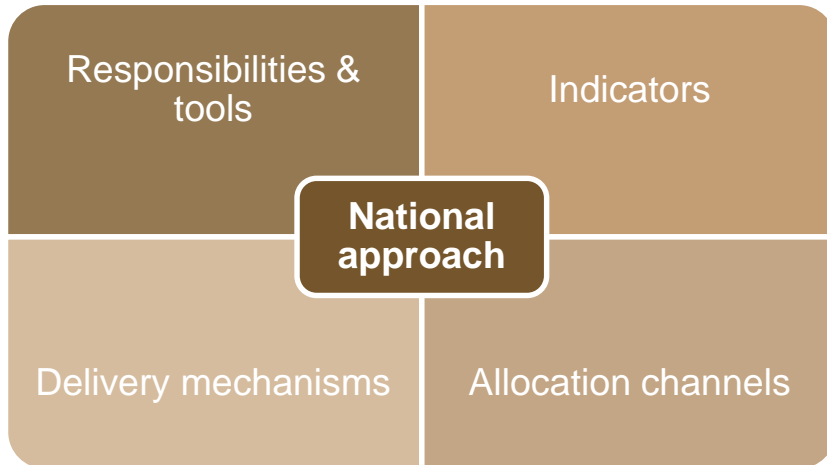
- There is **no agreed definition** on what constitutes “new and additional”
- The SCF’s biennial assessment report 2016 provides a wide range of definitions from literature.
- They can be grouped by the main focus of the definition:
  - a) Related to the source or channel
  - b) Based on the relationship to ODA
  - c) Based on characteristics of funded activities
  - d) Other
- The main concern embedded in these definitions is that existing levels of funding for development are decreased and re-directed to climate-specific activities, or re-labelled, thus not constituting new finance as activities would also be carried out without the finance commitments under the UNFCCC



- **Sweden:** in excess of 1% current ODA
- **UK:** in addition to historic levels of ODA
- **Australia:** New and additional aid budget appropriations passed by the Parliament on an annual basis
- **Germany/Japan:** Newly committed or disbursed climate finance during the reporting period/financial year(s)
- **Belgium:** Separate budget line created after the COP in Copenhagen for multilateral climate finance
- **Canada:** Above what was planned prior to the Copenhagen Accord
- **Netherlands:** Larger share of the development budget
- **Norway:** Growing aid program
- **Finland:** Year 2009 as a baseline. The baseline figure for overall Finnish climate funding (grant) in 2009 was approximately EUR 26.8 million.







Most Parties report use the OECD DAC Rio markers to track climate finance

➡ this only covers the ‘indicators’ used for tracking

- There are different approaches how to quantify the adaptation or mitigation share of activities where these elements are rated “significant”
  - ➡ These differences in assessing the value of activities impact the total finance reported and the comparability of reported information across years and across Parties, as differences may come from the application of different coefficients or changes in coefficient over time.

## 6.2 Tracking climate finance

Finland uses the so-called Rio markers developed for the OECD Development Assistance Committee's Creditor Reporting System (OECD DAC CRS) to track adaptation and mitigation-related (and also biodiversity and desertification) finance based on the data provided in the CRS. As the markers give qualitative rather than quantitative information, there is a need for follow-up work in order to obtain quantitative results. Depending on whether adaptation or mitigation is the principle objective or a significant objective, the share varies between 10 and 100 per cent. Based on the project

### Finland BR2

Reporting application of OECD DAC indicators

### Sweden BR2

Reporting on delivery mechanism

Roughly half the Swedish development cooperation is channelled to developing countries and countries with economies in transition, as bilateral official development assistance (ODA) through Sida. As for climate change, Sida supports specific

### Prosperity Fund

The UK Foreign and Commonwealth Office (FCO) launched the Prosperity Fund in April 2011 to tackle climate change, strengthen energy security and promote an open global economy with a particular focus on emerging economies. Since its launch, the fund has supported over 500 projects. In 2014/15 priority countries included Brazil, China, India, Mexico, South Africa, South Korea and Turkey. All have dedicated programmes and there are also regional funds in Latin America and South East Asia to widen the global reach. Work is also carried out through the Organisation for Economic Co-operation and Development (OECD) and the International Energy Agency (IEA). Funding for 2014/15 is £19.52 million of which £17.92 million must be ODA eligible. In 14/15 just under half of programme funds were spent on climate projects that help create the conditions necessary to raise ambition on emissions mitigation and a shift in investment to low carbon.

### UK BR2

Reporting on delivery mechanism/allocation channel

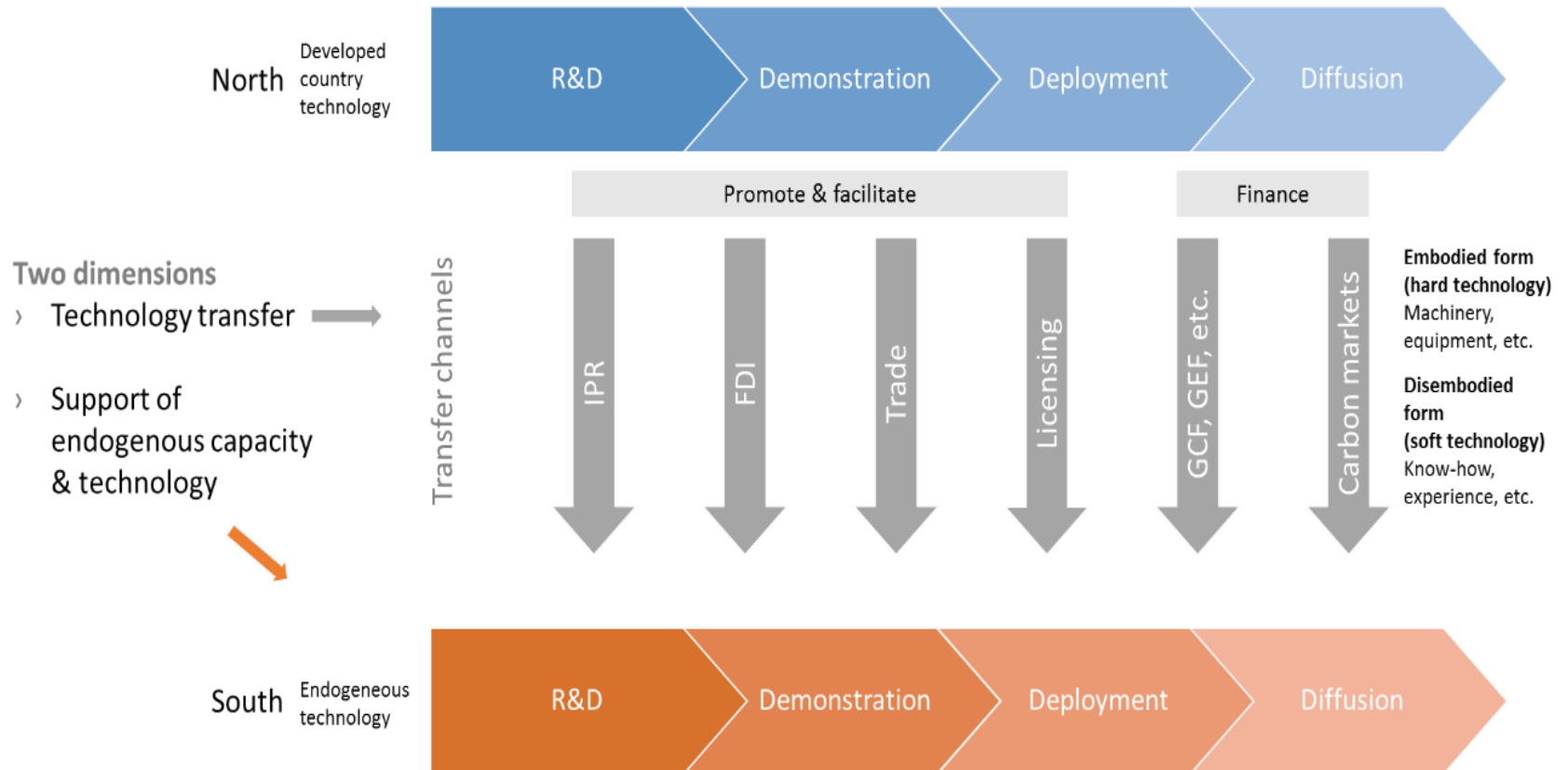


- How to **define “effectively”** in the context of addressing the financing needs for adaptation and mitigation?
- No agreed definition, up to Parties to define:
  - a) Mostly Parties report on the principles underlying their support activities.
  - b) Another option to address the challenge is to refer to existing needs analysis conducted by non-Annex I Parties, such as technology needs assessment (TNA), national adaptation plans of action (NAPAs), national adaptation plans (NAPs), etc.
- Both options can be seen as a broad interpretation of the reporting requirement.
- ➔ For a narrower definition of the term it would additionally required to provide a description how institutions and processes ensure that the principles are actually applied and respected in decision-making.

### 5.1.2 Measures to Ensure the Resources to Address the Needs of non-Annex I Parties

546 projects have been implemented in as many as 99 countries as of December 2014. Through the Japanese Embassies and JICA's overseas offices stationed in a number of developing countries, the Japanese Government has been developing projects in close consultation with the government of developing countries and international organizations in response to the needs of recipient countries. Japan has been providing assistance through various channels, including grant aid, concessional loan and technical assistance, taking into account local economic situations and content of projects.

- **Who:** Embassies and JICA's overseas offices
- **How:** In close cooperation with the government and international organizations
  - a) In response to the needs of recipient countries
  - b) Taking into account local economic situations and content of projects
- **What:** Various channels, including grant aid, concessional loan and technical assistance



- Focus on renewable energy research
- Supporting capacity-building of students from developing countries
- Helping to build human resources to support domestic clean technology innovation and development

Australia is home to some of the world's leading renewable energy research institutions, including the Australian Centre of Advanced Photovoltaics, based at the University of New South Wales, which has held the world record for silicon solar cell efficiency for 30 of the last 32 years. During the reporting period, Australia provided around A\$9 million for students from developing countries to undertake renewable energy research at these institutions. This training is helping developing countries to build their endogenous clean technology capacity, ensuring they have the human resources necessary to support domestic clean technology innovation and development.



- The requirement indicates that only such information should be reported that is **new compared to the last official report submitted** to the UNFCCC, not a full list of ongoing or planned activities.
- This can include measures and activities where:
  - a) Planning has started since the last report, resulting in new measures with the status “Planned”;
  - b) A change in status from “Planned” to “Implemented” has occurred since the last reporting;
  - c) Implementation has started since the last reporting without the measure having been reported before.



- Sweden

Included the starting year of planning or implementation in the “Additional information” column and includes only activities that have started in 2013 or 2014.

Table 8

Provision of technology development and transfer support<sup>a,b</sup>

SWE\_BR2\_v1.0

| Recipient country and/or region | Targeted area | Measures and activities related to technology transfer   | Sector <sup>c</sup>                 | Source of the funding for technology transfer | Activities undertaken by | Status      | Additional information <sup>d</sup>  |
|---------------------------------|---------------|--|-------------------------------------|---|--------------------------|-------------|--|
| Zambia                          | Mitigation    | Through "Innovations Against Poverty" Sida supports HiNation AB provide rural populations in Zambia with solar lighting and solar mobile phone charging.   | Other (Business and other services) | Public  | Private                  | Implemented | 2013. Only 20% of Zambia's population have access to electricity and users have to travel and pay to charge their phones at kiosks or shops, usually from a car battery or generator. This contribution will benefit end users, for whom the cost of mobile phone charging and lighting will be significantly reduced; rental entrepreneurs, who can rent the HiLight to local users for a fee; and local entrepreneurs, who will pick up post-sale repair and support work. |
| Ghana                           | Adaptation    | Through "Innovations Against Poverty" Sida supports Ignitia to deliver daily weather forecasts and warnings to farmers in Ghana.   | Other (Business and other services) | Public  | Private                  | Implemented | 2013. The lack of weather information, compounded by an increasing frequency and intensity of severe weather events, hinders traditional farming practices and indigenous knowledge insufficient. With the aid of meteorological information, important decisions regarding use of limited resources such as water, fertilizers and pesticides, can be made by farmers. This has an impact on food security, income and the environment.                                     |
| India                           | Mitigation    | Through "Innovations Against Poverty" Sida supports Nuru Energy to develop its manufacturing and distribution of Portable lights and PowerCycle recharging mechanisms to India to provide a sustainable and safe alternative to kerosene lighting. | Other (Business and other services) | Public  | Private                  | Implemented | 2013. Over 90% of the off-grid households in rural India rely on kerosene for lighting, which is expensive and damaging to both the environment and respiratory health. Nuru Energy will manufacture and distribute affordable, clean, safe and sustainable lighting and energy solutions to rural households that have limited access to the electricity grid.  |



- The critical elements in reporting on capacity-building are:
  - a) *The fact that most climate-related activities have a capacity-building component.* It is often difficult or impossible to extract the capacity-building elements of all activities and present them in a consistent and comprehensible way. The cross-cutting nature of capacity-building activities and lack of specific markers within the OECD DAC reporting pose a substantial challenge to reporting.
  - b) *How activities respond to the existing and emerging capacity-building needs identified by non-Annex I Parties.* The challenges are similar to those for reporting on how finance meets the needs of non-Annex I Parties. However, paragraph 23 does not require to identify how activities “effectively” address identified needs. Reporting on country-driven approaches and the reference to needs assessments conducted by non-Annex I Parties can be sufficient to fulfil this requirement.

- Reference to aid principles adopted in the Declaration of Paris, Accra Agenda and Busan Partnership

The PPA supported by the Portuguese Cooperation usually has a strong technical assistance component with strong focus on the development of national capacities. Portugal tries to pay special attention to the efficiency and aid principles formally assumed in the Declaration of Paris and developed in Accra and Busan, especially:

- leadership and control by beneficiaries so they can strategically earmark their resources;
- enhance existing capabilities as a starting point, avoiding the creation of parallel structures and systematically using the national systems for aid implementation;
- technical driven cooperation for the demand of partners.

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Thank you!!



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