Technical Report

UNFCCC Standing Committee on Finance

Report on clustering types of climate finance definitions in use

United Nations
Framework Convention on
Climate Change

For further information contact:

Climate Finance subdivision
Means of Implementation division

United Nations Climate Change Secretariat (UNFCCC)
Platz der Vereinten Nationen 1
53113 Bonn, Germany
E-mail: standingcommittee@unfccc.int

https://unfccc.int/SCF

TABLE OF CONTENTS

LIST OF FIGURES AND BOXES

ACKNOWLEDGEMENTS

Special thanks and appreciation go to all external contributors and their teams in particular Parties and non-Party stakeholders that have submitted their views on definitions of climate finance and observers to the SCF meetings that have provided comments on the drafts. Within the SCF, this report was prepared under the guidance of the co-facilitators, Diann Black-Layne and Apollonia Miola. The report has benefited from inputs and guidance from other SCF members in 2023, including Kevin Adams, Gabriela Blatter, Zaheer Fakir, Mattias Frumerie, Fiona Gilbert, Javier Antonio Gutiérrez Ramírez, Hyekyoung Jung, Katarzyna Kowalska, Konstantin Kulikov, Emilie Mariendal, Zerihun Getu Mekuria, Richard Muyungi, Mohamed Nasr, Ian Naumkin, Vicky Noens, Chandni Raina, Saiko Saito, Gertraud Wollansky, Brittany Young, Ivan Zambrana Flores, and Liucai Zhu.

ABBREVIATIONS AND ACRONYMS

AFOLU	agriculture, forestry and other land use
Annex I Party	Party included in Annex I to the Convention
non-Annex I Party	Party not included in Annex I to the Convention
Annex II Party	Party included in Annex II to the Convention
ASEAN	Association of Southeast Asian Nations
BA	biennial assessment and overview of climate finance flows
BR	biennial report
CBI	Climate Bonds Initiative
COP	Conference of the Parties
CPEIR	Climate Public Expenditure and Institutional Review
CPI	Climate Policy Initiative
CRS	Creditor Reporting System of the Development Assistance Committee of the Organisation for Economic Co-operation and Development
CTF	common tabular format
DAC	Development Assistance Committee of the Organisation for Economic Co-operation and Development
DFI	development finance institution
ETF	enhanced transparency framework under the Paris Agreement
EU	European Union
GCF	Green Climate Fund
IDFC	International Development Finance Club
IFC	International Finance Corporation
IPCC	Intergovernmental Panel on Climate Change
ISIC	International Standard Industrial Classification of all Economic Activities
MDB	multilateral development bank
MRV	measurement, reporting and verification
NDC	nationally determined contribution
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
PDM	Private direct mobilization
PIM	Private indirect mobilization
SCF	Standing Committee on Finance
SOE	state-owned enterprise

EXECUTIVE SUMMARY

I. Context and mandate

1. COP 27 requested the SCF to prepare a report for consideration at COP 28, building on the work of the SCF on definitions of climate finance, on clustering types of climate finance definition in use that could be considered within the UNFCCC process, including with a view to updating the operational definition of climate finance of the SCF, as appropriate, and supporting Parties in their national reporting efforts, and invited Parties and external stakeholders to make further submissions thereon via the submission portal by 30 April 2023.[1]

2. Since 2020, the SCF work on definitions of climate finance has been informed by 21 submissions of views from Parties or groups of Parties and 5 from non-Party stakeholders.[2] This report builds on the SCF work on definitions of climate finance that is ongoing as part of the BA[3] and that is reflected in its output from 2022[4] which includes the findings that the understanding of what climate finance encompasses varies, including in terms of which sectors and activities are covered, the range of financial instruments available and which tracking and reporting processes apply, and that there are different perspectives on what definitions of climate finance should include and the detail in which associated concepts should be defined. COP 27 noted that the work of the SCF on definitions of climate finance shows the variety of definitions in use and the complexities associated with the diversity of definitions of climate finance in use by Parties and non-Party stakeholders in relation to ensuring clear, aggregated accounting and reporting of climate finance.[5]

3. In 2024, the SCF will prepare the sixth BA, which will provide an update on ongoing technical work related to transparency of climate finance, including operational definitions. Specifically, it will include an update to the compilation of definitions of climate finance and criteria used by Parties and institutions, and a comparison of approaches used in the context of reporting climate finance, such as sector-based methodologies, methodologies for estimating mobilized private finance, and domestic climate finance tracking systems.

4. The report on clustering types of climate finance definitions in use comprises this executive summary prepared by the SCF and a technical report[6] prepared by external experts under the guidance of the SCF. The aim of the report is to provide information to support Parties in their efforts to report on climate finance. To that end, it was considered appropriate to adopt a guidebook-style approach and to provide examples of clusters of types of climate finance definition in use alongside decision points for use in developing and applying a self-determined definition of climate finance.

II. Challenges and limitations

5. The variation in perspectives and expectations concerning what should be the scope of a definition of climate finance presents a key challenge in providing information on definitions of climate finance in use. As definitions of climate finance are often developed for a range of different purposes and use cases, their scope varies from domestic to international in context, from high-level description to detailed classification of specific climate-related activities, and from focusing solely on what makes finance flows climate-related to covering financing types or accounting-related boundaries of finance flows. This variation makes it more difficult to cluster types of definition, which means that a broad scope of what should be included in a definition has to be applied in order to capture all potential use cases and contexts.

1 Decision 14/CP.27, para. 11.

2 The submissions are available at https://unfccc.int/topics/climate-finance/resources/standing-committee-on-finance-info-repository#Submissions-of-views-on-the-operational-definitions-of-climate-finance.

3 See https://unfccc.int/topics/climate-finance/resources/biennial-assessment-and-overview-of-climate-finance-flows.

4 FCCC/CP/2022/8/Add.2–FCCC/PA/CMA/2022/7/Add.2.

5 Decision 14/CP.27, paras. 9–10.

6 The technical report will be made available at https://unfccc.int/SCF.

6. Given the widely differing views on what is within the scope of a definition of climate finance and how detailed such a definition may be, identifying commonalities and divergences among operational definitions and reporting practices is another challenge. For example, a Party, international organization or think tank may choose to cover only certain financial instruments or activities when reporting or aggregating climate finance data, but may not consider those choices to determine their definition of climate finance; while another may regard such decisions as being integral to a definition of climate finance. Calling such choices 'definitional' would therefore not accurately reflect all views, which places limits on any technical work to identify commonalities or divergences among definitions of climate finance.

7. A further challenge relates to synthesizing information from submissions that present views on climate finance definitions in unstructured formats and at varying level of detail. While efforts have been made to extract key findings and reflect disparate views fairly and accurately, while providing a synthesis thereof, it is not possible to reflect each submission in detail. However, the original submissions are available in full online.

III. Key findings

A. Updated synthesis of views on definitions of climate finance in use

8. Regarding a **common definition or multiple or broad definitions of climate finance**, eight Parties or groups of Parties noted the lack of a common definition and considered one to be necessary, while another eight Parties or groups of Parties were of the view that the existing operational definition of the SCF remains either valid or broad enough to capture any dynamic new developments in responding to climate change.

9. In terms of **coverage and scope**, all Parties affirmed the focus of operational definitions of climate finance on mitigation and/or adaptation (including cross-cutting, covering both mitigation and adaptation), with some also referring to finance for addressing loss and damage (e.g. relocation) and one referring to finance for disaster risk management.

10. Almost all Parties agreed that climate finance can come from a variety of public and private **sources of finance**. Specifically, some stated that a significant portion of climate finance should come from public funds, and some that climate finance mobilized from private sources should be accounted for in a grant-equivalent manner. In the submissions of many Parties and one non-Party stakeholder, climate finance was defined as relating solely to international funding provided by developed to developing countries. Further, many Parties referred to 'new and additional' climate finance, particularly finance separate from or in incremental addition to ODA.

11. Most Parties considered a variety of **financial instruments** to be relevant to operational definitions of climate finance and either listed them (e.g. grants, equity, concessional loans, guarantees, blended finance) or referenced the bottom-up approach of the MPGs,[7] from which Parties may report on climate finance provided, mobilized, needed or received from a similar list of instruments.

B. Clustering types of climate finance definition in use

12. Clustering types of climate finance definition in use requires an understanding of how such definitions can be different in both form and composition. For example, a definition could be in the form of a high-level single sentence or paragraph, such as the operational definition of climate finance identified in the first BA, which was conducted by the SCF in 2014. At that time, a review of various operational definitions of climate finance in use by data providers and aggregators identified convergence, which could be framed as the following: "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".

13. Definitions could also be in the form of a list defining specific concepts that together provide clarity regarding what is considered as climate finance. Several definitions proposed in Party and non-Party stakeholder submissions (available in annex B to the technical

7 Decision 18/CMA.1, annex.

report) include descriptions of provision, mobilization, source, channel, public and private finance, terms such as new and additional, and instruments as applicable to a definition of climate finance. Legal contracts often include a list of definitions of terms relevant to the subject: Article 1 of the Convention is an example of this.

14. Finally, definitions could include detailed guidance, classifications or taxonomies of concepts or activities that may be relevant as part of the definition (for example, see the OECD DAC handbook on the Rio markers for climate change mitigation and adaptation,[8] the MDB climate change tracking framework,[9] the European Union taxonomy on sustainable finance[10] and China's green bond catalogue[11]).

15. In terms of composition, some climate finance definitions in use focus solely on the climate-related nature of the activities being financed, for example describing the mitigation or adaptation activities that benefit from the financing. Others focus on the financial or accounting boundaries of the finance flows, such as included instruments or points of measurement, recognizing that the climate-related nature of the finance is subject to country-driven policies and goals.

16. The MPGs include several references relevant to definition of the climate finance to be reported by developed and developing country Parties, as outlined in the box below.

Box 1

Reporting on financial support by developed and developing country Parties under the enhanced transparency framework under the Paris Agreement

At its first session, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement adopted the MPGs, which include guidance for developed country Parties (and other Parties, as appropriate) for reporting on financial support provided and mobilized, and for developing country Parties for reporting on financial support needed and received under the ETF. Parties are due to submit their first biennial transparency report under the Paris Agreement by the end of 2024, including reporting in the CTFs, as applicable, as well as on the assumptions, definitions and methodologies used in preparing the reports.

Developed country Parties have three CTFs for reporting on financial support provided through (1) bilateral, regional and other channels, (2) multilateral channels and (3) finance mobilized through public interventions, with the option to report the latter information in textual or tabular format. In addition, each CTF includes an option to report grant-equivalent values of financial support provided and mobilized on a voluntary basis.

For developing country Parties, CTFs for reporting on financial support needed and received under Article 9 of the Paris Agreement were developed for the first time. The CTFs contain options for reporting information on the related project or programme and implementing agency, including links to any relevant documentation, and, as appropriate, on support for activities related to averting, minimizing and addressing loss and damage associated with the adverse effects of climate change.

The MPGs set out underlying assumptions, definitions and methodologies that Parties should describe in their reporting on climate finance – some elements represent a continuation of the requirements for reporting in the biennial reports and some are relevant to definitions of climate finance, including:

(a) The status of the funds (committed, disbursed, received);

(b) The channel (bilateral, regional, multi-bilateral, multilateral);

8 OECD DAC. 2016. OECD DAC Rio Markers for Climate: Handbook. Paris: OECD Development Assistance Committee. Available at https://www.oecd.org/dac/environment-development/Revised%20climate%20marker%20handbook_FINAL.pdf.

9 See https://www.eib.org/attachments/documents/mdb_idfc_mitigation_common_principles_en.pdf and https://www.eib.org/en/publications/20220242-mdbs-joint-methodology-for-tracking-climate-change-adaptation-finance.

10 See https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en.

11 See http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/4342400/2021091617180089879.pdf.

Box 1

Reporting on financial support by developed and developing country Parties under the enhanced transparency framework under the Paris Agreement

(c) The funding source (ODA, other official flows, other);

(d) The financial instrument (e.g. grant, concessional loan, non-concessional loan, equity, guarantee, insurance, other (specify));

(e) Information on instruments and funding sources reported, including how a Party has determined finance to be concessional and/or ODA, including by using information such as grant equivalency, institution and/or instrument-based approaches;

(f) The type of support (e.g. adaptation, mitigation, cross-cutting);

(g) How the support is identified as climate-specific;

(h) Definition of public and private finance, in particular where entities or funds are mixed;

(i) How the Party seeks to ensure that support provided and mobilized through public interventions effectively addresses the needs and priorities of developing country Parties for the implementation of the Paris Agreement, as identified in country-driven strategies and instruments, such as biennial transparency reports, nationally determined contributions and national adaptation plans;

(j) How the Party seeks to ensure that support provided and mobilized through public interventions is in line with the long-term goals of the Paris Agreement;

(k) An indication of what new and additional financial resources have been provided, and how it has been determined that such resources are new and additional;

(l) How double counting among multiple Parties involved in the provision of support was avoided; and how double counting among multiple Parties involved in the mobilization of private finance through public interventions was avoided, including the methodologies and assumptions used to attribute the mobilized resources through public interventions reported to the Party that reports them, if possible relative to the type of instrument used for the mobilization;

(m) How the information provided reflects a progression from previous levels in the provision and mobilization of finance under the Paris Agreement;

(n) Information on avoiding double counting in reporting information on support needed and received for the implementation of Article 13 of the Paris Agreement and transparency-related activities, including for transparency-related capacity-building, when reporting such information separately from other information on support needed and received;

(o) (Expected) use, impact and estimated results;

(p) Recipient entity and implementing entity.

17. Following an extensive literature review of climate finance definitions in use, including a review of the MPGs, a guidebook-style approach has been applied to the clustering of types of definition, as outlined in the figure below. Under each of four clustering elements, several decision points are indicated through guiding questions that dictate the form, scope and detail of a climate finance definition depending on the purpose identified. The sequence of the decision points runs from general scope and context-setting options to options for further granularity and detail, if applicable. Thus, not all decision points may apply to the development of a definition. Each decision point is further summarized in the sections below and example options and use cases for each decision point are provided in the technical report.

Figure 1

Clustering elements in developing and applying a definition of climate finance

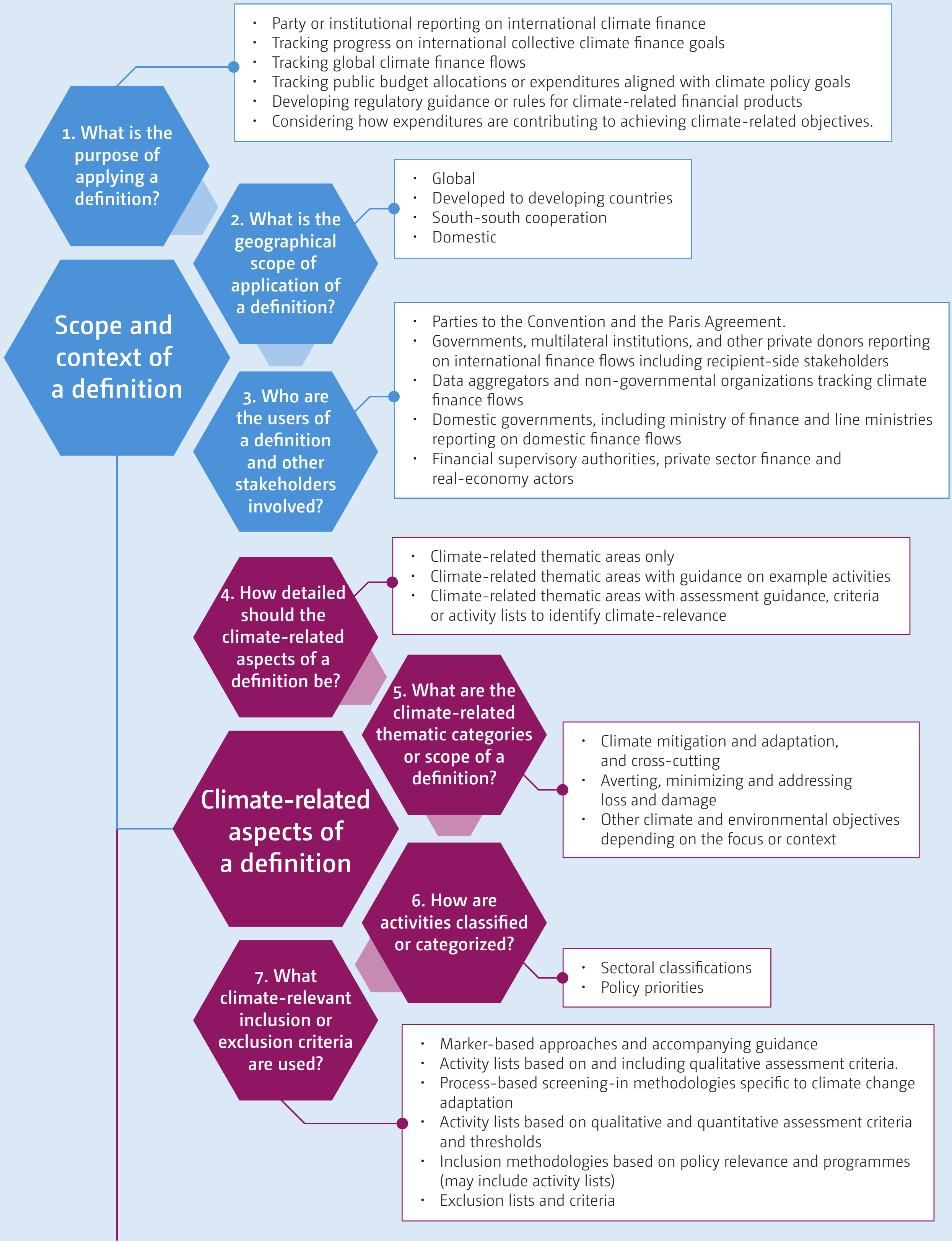
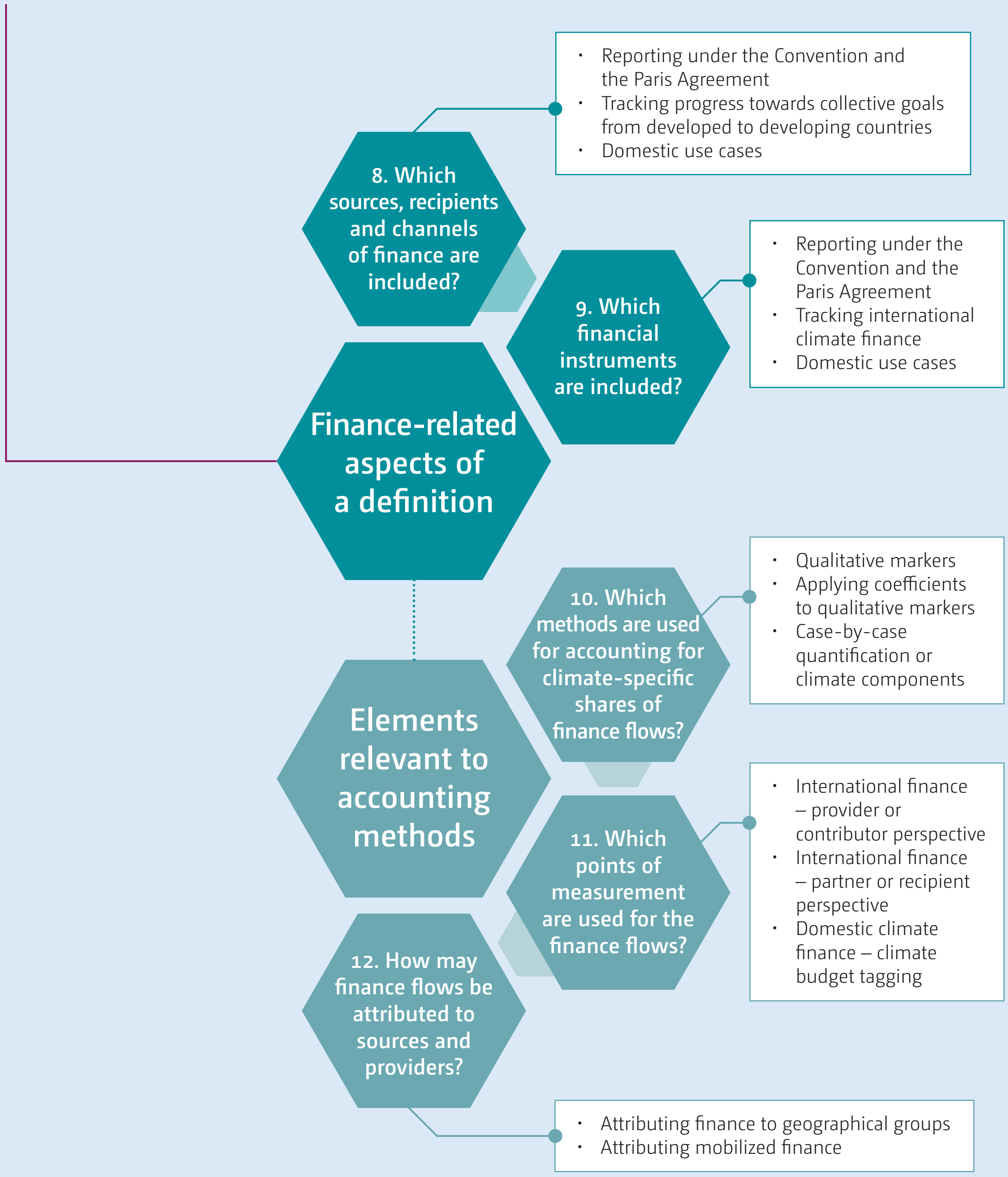


Figure 1 (continued)

Clustering elements in developing and applying a definition of climate finance



Note: Under each of the four clustering elements, several decision points are indicated through guiding questions that dictate the form, scope and detail of a climate finance definition depending on the purpose identified. For each decision point, a list of example options and/or use cases provide approaches used in existing definitions of climate finance. The sequence of the decision points runs from general scope and context-setting options to options for further granularity and detail, if applicable. Thus, not all decision points may apply to the development of a definition.

1. Scope and context

18. Setting the scope and context of use is necessary to inform how granular the definition needs to be and what other concepts may need to be defined so that the definition is practical for its target audience.

19. **Decision point 1 – what is the purpose of applying a definition?** Examples that demonstrate the range of purposes and objectives of applying definitions of climate finance in use and the implications for the scope of the definition include (1) Party or institutional reporting on international climate finance, (2) tracking progress on international collective climate finance goals or commitments, (3) tracking climate finance flows globally, (4) tracking public budget allocations or expenditures aligned with climate policy goals, (5) developing regulatory guidance or rules for climate-related financial products or (6) considering how expenditure is contributing to achieving climate-related objectives.

20. **Decision point 2 – what is the geographical scope of application of a definition**? While the geographical scope of climate finance that is global, domestic or bilateral between two countries may be clear, tracking international climate finance may require more consideration of which countries are included in provider and contributor groups and in partner and recipient groups, particularly for understanding finance flows from developed to developing countries, although South–South finance flows may also be relevant depending on the purpose of applying the definition.

21. **Decision point 3 – who are the users of a definition and other stakeholders involved?** These may vary according to the purpose and geographical scope of application of a definition; clusters of users and stakeholders identified in the report were Parties to the Convention and the Paris Agreement; governments, multilateral institutions and other private donors reporting on international finance flows including recipient-side stakeholders; data aggregators and non-governmental organizations tracking climate finance flows; governments, including ministries of finance and other ministries reporting on domestic finance flows; and financial supervisory authorities, private sector finance and real-economy actors.

2. Climate-related aspects of a definition

22. The second cluster of elements for developing and applying a definition of climate finance requires understanding of how detailed the climate-related aspects of the definition need to be, the scope of climate-relevance by theme or activity, if necessary, and criteria or guidance for applying the definition, if necessary.

23. **Decision point 4 – how detailed should the climate-related aspects of a definition be?** In general, definitions with a broad and diverse set of users include less granular climate-related descriptions to accommodate different contexts, needs and purposes, while for a more narrow or specified set of users, specific activities or lists may be detailed to meet a given purpose. The main clusters of use cases are climate-related thematic areas only; climate-related thematic areas with guidance on example activities; and climate-related thematic areas with assessment guidance, criteria or activity lists to identify climate relevance or exclusions.

24. **Decision point 5 – what are the climate-related thematic categories or scope of a definition?** Definitions are often clustered around the thematic categories of mitigation and adaptation, and cross-cutting; use cases that include a category related to averting, minimizing and addressing loss and damage; and use cases that include categories on other environmental and sustainable development objectives, such as disaster risk reduction, transitional activities or objectives, and nature-related objectives, depending on the focus or context, given that these overlap significantly with climate-related purposes.

25. **Decision point 6 – how are activities classified or categorized?** To guide the identification and reporting of climate-relevant finance, activities may be categorized according to economic sectors and subsectors, or policy priorities for climate action. A review of sectoral classifications applied in definitions of climate finance in use shows the commonly covered sectors of agriculture, energy, transport, industry and manufacturing, water and sanitation, buildings and infrastructure, and information and communication technology; while some classifications extend to sectors such as health, government or institutional support, financial services and humanitarian aid, including emergency response and disaster risk reduction.

26. **Decision point 7 – what climate-relevant inclusion or exclusion criteria are used?** If decided that the definition requires granularity with regard to the climate relevance of the activities within the scope (see decision point 4), a climate finance definition may entail inclusion or exclusion criteria and methodologies for verifying whether a given finance flow may be considered climate-relevant and reported as climate finance accordingly. Clusters of use cases include marker-based approaches and accompanying guidance, such as the OECD Rio marker methodology; activity lists based on and including qualitative assessment criteria; process-based screening-in methodologies specific to climate change adaptation, for example in the MDB climate finance tracking methodology; activity lists based on qualitative and quantitative assessment criteria and thresholds, such as in many sustainable finance taxonomies; and inclusion methodologies based on policy relevance and programmes (may include activity lists), to be found for example in many domestic climate budget tagging systems. Exclusion lists or criteria included in Parties' reporting to the UNFCCC, in multilateral and bilateral development finance institutions' investment guidelines or in domestic climate-relevant taxonomies are also notable features of some definitions.

3. Finance-related aspects of a definition

27. The third cluster of elements for developing a definition of climate finance contains the finance-related aspects of applying the definition. The following decision points may not be relevant to all use cases, for example in case of broad scope without limitation on financial actors or instruments. However, where tracking or assessing progress against policy goals is required, it is important to know which finance is to be tracked.

28. **Decision point 8 – which sources, recipients and channels of finance are included?** Sources of finance may include public and private sector actors or funding sources such as ODA, other official flows or other types of flow. Definitions often outline how sources are considered to be public or private. Channels within the scope of a definition may include international public finance channels, such as bilateral channel flows from government development cooperation budgets to partner countries, or multilateral channels through MDBs and multilateral climate funds. National or domestic channels could also be used, emanating from government budgets and national development institutions and funds. Finally, private sector channels, domestically and internationally, may also apply. Recipients may also be detailed in terms of geographical classification by country or region or as public, private or civil society actors.

29. A key aspect of understanding what scope of sources and channels the definition should include is identifying whether there is a need to consider causality; that is, whether it should cover finance directly deployed, indirectly deployed or mobilized by a group of actors. Use cases to which this is relevant include the scope of reporting on climate finance under the UNFCCC, tracking international climate finance, and domestic finance use cases. Under the ETF, bilateral, regional, multi-bilateral and multilateral channels, as well as finance mobilized through public interventions such as private finance flows, may be reported. In the context of tracking international climate finance and progress towards collective goals, the OECD report series on climate finance and the USD 100 billion goal[12] identifies four channels, namely bilateral public, multilateral public (including MDBs and multilateral climate funds), officially supported climate-related export credits and mobilized private climate finance; while the Oxfam climate finance shadow reports[13] cover bilateral and multilateral public finance and exclude mobilized private finance, contrary to the Bali Action Plan and the Paris Agreement.

30. **Decision point 9 – which financial instruments are included?** Definitions may consider the scope of financial instruments to be covered and the manner of their inclusion. This is particularly the case when, in a tracking or data-collection exercise, double counting of the financial aggregate amounts needs to be avoided, thereby limiting the inclusion of instruments such as guarantees or subsidies that could be double counted against the real investments that they are catalysing. It could also be relevant when, in tracking flows from a source group to a recipient group, it is necessary to net-out reflows, such as loan repayments, or to identify grant-equivalent values. Use cases in which financial instruments are applicable to definitions of climate finance vary depending on whether they apply to reporting on climate finance under the UNFCCC, tracking international climate finance, or domestic use cases.

12 See https://www.oecd.org/climate-change/finance-usd-100-billion-goal/.
13 Available at https://www.oxfam.org/en/research.

31. Under the ETF, in relation to the provision of financial support, Parties may report grants, concessional loans, non-concessional loans, equity, guarantees, insurance or other. In addition, Parties may report the grant-equivalent value of climate-specific amounts on a voluntary basis and as appropriate, given that not all financial instruments or public interventions are possible to report under the ETF with a grant-equivalent value. In terms of reporting finance mobilized through public interventions, the list of interventions includes the financial instruments listed above in addition to policy interventions, capacity-building, technology development and transfer, technical assistance and other.

32. A variety of practices can be observed in tracking international climate finance, whereby the Green Climate Fund, the OECD DAC Creditor Reporting System, the OECD report series on climate finance and the USD 100 billion goal and the joint MDB report series on climate finance[14] cover a number of financial instruments, including grants, debt instruments, equity and guarantees, while the Oxfam climate finance shadow reports include estimates of the grant-equivalent amount of financial support made on the basis of grants, equity and the grant-equivalent values of concessional loans.

4. Elements relevant to accounting methodologies

33. In the fourth cluster, specific accounting-related issues in reporting on climate finance have been separated out, in accordance with guidance from the SCF, in order to clarify their relevance to the application of definitions of climate finance in reporting practices. The following decision points may not be relevant to all use cases. However, where tracking or assessing progress against policy goals is required, such decisions are relevant to determining climate-specific financial amounts, whether the financial amounts represent ex ante or ex post flows and how the amounts are attributed to institutions or countries.

34. **Decision point 10 – which methods are used for accounting for climate-specific shares of finance flows?** To ensure that the financial amounts accounted for are tied to the climate-related objectives identified, three methods of accounting for climate-specific finance have been identified: using qualitative markers, applying coefficients to amounts or shares of finance for a climate-related activity, and quantifying on a case-by-case basis climate-specific amounts of finance per activity.

35. **Decision point 11 – which points of measurement are used for the finance flows?** The point of measurement may relate to whether finance is accounted for at the stage of pledge, commitment, approval, budgetary forecast or need in the case of ex ante reporting of finance flows, or at the stage of disbursement, expenditure, investment or received in the case of ex post reporting. This affects the amount of finance reported as well as the ability to assess, at a given point in time, related aspects such as the use and impacts of a finance flow. This decision point is strongly linked to the consideration of the scope of sources, channels and financial instruments included in the definition, as the measurement of the amounts related to these elements is the ultimate outcome of applying definitions of climate finance.

36. The cluster of use cases and examples identified contains reporting international climate finance from the contributor or provider perspective or from the recipient or partner perspective and climate budget tagging systems in domestic finance. Reporting on finance committed or approved for a project may be more conducive to tracking aggregate financial flows and comparing trends over time as it avoids double counting with disbursements. However, committed amounts may differ from the actual amounts disbursed owing to changes in the final costs of projects, cancellations or delays.

37. **Decision point 12 – how may finance flows be attributed to sources and providers?** This focuses on the methods for attributing amounts identified as climate finance to particular groups and institutions, if relevant for the particular use case. In deciding on the scope of sources, providers and channels of finance, it is key to determine whether causality (i.e. finance directly deployed by a group of actors, indirectly deployed or mobilized) is relevant to the use case. If so, attribution methods are used, to the degree that causality can be determined and within the boundaries of accounting for amounts from institutions or instruments. Examples include the use cases of tracking to geographical groups and tracking private finance mobilized.

14 See https://publications.iadb.org/en/publications?keys=Joint%20Report%20on%20Multilateral%20Development%20Banks%20Climate%20Finance&f%5B0%5D=topic%3A4973.

IV. Summary of the discussion to update the Standing Committee on Finance's operational definition of climate finance

38. In addition to discussing work on clustering types of climate finance definition in use as mandated, the SCF also discussed potentially updating its operational definition of climate finance, as appropriate.[15]

39. In the first BA the SCF reviewed various operational definitions of climate finance in use by data providers and aggregators, and identified a convergence (see para. 12 above). In the subsequent four BAs, any updates to or developments in operational definitions of climate finance in use by data providers and aggregators were compiled.[16] The SCF work on definitions of climate finance in use in 2022 provides further information on definitions in use by Parties reporting on climate finance provided and mobilized in biennial reports and on climate finance received in biennial update reports.

40. Since the first BA, the SCF has framed the BAs as technical metadata studies, drawing on existing analytical work and available data on climate finance flows. To guide the technical scope of finance flows to be covered in the BAs, climate finance has in each case been used to refer to "financial resources dedicated to adapting to and mitigating climate change globally, including in the context of financial flows to developing countries."

41. While regular updates and new additions to the compilation of operational definitions of climate finance in use by data providers, aggregators and institutions have been provided as part of the BA, there has been no update to the convergence identified in the first BA, which is considered as the operational definition of climate finance of the SCF referred to in the mandate from COP 27.

42. In considering this element of the mandate, the SCF discussed a potential update to capture developments since the adoption of the Paris Agreement, with some members identifying loss and damage and others identifying the bottom-up, nationally determined nature of climate action, and goals of the Paris Agreement and overall objective of the Convention as potential elements to be reflected. Some members considered that an update was unnecessary. One member suggested that the structure of the process for developing a definition outlined in this report could be applied to the discussion of the potential update, while another member was of the view that many of the decision points in this report are not applicable to the global use case of the BA.

43. Several Parties referred in their submissions to the SCF operational definition of climate finance still being valid owing to its comprehensive and broad nature with the potential to capture the evolving nature of climate finance over time. In one recent submission it was suggested that, if an update is needed, it should be considered as part of the sixth BA for consistency, take into consideration other processes, such as the new collective quantified goal on climate finance, and be consistent with the bottom-up, nationally determined nature of climate action reflected in the approach to the Paris Agreement and in line with the practice of Party-level reporting under the ETF.

44. Bearing these points in mind, the SCF considered the following non-exhaustive list of potential options for its operational definition of climate finance, as appropriate:

(a) No update, thereby confirming the current definition in use: "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";

(b) Climate finance aims at reducing emissions and enhancing sinks of greenhouse gases, aims at reducing vulnerability, **increasing adaptive capacity**, and mainstreaming and increasing resilience of human and ecological systems to negative climate impacts, **and includes financing for activities that result in measurable action and impact towards achieving the goals of the Paris Agreement and the objective of the Convention**;

15 In line with decision 14/CP.27, para. 11.

16 The first, second and third BAs compiled definitions in use by Climate Policy Initiative, the Intergovernmental Panel on Climate Change, the International Development Finance Club, MDBs, OECD DAC, the United Nations Conference on Trade and Development and the United Nations Development Programme, and the fourth and fifth BAs added definitions from the Climate Bonds Initiative and the European Union taxonomy to the compilation.

(c) Climate finance aims at reducing emissions and enhancing sinks of greenhouse gases, aims at reducing vulnerability, **increasing adaptive capacity**, and mainstreaming and increasing resilience of human and ecological systems to negative climate impacts, **and includes financing for measurable actions identified in a country's nationally determined contribution, adaptation communication, national adaptation plan, long-term low-emission development strategy or other national plan for implementing and achieving the goals of the Paris Agreement and the objective of the Convention.**

45. The SCF highlighted that the sixth BA will contain a section that compiles the operational definitions of climate finance in use.

1

Introduction

1.1 Background and objectives

1. The COP, at its twenty-seventh session, requested the SCF to prepare a report for consideration by the COP at its twenty-eighth session (November–December 2023), building on the Committee's work on definitions of climate finance, on clustering types of climate finance definitions in use that could be considered within the UNFCCC process, including with a view to updating the Committee's operational definition of climate finance, as appropriate, and supporting Parties in their national reporting efforts, and invited Parties and external stakeholders to make further submissions via the submission portal by 30 April 2023.[17]

2. This report builds on the ongoing work on operational definitions of climate finance by the SCF reflected in its previous outputs in 2022 and in the BA series.[18] Since 2020, the work has been informed by submissions received from Parties and non-Party stakeholders on their views on the operational definitions of climate finance: 20 submissions from 17 Parties and 5 non-Party stakeholders.[19]

3. In addition to providing an overview of views submitted by Parties and non-Party stakeholders, the work in 2022 also provided an overview of operational definitions of climate finance in use by Parties under the Convention and the Paris Agreement, as well as by climate finance providers (domestic and international), data aggregators and other organizations outside the Convention.

4. The SCF's work on definitions of climate finance in 2022 found that there are varying understandings of what climate finance encompasses, including which sectors and activities are covered, the range of financial instruments available and which tracking and reporting processes apply, as well as different perspectives of what definitions of climate finance should include and the detail with which associated concepts should be defined.

5. COP 27 noted that the work of the SCF on definitions of climate finance shows the variety of definitions in use and the complexities associated with the diversity of definitions of climate finance in use by Parties and non-Party stakeholders in relation to ensuring clear, aggregated accounting and reporting of climate finance.[20]

6. The aim of this report is to provide practical information to support Parties in their national reporting efforts through clustering types of climate finance definitions in use that could be considered within the UNFCCC process. The SCF considers a guidebook-style approach that provides examples of different clusters through practical decision points in developing and applying a self-defined definition of climate finance to be conducive to this aim.

7. In addition, this report considers in a separate chapter whether, and if yes, how, the SCF's operational definition of climate finance in use to support the production of the BA report series could be updated. The first (2014) BA reviewed various operational definitions of climate finance in use by data providers and aggregators, and identified a convergence that could be framed as follows: "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." Subsequent BAs (UNFCCC, 2016, 2018, 2021, 2022) compiled any updates or developments in operational definitions of climate finance in use by various data providers and aggregators.

1.2 Scope and structure of the report

8. Since 2014, the SCF, through the BAs, has collated information on operational definitions in use from Parties and non-Party stakeholders, including institutions reporting climate finance data, and aggregators of climate finance data. The scope of this report therefore includes both domestic and international contexts, as well as the context of applying a definition by different types of institution, such as governments, multilateral organizations, financial institutions, think tanks, research organizations and others.

17 Decision 14/CP.27, para. 11.

18 See FCCC/CP/2022/8/Add.2–FCCC/PA/CMA/2022/7/Add.2. The BA report series is available at https://unfccc.int/topics/climate-finance/resources/biennial-assessment-and-overview-of-climate-finance-flows.

19 Three stakeholders provided more than one submission over the three years.

20 Decision 14/CP.27, paras 9 and 10.

9. The report is structured following the general outline agreed by the SCF at its 30th meeting.[21] Chapter 2 provides an update to the compilation and synthesis of views submitted by Parties and non-Party stakeholders in response to the invitation referred to in paragraph 2 above. Chapter 3 provides a clustering of types of definitions of climate finance through a guidebook-style approach to support national reporting efforts. Chapter 4 provides an overview of discussions by the SCF on a potential update to the SCF's operational definition of climate finance.

1.3 Challenges and limitations

10. A key challenge in presenting information on definitions of climate finance in use are the varied perspectives and expectations on what should be the scope of a given definition. As definitions of climate finance are often developed for a range of different purposes and use cases, their scope varies from domestic to international contexts, from high-level descriptions to detailed classifications of specific climate-related activities or from a focus solely on the climate-related aspects to those that also include financing types or accounting-related boundaries. The variation in scope presents a challenge when clustering types of definitions, necessitating a broad scope to be applied so as to capture the potential use cases and contexts.

11. Given the wide differences in views on what is within the scope of a definition of climate finance and how detailed such a definition could be, it also raises a challenge in identifying commonalities and divergences in definitions and reporting practices in use. For example, a Party, international organization or think tank may choose to report only certain financial instruments or activities when reporting or aggregating climate finance data, but would not consider these choices to be considered as their definition of climate finance, while others may regard these decisions as integral to a definition of climate finance. Reporting such choices as definitional would therefore not accurately reflect views and limits any technical work on definitions of climate finance to identifying commonalities, convergences or divergences.

12. A further challenge relates to synthesizing information from submissions on views related to climate finance definitions that are provided in unstructured formats with varying levels of detail. Efforts have been made to elicit key findings and reflect disparate views fairly and accurately when providing a synthesis; however, limitations persist in reflecting fully the details of each submission. Each submission is available on the UNFCCC website.

1.4 Approach used in preparing the report

13. This report was developed under the guidance of the SCF, and two co-facilitators supported the work intersessionally. The SCF agreed an outline for the report, including an executive summary, at its 30th meeting in March 2023. The zero-order draft of the report was considered at the 31st meeting of the SCF in July 2023, and the report, including the executive summary, was finalized at its 32nd meeting.

21 Available at https://unfccc.int/sites/default/files/resource/Outline_definitions.pdf?download.

2

Updated synthesis of views from Parties and non-Party stakeholders on definitions of climate finance in use

14. In response to the invitation for submissions referred to in paragraph 2 above, 21 submissions were received from Parties or groups of Parties and 5 submissions were received from other stakeholders (see annex A of this technical report). Table B.1 in annex B of this technical report provides an overview of the key elements of the submissions from Parties with a view to highlighting both common and diverging views on specific topics related to definitions of climate finance. By its nature, such an overview is non-exhaustive and interpretative of the detailed descriptions and context outlined in individual submissions. The findings of the synthesis of views are presented in this chapter.

15. Regarding **a common definition, or multiple or broad definitions of climate finance**, eight Parties or groups of Parties noted the lack of a common definition of climate finance and take the view that a common definition is necessary, while eight Parties or groups of Parties suggested that the existing operational definition in use by the SCF is still valid or could dynamically capture new developments. Five Parties or groups of Parties proposed a common operational definition, while other submissions proposed an operational approach to achieve greater convergence over time, based on either the MDBs/IDFC *Common Principles for Climate Change Adaptation Finance Tracking or the Common Principles for Climate Mitigation Finance Tracking* or responses to a common set of questions to provide granular information.

16. **Coverage and scope:** all Parties affirmed the focus on mitigation and/or adaptation objectives (including cross-cutting; that is, both mitigation and adaptation) in operational definitions of climate finance, with some also including references to finance for loss and damage (e.g. relocation), and one referring to disaster risk management. Other elements were also highlighted as potentially relevant, including technology development and transfer, capacity-building and response measures, just transition activities, consistency with a pathway towards low greenhouse gas emissions, and climate-resilient development and reporting under the Convention and the Paris Agreement.

17. **Sources of finance:** almost all Parties noted that climate finance may stem from a variety of public and private sources. Specifically, some stated that a significant portion of climate finance should come from public funds, with some stating that mobilized climate finance from private sources should be accounted for in a grant-equivalent manner. Many Parties, and one non-Party stakeholder submission, defined climate finance as referring solely to international funding from developed countries to developing countries. Another non-Party stakeholder submission suggests a distinction to be made between public and private finance, with a specific focus on the role of various types of public support, both domestic and international, covering subsidies, SOE investments and financing through public finance institutions.

18. **Instruments:** most Parties considered a variety of financial instruments as relevant to operational definitions of climate finance, either listing them (e.g. grants, equity, concessional loans, guarantees, blended finance) or referencing the bottom-up approach of the modalities, procedures and guidelines, which include similar instruments. Some Parties suggested including only grant-based and concessional instruments in a proposed definition, while one Party suggested including a wide variety of instruments but noted that the value of the loans provided should reflect the net or grant-equivalent contribution once the loans are repaid to the lender. Further, a few Parties identified the importance of grant-equivalent values for reporting climate finance from different sources, including private sources.

19. **New and additional:** 11 Parties made reference to new and additional climate finance. Some Parties stated that this finance should be incremental to ODA, exclude existing ODA or exceed the 0.7 per cent of gross national income committed by donors to development finance flows. Two Parties noted either the challenges of distinguishing climate finance from development finance at the implementation level or called for an operational approach to deciding whether and how to account for development aid classified as climate finance. In order to avoid double counting, another Party identified new and additional finance as finance committed to a new project in the reporting period and not including disbursements to existing projects.

20. **Other factors:** some Parties noted that climate finance needs to be understood in the broader context of implementing the Sustainable Development Goals and the Addis Ababa Action Agenda on development finance or to be inclusive and dynamic in order to account for finance allocated to low-emission, climate-resilient development activities. Furthermore, some Parties noted the importance of access to climate finance, tracking and monitoring of climate finance at the international, national and subnational level, as well as the importance of demonstrating effectiveness and

the impacts of climate finance, or linkages to enhancing implementation of climate policies, regulations and action plans to meet the NDC targets.

21. While several Parties and groups of Parties argued that a common definition is impractical or that the operational definition in the 2014 BA is sufficient for the future, several others included specific proposals for operational definitions of climate finance, as shown in table B.2 in annex B of this technical report. The proposals submitted by non-Party stakeholders are shown in table B.3 in annex B of this technical report.

22. **Examples of national definitions:** several other Parties included examples or descriptions of how, based on the overarching framework of the Convention and the Paris Agreement, a definition of climate finance is developed at the national level, in particular for the purpose of guiding national entities in the type of activities that are eligible for climate finance. One Party described how national financing institutions, in addition to the OECD DAC Rio marker methodology, also apply the MDBs/IDFC *Common Principles for Climate Mitigation Finance Tracking and Common Principles for Climate Change Adaptation Finance Tracking or the IFC Definitions and Metrics for Climate-Related Activities*. Another Party applied an indicative list of activities that are eligible for climate finance across a broad range of sectors based on nationally developed definitions of what is considered climate change mitigation and adaptation, including direct economic activities but also policy-, technology- and capacity-related interventions. Some other Parties noted how OECD Rio markers guide their national approach to identifying tracking and reporting on climate finance across sectors, while two other Parties also noted the development of domestic methodologies to identify public climate finance expenditures through climate budget tagging methodologies (including at the subnational level) and one of these Parties also referred to private sector taxonomy development to improve domestic monitoring and information on private climate finance. One group of Parties provides reference to a set of domestic regulations that lay down obligations for countries, but also for private sector actors, to report on climate finance or sustainable finance according to specified characteristics. Another group of Parties presented various operational definitions of climate finance and climate financing being applied in the respective domestic jurisdictions and also provided examples of various national efforts to develop methodologies and approaches for tracking and monitoring national public and/or private climate-relevant finance.

3
Clustering types of climate finance definitions in use

23. This chapter provides a clustering of types of climate finance definitions clustered by their key elements and use cases, in the order of common decision points that may be used in scoping and applying a given definition of climate finance. Considerations in relation to the approach to clustering definitions are discussed in chapter 3.1 below, before a step-by-step consideration of the decisions required in developing and applying a definition are elaborated in chapter 3.2 below.

3.1 Elements and use cases: what is in a definition?

24. Clustering the types of climate finance definitions in use requires an understanding of how they can be different in both form and composition. Definitions of climate finance come in various forms and compositions, reflecting how they are used for a given purpose.

25. Definitions may come in the form of a high-level single sentence or paragraph, for example the current operational definition of climate finance identified by the SCF in its work on the first BA in 2014. At that time, a review of various operational definitions of climate finance in use by data providers and aggregators identified a convergence that could be framed as follows: "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."

26. Definitions can also come in the form of a list defining specific concepts that, in sum, provide clarity on what is considered as climate finance. Several proposed definitions from Party and non-Party submissions (available in annex B of this technical report) include descriptions of provision, mobilization, sources and channels, public and private finance, terms such as new and additional, and instruments that would apply for a definition of climate finance. Legal contracts or a set of regulations often include lists of definitions for certain terms in relation to the subject under contract. For example, Article 1 of the Convention includes a list of definitions of various concepts relevant to the Convention, and EU regulations lay down obligations for member states, but also for private sector actors, to report on climate finance or sustainable finance according to specified characteristics.

27. Finally, definitions may include detailed guidance, classifications or taxonomies of specific concepts or activities that may be relevant to consider as part of a definition. These may include detailed guidance or criteria to apply to each activity or exclude specific activities to further delineate the defined concepts from other actions. In practice, such detailed guidance or classifications are often accompanied by high-level definitions or descriptions (e.g. the *OECD DAC Rio Markers for Climate Handbook*, the MDB climate change tracking framework, the EU taxonomy on sustainable finance) but there are examples where classifications and taxonomies exist without such high-level definitions (e.g. China's green bond catalogue (PBOC et al 2021)).

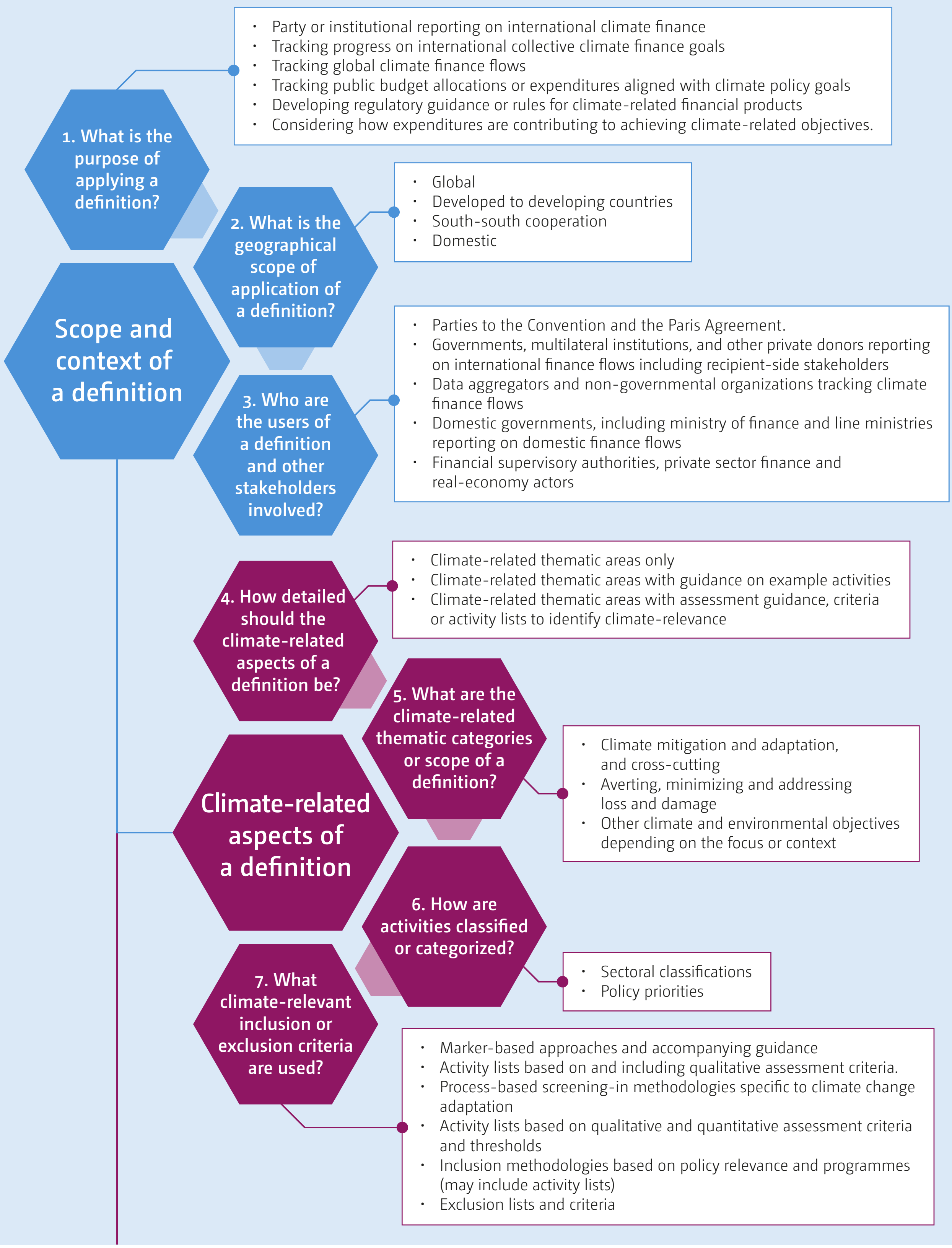
28. In terms of composition, some definitions of climate finance focus solely on the climate-related nature of the activities being financed; for example, defining what are mitigation or adaptation activities that benefit from financing. Other approaches focus on the financial or accounting boundaries of the finance flows, such as which instruments may be included or points of measurement, recognizing that the climate-related nature of the finance is subject to country-driven policies and goals.

29. Based on an extensive literature review of climate finance definitions in use, the report approaches the clustering of types of definitions in a guidebook style through four element clusters as outlined in figure 1. Under each cluster of elements, several individual decisions are elaborated that dictate the scope, form and details that a definition should include depending on the given purpose identified at the outset. The sequence of decisions is outlined from the general scope and context-setting options at the to develop options on further granularity and detail later, if they are applicable. In this way, not all decisions may apply to the development of a definition.

30. There are many different uses cases for applying a definition, including either tracking international flows of finance or focusing solely on domestic flows, tagging public budgets or providing regulatory guidance for financial products, reporting on multilateral agreements and tracking collective goals. Given the context of this report in supporting Parties in their national reporting efforts, the first example in each step is based on the modalities, procedures and guidelines of the ETF where relevant. Other examples are also provided to inform how definitions may be constructed differently according to the use case.

Figure 1

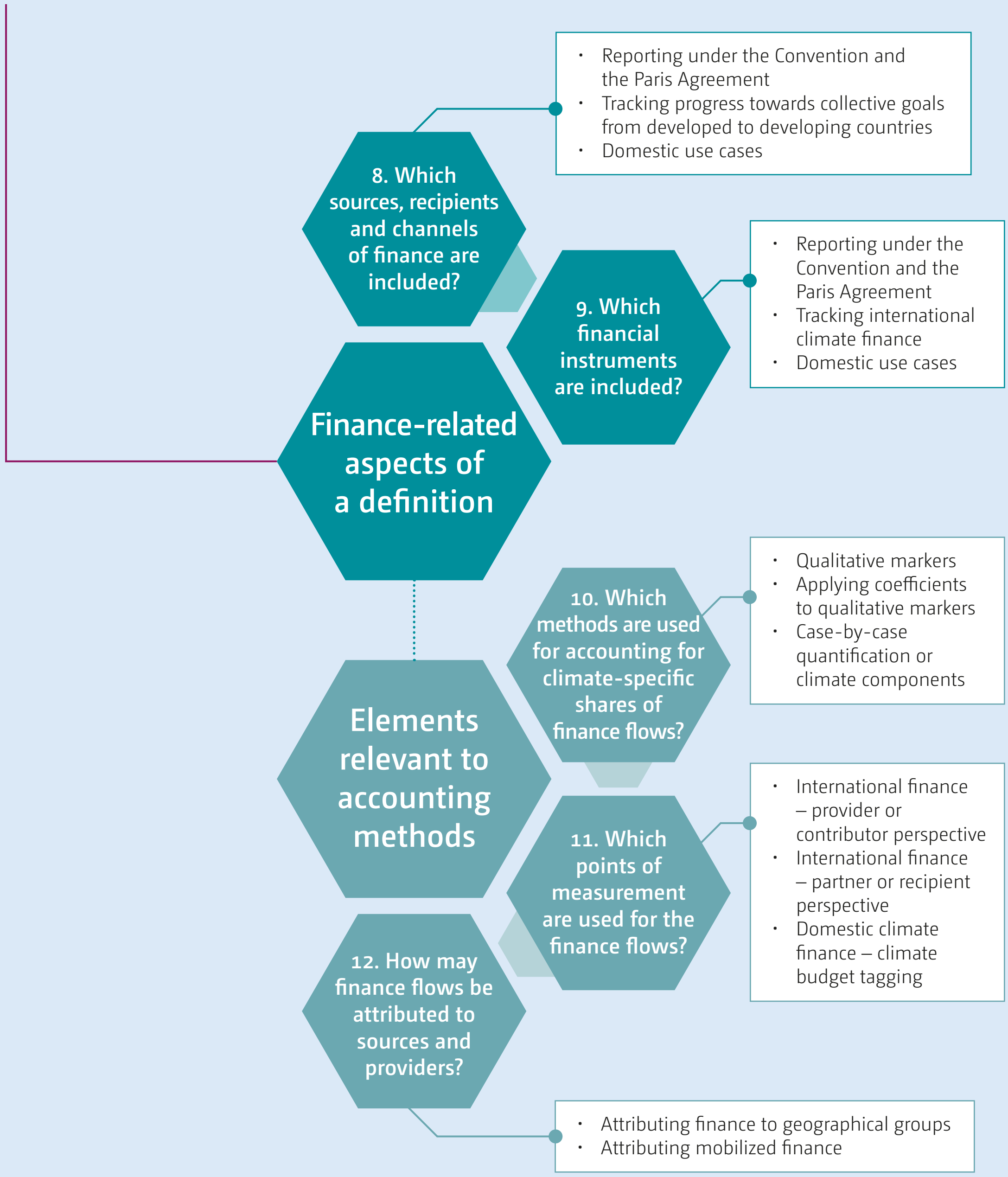
Clustering elements in developing and applying a definition of climate finance



SCOPE AND CONTEXT
CLIMATE-RELATED ASPECTS
FINANCE-RELATED ASPECTS
ACCOUNTING METHODS

Figure 1 (continued)

Clustering elements in developing and applying a definition of climate finance



Note: Under each of the four clustering elements, several decision points are indicated through guiding questions that dictate the form, scope and detail of a climate finance definition depending on the purpose identified. For each decision point, a list of example options and/or use cases provide approaches used in existing definitions of climate finance. The sequence of the decision points runs from general scope and context-setting options to options for further granularity and detail, if applicable. Thus, not all decision points may apply to the development of a definition.

3.2 Step-by-step considerations in developing and applying a definition of climate finance

31. There are four clusters of elements to developing and applying a definition of climate finance and twelve decision points, as outlined in figure 1.

3.2.1 Scoping and context

32. A key building block for developing and applying a definition of climate finance is in scoping the context of how the definition will be used. This is necessary to inform how granular the definition needs to be, what other concepts may need to be defined and its form, in order for it to be usable and practical for its target audience.

1) Decision point 1: what is the purpose of applying a definition?

33. The first relates to the different purposes of establishing an operational definition of climate finance, which may thereafter determine the scope and boundaries of the finance considered with regard to actors, flows, sources, financial instruments and usability considerations. Examples that demonstrate the range of different purposes and objectives of operational definitions of climate finance in use and the implications they have on the scope of the definition include the following.

Example 1: Party or institutional reporting on international climate finance

34. For the purposes of reporting international climate finance, definitions may be quite broad so as to facilitate a range of country-driven views on and interpretations of what may be relevant information. For Parties to the Paris Agreement, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session adopted its modalities, procedures and guidelines, which include guidance on reporting on financial support provided and mobilized by developed country Parties (and other Parties, as appropriate) and reporting on financial needs and the finance that developing country Parties have received. The purpose of the ETF related to support (decision 18/CMA.1, annex, para. 2) is to provide clarity on support provided and received by relevant individual Parties and, to the extent possible, to provide a full overview of aggregate financial support provided in order to inform the global stocktake. As such, the ETF provides a broad scope to Parties to report on climate finance support with the modalities, procedures and guidelines identifying a detailed list of underlying assumptions, definitions and methodologies to be communicated by Parties to provide clarity and transparency, including on how the support is identified as being climate-specific, the definition of public and private finance and parameters such as instruments, sectors and funding sources, among others (see decision points 5–11 for further information on specific definitions).

35. Similarly, the group of MDBs annual joint report on climate finance must compile data based on different reporting processes and terminology in use by individual MDBs in providing the framework for reporting climate finance broadly (see decision points 7, 8 and 11 for further information on specific definitions).

36. Other examples of this kind of use case are countries and institutions reporting on climate-related development finance to the OECD DAC CRS. The OECD Rio marker methodology allows reporters to mark ODA finance flows as having a principal objective, a significant objective or no objective to pursue either climate change mitigation or adaptation.

Example 2: Tracking progress on international collective climate finance goals

37. Alternatively, for the purposes of tracking and measuring progress towards achieving the collective international climate finance goals, a narrower scope of definition may be required, particularly around the geographical and accounting-related aspects of a definition. The methodology behind the OECD (2022) report series on the USD 100 billion per year goal outlines clear definitional choices on geographical scope, instruments and attribution (see decision points 2, 8–11). The Oxfam (2021) Climate Finance Shadow Report series makes alternative choices to measure net climate-specific assistance from developed countries to developing countries (decision points 2, 8–11).

Example 3: Tracking global climate finance flows

38. For the purpose of tracking climate finance flows more generally, users can choose to scope the definition on what is climate-related rather than defining sources and channels of finance or accounting-related aspects. The BA and products from other non-governmental organizations, such as the CPI (2022) Global Landscape of Climate Finance, report on the global level on various sources and channels of finance and the levels of climate

finance flows within a given time period and provide information on specific geographies, types of flows, recipients, sectors and other more granular data points relating to climate finance flows.[22]

Example 4: Tracking public budget allocations or expenditures aligned with climate policy goals

39. An increasing number of countries are implementing climate budget methodologies including green budget tagging to track climate-related contributions of budgetary items and policies, including revenues and expenditures. The fifth BA reported that 24 countries currently implement domestic climate finance reporting systems, and another 24 countries are developing such tracking and reporting systems. Another survey on green budgeting identified 18 out of 36 OECD member countries implementing either green budget tagging, integrating green finance in multi-annual budgets or identifying green expenditure in spending reviews.[23] The implications on the scope of a definition is therefore to define the overall boundaries of finance that is allocated to or spent through various public ministries, agencies, authorities or other actors, and to identify climate-relevant spending within that total.

Example 5: Developing regulatory guidance or rules for climate-related financial products

40. In order to support the development of green or climate-friendly financial markets, regulatory authorities or industry associations may adopt definitions so that there is a common market understanding on what may be included in the relevant financial products. Such unified classification frameworks serve multiple purposes, including to increase confidence in the quality of financial products, to avoid greenwashing, to enable better identification and increase the volume of private, international and public finance for green economic activities and projects, to track relevant finance flows, to improve risk management and disclosure practices and to support national policymaking and decision-making (OECD 2020).[24] Starting in 2011 and 2012, a range of voluntary and mandatory approaches have been developed to classify economic activities that can be considered green or climate-positive in order to provide guidance on the labelling of corresponding finance as having climate objectives. Sustainable finance taxonomies or eligibility lists at the national, regional or international level have been enacted or are under development for this purpose in all world regions (Xu et al 2022).[25]

Example 6: Considering how expenditures are contributing to achieving climate-related objectives

41. A complementary use case to tracking finance flows is in understanding how climate-related objectives are being achieved through the allocation of finance and its effective expenditure. The use case is typically applied across global as well as national level examples.

2) Decision point 2: what is the geographical scope for applying a definition?

42. A definition may be applied at different geographical boundaries, which requires a description of the specific groupings or regions. While tracking climate finance globally, domestically or bilaterally between two specific countries may have a clear self-evident geographical boundary, international climate finance tracking can require a greater consideration of which countries are included in provider/contributor groups and in the partner/recipient groups, particularly in understanding finance flows from developed countries to developing countries, although South–South finance flows are also relevant to this decision. Annex B to the fifth BA provides a detailed list of the country classifications used in different sources of information on climate finance, including regional classifications. Examples on the scope applied to developed and developing countries are listed below.

Example 1 – Global

43. Applying a global use case would necessitate not excluding any particular country or region in the application of the definition. For further analysis however, global use cases may require regional classifications such as the UN Statistics Division M49 standard for area codes, regions and sub-regions, or

22 Available at https://unfccc.int/topics/climate-finance/resources/biennial-assessment-and-overview-of-climate-finance-flows and https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2021/.

23 OECD (forthcoming), Green budgeting in OECD countries – 2022 OECD Green Budgeting Survey Results.

24 OECD. 2020. *Developing Sustainable Finance Definitions and Taxonomies, Green Finance and Investment*. OECD Publishing: Paris, https://www.oecd-ilibrary.org/finance-and-investment/developing-sustainable-finance-definitions-and-taxonomies_134a2dbe-en.

25 Xu X, Xie W and Deng M. 2022. *Global green taxonomy development, alignment, and implementation*. London: CBI. Available at https://www.climatebonds.net/files/reports/cbi_taxonomy_ukpact_2022_01f.pdf.

other classifications based on OECD, World Bank and other international institutions.

Example 2: Developed countries to developing countries

44. The reporting system of the Convention specifies that Annex II Parties shall provide information on the provision of financial support to non-Annex I Parties. The ETF does not refer to the Annexes of the Convention but refers to Article 13, paragraph 9, of the Paris Agreement, which states that developed country Parties shall, and other Parties that provide support should, provide information on financial, technology transfer and capacity-building support provided to developing country Parties.[26]

45. The fifth BA outlines how other climate finance reports report on developed and developing country groupings. The OECD report series on *Climate Finance and the USD 100 Billion Goal* includes financial information from developed countries such as Annex II Parties and EU member States, Liechtenstein and Monaco and from developing countries such as non-Annex I Parties and/or ODA eligible countries. This is in line with countries that have signed up to road maps to reaching the USD 100 billion goal in 2016 and the Climate Finance Delivery Plan (COP26, 2021). Other reports on tracking climate finance from Oxfam (2021), ODI (Colenbrander et al 2022) and the World Resources Institute (Bos and Thwaites, 2021) consider developed countries such as Annex II Parties only and either do not specify the term of developing countries (Oxfam and ODI) or include all non-Annex I Parties (the World Resources Institute)[27] The OECD DAC CRS tracks climate-related finance to ODA eligible recipients only, and the CPI Global Landscape of Climate Finance further analyses international climate finance from and flowing to OECD and non-OECD member States.

46. The MDBs have a different geographical or regional focus and varying development finance priorities, leading to a diverse set of shareholders and recipients of individual MDB financing. In the joint MDB climate finance report (2022), a comprehensive list of recipient countries is provided in an annex, while MDB climate finance breakdowns in the main report are given for high-income countries and low- and middle-income countries and by region.

Example 3: South–South cooperation

47. Mirroring the application of groupings for developed and developing countries in the examples above, the same approaches may be used in understanding South–South cooperation on climate finance flows by focusing on finance flows within developing countries. For example, the fifth BA includes reporting by some non-Annex I Parties on the support they provide to other non-Annex I Parties.

Example 4 – Domestic

48. Use cases focusing on domestic geographical boundaries, such as public budget tracking are typically based on national boundaries or in the case of subnational users applying a definition, state, provincial or city-level boundaries.

3) Decision point 3: who are the users of the definition and the broader stakeholders involved?

49. The user or actors applying a definition and the broader stakeholders or audience involved can impact the methodological design and choices taken for a definition for climate finance. According to the objectives and geographical scope of a definition, the actors applying a definition and audiences may vary. Furthermore, according to the capacities, interests and structures of the relevant actors and stakeholders involved, the next decision point clusters on what is considered climate-relevant and what qualifies and can be reported as finance can vary, and in most instances will have to be carefully tailored to the corresponding needs.

Example 1: Parties under the Convention and the Paris Agreement

50. Under the ETF, developed country Parties shall provide information on the financial support provided and mobilized and shall report every two years through the biennial transparency report. Other Parties that provide support should provide such information and are encouraged to use the same reporting formats to do so. Developing country Parties should report on the financial support needed and received. While the reporting actors and users are Parties, the stakeholders involved in the reporting process can include government ministries,

26 The question of how multilateral climate finance is attributed to developed or developing countries is outlined in decision point 8.

27 Available at Bos, J. and J. Thwaites. 2021. *A Breakdown of Developed Countries' Climate Finance Contributions Towards the $100 Billion Goal*. Technical Note. Washington, DC: World Resources Institute. Available online at: https://doi.org/10.46830/writn.20.00145.

SCOPE AND CONTEXT
CLIMATE-RELATED ASPECTS
FINANCE-RELATED ASPECTS
ACCOUNTING METHODS

agencies or implementing institutions in the originating and recipient countries, with the reporting audience being other Parties and non-Party stakeholders, in particular recipient Parties and entities.

Example 2: Governments, multilateral institutions and other private donors reporting on international finance flows, including recipient side stakeholders

51. Through the OECD DAC CRS, DAC and non-DAC member governments, multilateral institutions, including the MDBs and multilateral climate funds, and private donors report on climate-related finance flows. Through an indication of the provider type and code as well as the recipient country, code and income group, information is provided on the actors and stakeholders involved in a given project.

52. The MDBs apply the MDBs/IDFC *Common Principles for Climate Change Adaptation Finance Tracking and Common Principles for Climate Mitigation Finance Tracking* methodology in their annual joint climate finance reports, but also maintain individual project databases. Information on the stakeholders involved in international climate finance is disclosed through these two means. The joint MDB Report on Climate Finance (AfDB et al 2022) contains information on the amount of recipient country climate finance, and on income groupings, while individual MDB project databases provide information on recipient entity institutions or governments, although information on whether a given project is counted towards MDB climate finance is not explicitly available in any of the databases.

Example 3: Data aggregators and non-governmental organizations tracking climate finance flows

53. Other definitions of climate finance pertain to data aggregators and other non-governmental organizations tracking climate finance flows at the global level or that track international public financial support specifically. Actors and users are, for example, CPI, ODI, the World Resources Institute or Oxfam, while the stakeholders and audiences are Parties to the Convention and the Paris Agreement and the general public more broadly.

Example 4: Domestic governments, including ministries of finance and other ministries

54. Methodologies for tracking climate finance at the domestic level have as their primary actors' governments, including public officials in ministries of finance and other ministries that apply a given methodological guidance to screen public finances and programmes against the definitional frameworks. The stakeholders may extend to the subnational and local level and may also involve civil society or private actors involved in the implementation of public programmes and projects. In addition, the audience of domestic climate budget tagging or finance MRV systems can be broad and global, to the extent that the objectives of these reporting systems include the tracking of international financial support, providing evidence on the extent of climate action within a jurisdiction and the identification of opportunities for scaling up public and private investments towards climate.

Example 5: Financial supervisory authorities and private sector finance and real-economy actors

55. The users of climate-relevant taxonomies and economic classification systems are private sector financial and non-financial actors that publicly disclose climate-relevant financial and non-financial information and bring financial products to the market in accordance with definitional guidance. Governments and financial supervisory authorities are other actors that develop the regulatory guidance ex ante and conduct continuous monitoring of the market. The stakeholders involved are scientific, civil society and industry bodies at the stage of the development of methodologies and criteria and the wider public with regard to the disclosure of climate-relevant financial and non-financial information and retail investment in associated green financial products.

3.2.2 Clustering climate-related aspects of a definition

56. The second cluster of elements for developing and applying a definition of climate finance relates to understanding how detailed the climate-related nature of the definition needs to be, the scope of what is climate-related by theme and by activity, if necessary, and the application of criteria or guidance for applying the definition, if necessary. While most definitions of climate finance will reflect decision points 4 and 5, on what broad themes are included within the definition, decision points 6 and 7 may be reflected depending on the use case.

4) Decision point 4: structure – how detailed should the climate-related aspects of a definition be?

57. In identifying the scope and context for applying a definition of climate finance, the first decision on the level of granularity or detail for the climate-related

aspects of the definition should be apparent. In general, definitions with a broad and diverse set of users have less-granular climate-related definitions, while definitions for a more narrow or specified set of users can detail specific activities or lists to meet a given purpose.

Example 1: Climate-related thematic areas only

58. The ETF captures financial support provided and mobilized, and needed and received, according to the thematic areas of climate mitigation and adaptation, as well as cross-cutting areas.

Example 2: Climate-related thematic areas with guidance on example activities

59. The OECD Rio marker methodology structures climate-related activities along the themes of mitigation and adaptation, whereby finance can be qualitatively marked as having a principal objective, a significant objective or no objective to pursue either climate change mitigation or adaptation. To guide reporting users in the marking process, a guidance handbook including a list of examples of qualifying activities is provided for scoring activities and programmes across the range of sectors and subsectors as defined in the OECD DAC CRS purpose codes (OECD 2016).[28] This approach has been adopted by several countries in supporting their domestic budget tagging.

Example 3: Climate-related thematic areas with assessment guidance, criteria or activity lists to identify climate relevance

60. To tailor climate finance definitions to the specific use case or to the national or regional context, or to ensure consistency with global mitigation and adaptation goals, definitions may include high-level principles, detailed guidance and criteria or activity lists to establish which activities may fall within the scope of climate finance. This is often the case with regard to regulatory efforts for determining green or climate-aligned financial products for which specific granular definitions are needed. Different example options for this additional layer of detail are presented below:

- Sub example 3(a): **climate-related thematic areas and activity lists.** Within the categorization of mitigation and adaptation themes, some national or regional climate-related taxonomies, as well as domestic budget tagging systems or expenditure reviews, establish predefined lists of climate-relevant activities or policy programmes, based on national climate action plans and priorities and often informed by scientific assessments of relevant actions.

- Sub example 3(b): **climate-related thematic areas and activity lists based on assessment criteria.** The MDBs/IDFC *Common Principles for Climate Mitigation Finance Tracking* (updated in 2021) formulate a set of definitions and guidelines to assess a defined list of eligible subsector activities that are considered to contribute to the mitigation objective in the context of the Paris Agreement. This activity list of eligible activities includes screening criteria and associated guidance for how to assess compliance, and the list will be reviewed regularly to account for potential technology developments. In the regulatory context, national and regional climate-related taxonomy classification systems of economic activities also follow a general approach of establishing the eligibility criteria of a qualitative or quantitative nature that determine the climate relevance and financing eligibility of a given activity. For a detailed discussion of common and uncommon sectors and activities included in various classification systems, see decision point 7.

- Sub example 3(c): **climate-related thematic areas and activities based on high-level assessment principles.** At the activity level, climate relevance may also be established with principle-based approaches, such as the ASEAN Taxonomy for Sustainable Finance (ASEAN 2022) or the MDBs/IDFC *Common Principles for Climate Change Adaptation Finance Tracking* (updated in 2022). The MDB methodology applies a three-step assessment framework against which any activity can be screened to establish adaptation relevance, which is to set out the climate change vulnerability context of a project, provide an explicit statement of intent of the project to reduce vulnerability and demonstrate a link between specific project activities and the adaptation objective. With nuances, this stepwise principle-based framework for assessing adaptation activities is integrated in many sustainable finance taxonomies, such as those of the EU, South Africa or Singapore. In the ASEAN foundational framework, high-level

28 Available at https://www.oecd.org/dac/environment-development/Revised%20climate%20marker%20handbook_FINAL.pdf.

assessment principles and guiding questions to determine the eligibility of both mitigation and adaptation activities are formulated and relate, among others, to environmental objectives targeted, measures undertaken to remedy potential harm and meeting social aspect criteria.[29]

5) Decision point 5: what are the climate-related thematic categories or scope of a definition?

61. The thematic scope of climate finance definitions in use is an important consideration that orients the financing, tracking and reporting of relevant actions and activities. This is particularly relevant to understanding how broad the scope of the definition is in capturing all responses to the climate challenge, as well as any interlinkages and co-benefits between the climate aspects and other sustainable development objectives.

Example 1: Climate mitigation and adaptation, and cross-cutting areas

62. The ETF captures the financial support provided and mobilized, and needed and received, according to the thematic areas of climate mitigation and adaptation, as well as cross-cutting areas. The SCF's operational definition of climate finance in use since the first (2014) BA identified a convergence of data collectors and aggregators 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." The OECD DAC Rio markers for climate categorizes aid targeting the objectives of the Convention and the Paris Agreement in accordance with climate change mitigation and climate change adaptation, with the possibility of activities targeting multiple objectives. The use of the cross-cutting category in addition to mitigation and adaptation is also applied in the Joint MDB Report on Climate Finance series, the IDFC Green Finance Mapping Report series as well as in national domestic climate finance tracking systems, such as those of Colombia or France.

Example 2: Averting, minimizing and addressing loss and damage

63. While the thematic areas of the ETF relate to climate change mitigation and adaptation and cross-cutting areas, in the column on additional information in the common tabular format related to Articles 9–11 of the Paris Agreement, Parties may report, to the extent possible, information on the project/programme and implementing agency and provide a link to any relevant documentation and, as appropriate, support to activities related to averting, minimizing and addressing loss and damage associated with the adverse effects of climate change. Some domestic budget tagging systems also indicate a focus on identifying finance relevant to loss and damage and disaster risk reduction, which is the case for Nicaragua, for example.

Example 3: Other environmental objectives depending on the focus or context

64. Frameworks that apply operational definitions of climate finance may also extend to or focus on further categories of sustainable development.

(a) Sub example 3(a): **disaster risk reduction.** Some approaches to tracking or reporting climate-relevant finance consider in particular the area of climate disaster risk reduction and resilience. The CPI has developed a framework for tracking investments in climate-resilient infrastructure at the global level in accordance with five resilience principles,[30] which are adapted mainly from the *Framing Paper on Climate-resilient Finance and Investment* (Mullan and Ranger, 2022), *MDB Framework for Climate Resilience Metrics* (IDB, 2019) and *Joint MDB Assessment Framework for Paris Alignment* (MDB, 2021). Given persistent data gaps in the area of adaptation and resilience the study tracked investments based on asset-level data for the period 2019–2020 focusing on the impacts of two climate hazards, floods and droughts, in four sectors (water and wastewater, transport, energy and AFOLU). A focus on disaster risk reduction is also visible in some domestic budget tagging and MRV systems, in which countries such as Honduras or Nepal capture 'disaster risk management' or 'preparedness for climate-induced disaster risk reduction' as a policy theme, while other countries do not indicate a climate theme but have separate subsections for 'comprehensive disaster management', 'human security' or 'disaster risk prevention and management' (e.g. Bangladesh, Philippines, EU);

29 ASEAN. 2022. *ASEAN Taxonomy for Sustainable Finance*. Version 2. Available at https://www.sfinstitute.asia/wp-content/uploads/2023/03/ASEAN-Taxonomy-Version-2.pdf.

30 The five principles are process-based, context-specific, impact-focused, systemic and dynamic.

(b) Sub example 3(b): **transitional activities or objectives.** In mandatory and voluntary approaches to establishing classification systems and guidance for climate-related private sector investments, some efforts specifically address the financing of a broad range of economic activities in order to incentivize the transition to a greener or more climate-friendly economy. This perspective is visible in dedicated transition finance frameworks from the public and private sector, such as the *Japanese Basic Guidelines on Climate Transition Finance* (FSA et al 2021),[31] or the *DBS* (2022) *Sustainable & Transition Finance Framework & Taxonomy*,[32] but also in sustainable finance taxonomies such as the EU's as well as in so-called traffic light approaches to taxonomies, including red/brown, yellow and green activities, or different shades of green activities;[33]

(c) Sub example 3(c): **environment and nature-related objectives included in climate-relevant frameworks.** In many use cases, other environmental objectives that are overlapping or closely related to climate, such as biodiversity, pollution prevention and control, the circular economy or the protection of water and marine resources, can be found in climate-related tracking or classification systems. This is the case for the *IDFC Green Finance Mapping Report*, which also tracks other environment and biodiversity finance categories, taxonomy classification systems and the OECD Rio Marker methodology, for which markers for targeting desertification, biodiversity, gender equality and disaster risk reduction also exist.

6) Decision point 6: how should activities be classified or categorized?

65. In the event that further detail and granularity on the climate relevance of the activities under the definition is necessary, a classification or categorization of activities is needed. To structure and guide the identification and reporting of climate-relevant finance, activities may be categorized according to economic sectors and subsectors, or according to policy priorities on climate action. High-level sectoral classifications or categories can focus the application of the definition on climate-relevant sectors and activities, matching policy priorities against finance, or enable an aggregate assessment of the purposes and sectoral allocations of reported climate finance. More detailed classifications meanwhile can serve the purpose of integrating climate relevant classifications with existing economic and financial reporting systems.

Example 1: Sectoral classifications

66. Many climate finance definitions categorize or report finance flows according to climate relevant sectors, using various approaches to sectoral classification presented below:

- Sub example 1(a): **ETF.** The ETF enables reporting Parties to specify the sectoral allocation of financial support, with entry options for the following sectors: energy, transport, industry, agriculture, forestry, water, cross-cutting and other (specify).

- Sub example 1(b): **sectoral classifications based on development assistance activities.** The OECD DAC CRS applies purpose codes to report climate-related development finance according to a granular breakdown of sector and subsector categories of activities.

- Sub example 1(c): **sectoral classifications based on industry classification codes.** A common approach among climate-related taxonomies is to select priority sectors from the respective standard industry classification code within the jurisdiction, which are overwhelmingly derived from the four-digit ISIC. This is, for example, the case in Colombia, the Philippines, Singapore (forthcoming), South Africa and the ASEAN. The EU taxonomy applies the Statistical Classification of Economic Activities in the European Community (NACE) code, which is identical to the ISIC code to the two-digit level, and the Mexican taxonomy applies the North American Industry Classification System (NAICS) classification, which is also similar to ISIC. The Common Ground Taxonomy, which provided a comparative baseline between the Chinese and EU taxonomies, mapped activities against the ISIC standard.[34] The use of industry classification codes

31 Available at https://www.meti.go.jp/press/2021/05/20210507001/20210507001-3.pdf.

32 Available at https://www.dbs.com/iwov-resources/images/sustainability/pdf/IBG%20Sustainable%20and%20Transition%20Finance%20Framework_Revision%201.pdf.

33 Available at https://cicero.green/.

34 Available at https://finance.ec.europa.eu/system/files/2021-12/211104-ipsf-common-ground-taxonomy-table_en.pdf.

SCOPE AND CONTEXT
CLIMATE-RELATED ASPECTS
FINANCE-RELATED ASPECTS
ACCOUNTING METHODS

enables identification within broad macroeconomic sectors and granular subsector activities. This approach results in granular differentiation of economic activities and allows standardized data collection, reporting and monitoring for companies, financial actors, and regulatory and supervisory authorities. It is noted that coherence in sector and activity classifications across taxonomies can enhance the interoperability and usability of taxonomies for investors and companies in order to scale up climate-relevant finance and disclosures (G20 2022, GFIT 2021).[35]

- Sub example 1(d): **listing of relevant activities by a non-standardized economic sector breakdown.** Other approaches to climate finance reporting and tracking include a list of relevant activities structured by a non-standardized economic sector breakdown or grouping. This approach is evident in sector or category classifications of the MDBs/IDFC *Common Principles for Climate Mitigation Finance Tracking* and the CBI taxonomy. The updated sector classification in the CPI *Global Landscape of Climate Finance* also follows this approach, which is inspired by, among others, the economic activity classifications of the MDBs, CBI, Fifth Assessment Report of the IPCC Working Group III and the EU taxonomy.

67. Table 1 below presents an overview of the different sectoral classifications applied in operational definitions of climate finance in use. Note that some classifications apply sector categories irrespective of whether they are mitigation or adaptation activities, while others have specific separate sector categories for mitigation and for adaptation.

Table 1

Sector classifications applied in different climate finance reporting systems and national climate-related taxonomies

UNFCCC ETF (options for sector entry)	OECD (CRS purpose codes)	Joint MDB Report on Climate Finance and common principles for tracking		IDFC Green Finance Mapping report		ISIC (basis for many national taxonomies)
		Mitigation	Adaptation	Mitigation	Adaptation	
Energy	Energy generation, distribution and efficiency – 230	Energy	Energy, transport and other built environment and infrastructure	Energy		C. Electricity, gas, steam and air-conditioning supply
Transport	Transport and storage – 210	Transport	Energy, transport and other built environment and infrastructure			H. Transportation and storage

35 G20. 2022. *G20 Sustainable Finance Roadmap*. Available at https://g20sfwg.org/wp-content/uploads/2022/01/RoadMap_Final14_12.pdf and GFIT. 2021. Identifying a Green Taxonomy and Relevant Standards for Singapore and ASEAN. Available at https://abs.org.sg/docs/library/gfit-taxonomy-consultation-paper.

Table 1

Clustering elements in developing and applying a definition of climate finance

UNFCCC ETF (options for sector entry)	OECD (CRS purpose codes)	Joint MDB Report on Climate Finance and common principles for tracking		IDFC Green Finance Mapping report		ISIC (basis for many national taxonomies)
		Mitigation	Adaptation	Mitigation	Adaptation	
Industry	Industry – 321 Business and other services – 250	Manufacturing				C. Manufacturing G. Wholesale and retail trade; repair of motor vehicles and motorcycles
	Mineral resources and mining – 322	Mining and metal production for climate action				B. Mining and quarrying
Agriculture	Agriculture – 311 Fishing – 313	Agriculture, forestry, land use and fisheries	Crop and food production Other agricultural and ecological resources		Agriculture, natural resources and ecosystem-based adaptation	A. Agriculture, forestry and fishing
Forestry	Forestry – 312					
Water and sanitation	Water and sanitation – 140	Water supply and wastewater		Water supply and wastewater	Water preservation	E. Water supply; sewerage, waste management and remediation activities
		Solid waste management		Solid waste management		
	Construction – 323 Other social infrastructure and services – 160	Buildings, public installations and end-use energy efficiency	Energy, transport and other built environment and infrastructure	Buildings, public installations and end-use energy efficiency		F. Construction L. Real estate activities

Table 1

Clustering elements in developing and applying a definition of climate finance

UNFCCC ETF (options for sector entry)	OECD (CRS purpose codes)	Joint MDB Report on Climate Finance and common principles for tracking		IDFC Green Finance Mapping report		ISIC (basis for many national taxonomies)
		Mitigation	Adaptation	Mitigation	Adaptation	
	Communications – 220	Information and communications technology and digital technologies		Information and communications technology and digital technologies		J. Information and communication
		Research, development and innovation				M. Professional, scientific and technical activities
Cross-cutting		Cross-sectoral activities			Cross-cutting and others – adaptation	
Other (specify)	Education – 110					P. Education
	Health – 120 Population policies/ programmes and reproductive health – 130					Q. Human health and social work activities
	Government and civil society – 150		Institutional capacity support or technical assistance			S. Other service activities
	Banking and financial services – 240		Financial services			K. Financial and insurance activities
	General environment protection – 410		Coastal and riverine infrastructure		Coastal protection	R. Arts, entertainment, and recreation

Table 1

Clustering elements in developing and applying a definition of climate finance

UNFCCC ETF (options for sector entry)	OECD (CRS purpose codes)	Joint MDB Report on Climate Finance and common principles for tracking		IDFC Green Finance Mapping report		ISIC (basis for many national taxonomies)
		Mitigation	Adaptation	Mitigation	Adaptation	
	Tourism – 322					
	General budget support – 510				Local, sectoral or national budget support to a climate change adaptation policy	
	Developmental food aid/ food security assistance – 520					
	Debt (only for debt swaps) - 600					
	Humanitarian aid – 700 (including emergency response, reconstruction and relief, and disaster preparedness)				Other disaster risk reduction	

Note: Ordering of sectors changed to improve reader-friendliness and does not imply a comparison on how climate finance is reported against the sector classifications by users.

Example 2: Policy priorities

68. National, regional or global climate policy priorities may also guide the selection and classification of climate-relevant activities and associated finance flows. In many climate budget tagging systems, national policy priorities, plans or programmes on climate change serve as the baseline to scope the boundaries of relevant finance flows and budget items, for example in Bangladesh, Ecuador, Ghana, Pakistan, the Philippines or Nepal (Kirchhofer et al 2021).[36] Likewise, many national and regional climate-related taxonomies conduct the categorization of activities in accordance with national priorities and plans.

36 Kirchhofer X, Fozzard A, Almuzaini A, et al. 2021. *Climate Change Budget Tagging: A Review of International Experience* Equitable Growth, Finance and Institutions Insight Washington, D.C.: World Bank Group. Available at http://documents.worldbank.org/curated/en/744081613708537156/Main-Report.

7) Decision point 7: what climate-relevant inclusion or exclusion criteria should be used?

69. A climate finance definition may or may not entail inclusion or exclusion criteria and methods to verify whether a given finance flow can be considered climate-relevant and reported as climate finance accordingly. Under the ETF, such criteria are open to Parties to define. For reporting on climate finance provided and mobilized, developed country Parties report on how they define the support as climate-specific and how it is in line with the long-term goals of the Paris Agreement. Similarly, in reporting on climate finance needed, developing country Parties should report on how the support will contribute to its NDC and to the long-term goals of the Paris Agreement.

70. There are differences in reporting by Parties on what climate-relevant activities should be financed. In their BR4s, some Annex II Parties disclose the use of exclusion criteria. One Party reported the exclusion of direct expenditure for constructing or retrofitting natural gas and other fossil fuel power plants, while another Party reported that it is no longer supporting the construction of new coal-fired power stations or the retrofitting of decommissioned coal-fired power stations in partner countries. Conversely, other Parties do include support for efficiency measures in fossil fuel power generation in their BRs, while the first report on the determination of the needs of developing country Parties to implement the Convention and the Paris Agreement (UNFCCC 2021b) found that some non-Annex I Parties include the development of natural gas and the development of the efficient use of coal in their technology needs assessments, and an analysis of NDCs submitted up until 31 December 2021 show 22 NDCs contain measures to switch from one fossil fuel to another or build new fossil fuel infrastructure (Fransen et al 2022).[37]

Example 1: Marker-based approaches and accompanying guidance

71. The Rio marker approach is designed to provide reporting entities with a guidance framework to mark individual development assistance activities as having a climate mitigation and/or adaptation objective as a principal objective (the main objective) or as a significant objective (one of the objectives of the activity). This qualitative marking process is guided by an overarching definition and eligibility criteria for marking as mitigation- or adaptation-related, as well as a set of example activities for each sector and subsector.

72. The Rio marker approach excludes certain finance flows from being marked owing to difficulties in establishing climate objectives; these are general budget support, imputed student costs, debt relief except debt swaps, administrative costs, development awareness and refugees in donor countries.

Example 2: Activity lists based on and including qualitative assessment criteria

73. The MDBs/IDFC *Common Principles for Climate Mitigation Finance Tracking* present a list of activities that can be considered under climate mitigation if certain qualitative assessment criteria are met. An accompanying guidance is presented to aid financing and recipient entities to assess climate relevance and interpret the criteria. Given the diversity of institutional, geographic and socioeconomic contexts in which the MDBs and DFIs operate, the methodology does not propose common quantitative criteria or thresholds to be met within the categories and sectors of activities.

74. The MDBs/IDFC *Common Principles for Climate Mitigation Finance Tracking* exclude a defined set of activities from eligibility to be reported as climate finance, as they are considered to be not in line with global mitigation ambition in the context of the temperature goals of the Paris Agreement. These are activities in support of the upstream and midstream fossil fuel industry (including exploration and extraction, processing, refining, transport and storage), activities in support of electricity generation from coal or peat and activities that lead to deforestation.

Example 3: Process-based screening-in methodologies specific to climate change adaptation

75. For adaptation specifically, multiple approaches to definitions make recourse to a context-specific, process-based methodology to assess whether an individual financed activity contributes to the adaptation objective. Starting in 2011, a group of six MDBs developed the

37 Fransen T, Henderson C, O'Connor R, et al. 2022. *The State of Nationally Determined Contributions: 2022 Report*. Washington, DC: World Resources Institute. Available online at https://www.wri.org/research/state-nationally-determined-contributions-2022.

initial joint MDB approach for adaptation finance reporting[38] as one of the first comprehensive approaches to systematically track and report on adaptation finance in particular[39] The joint MDB approach defined a process-based approach for an adaptation project activity to fulfil three design process criteria: setting out a context of climate vulnerability, including a statement of intent or purpose to address or improve climate resilience and clearly linking project activities to the context of climate vulnerability. The three-step approach is designed to take account of the context-specificity of adaptation with regard to countries, geographies, the local environment and the socioeconomic situation, as well as sector-specific solutions. Rather than a list-based approach, process-based screening may aid to ensure alignment with, among other things, national adaptation plans, and avoid maladaptation within a given context.

76. These three broad steps, which commonly include the demonstration of climate risk and vulnerability assessments and remedial measures to address adaptation, have since been incorporated in other DFI methodologies, as well as in regulatory guidance for climate-related private sector finance. An analysis of 15 climate-relevant taxonomies and eligibility methodologies shows that a process-based approach that potentially considers adaptation activities in all economic sectors if appropriate climate resilience measures are implemented (so-called adapted activities) features in 8 of 15 taxonomies.[40] Of those, five apply a mixed approach that includes activities that are considered always relevant to adaptation. Most often, these are so-called enabling activities that enhance broader climate resilience beyond the scope of the activity itself, in sectors such as research and innovation, education and communication, non-life insurance or rehabilitation and restoration of forests (including after extreme weather events).

Example 4: Activity lists based on qualitative and quantitative assessment criteria and thresholds

77. Going beyond qualitative guidance and criteria, some methodologies propose climate-relevant activity lists that are to be assessed against quantitative technical screening criteria or thresholds. This methodological approach is common among climate-relevant taxonomies for climate change mitigation in particular. Sector- and subsector-based criteria are informed by regional or national climate change policies and priorities, as well as science-based or global mitigation actions and targets. Some climate-related regulatory frameworks to guide climate-relevant private sector investments explicitly address activities to be excluded from financing. Figure 2 below presents an overview on common mitigation activities in fifteen climate-relevant taxonomies and eligibility lists.

Example 5: Inclusion methodologies based on policy relevance and programmes (may include activity lists)

78. Domestic climate finance tracking systems, such as budget tagging methodologies, conduct screening-in processes for finance flows or budget items based on national climate change policy relevance, plans or programmes. Budget tagging systems, such as those in Bangladesh, Nepal or the Philippines, present activity lists or line items based on identified priorities in national climate change plans, while other systems, such as those in France or Ireland, have not established predefined lists to conduct the annual tagging. Table 2 below provides an overview of selected examples of adaptation-relevant activities that are indicated in domestic budget tagging systems and climate-related taxonomies and are based on alignment of activity with national climate strategies.

Example 6: Exclusion lists and criteria

79. Some operational definitions of climate finance make use of exclusion lists or criteria for specified activities, in particular with regard to climate change mitigation. As noted above, these include some Parties in their reporting. Other institutional examples are:

- Sub example 6(a): **multilateral and bilateral development financial institutions.** In addition to the MDBs/IDFC *Common Principles on Climate Mitigation Finance Tracking*, which exclude a defined set of activities from eligibility to be reported as climate finance, many MDBs and DFIs have set, in the context of aligning with the Paris Agreement, individual exclusion lists

38 Available at https://www.ebrd.com/what-we-do/sectors-and-topics/mdbs-climate-finance.html.

39 The group of MDBs at the time were the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank and the World Bank, including the IFC.

40 Adapted activities cover resilience and adaptation measures within the immediate project context, such as integration of resilience measures in buildings.

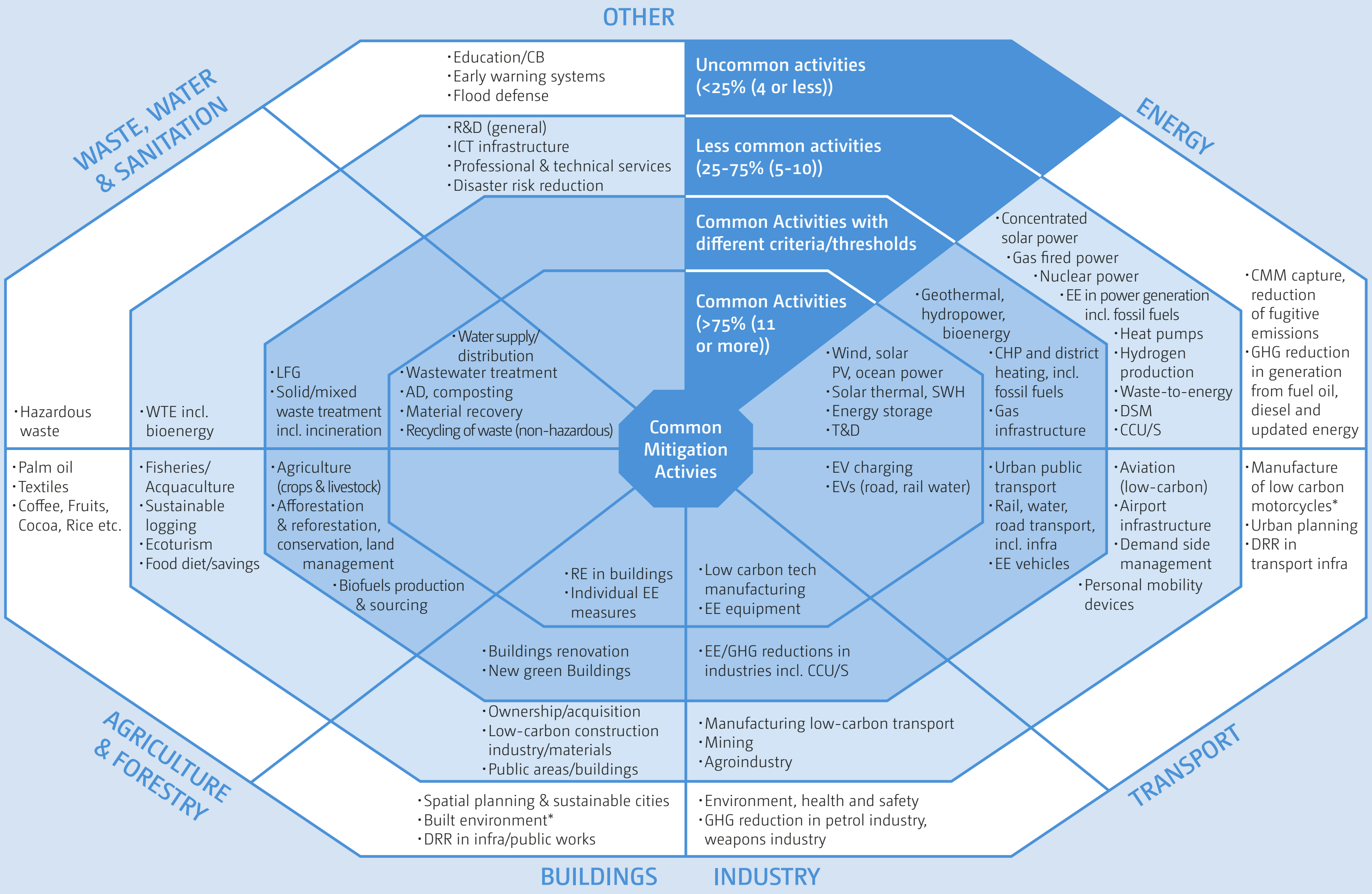
of activities not eligible for any new financing or investments. These lists mostly cover activities regarding fossil fuels, namely coal, oil and gas, in the energy and associated extraction industry and transport sectors, as well as activities related to logging of natural or virgin forests. Examples are the harmonized European Development Finance Institutions Fossil Fuel Exclusion List,[41] which excludes coal and oil upstream and downstream exploration, production and power generation activities, and gas exploration and/or production, or individual exclusion lists of, for example, the French Development Agency (AFD 2023) or the KFW (2019).[42] Of the MDBs, seven now exclude the majority of investments in coal projects, while exclusions for oil and gas investments vary in terms of detail and coverage of up-, mid- and downstream oil- and gas-related activities and financing thereof.[43] Many exclusion lists include detailed footnotes with specifications of circumstances that may allow a certain activity to be financed given certain requirements. The KFW bank, for example, specifies exceptional requirements in some fossil fuel-related energy activities for developing countries or countries with ambitious NDCs.

- Sub example 6(b): **domestic use cases.** Some domestic regulatory frameworks for assessing climate-related private finance (taxonomies) specify particular activities or sectors that are excluded from being considered as climate-relevant, in addition to applying screening-in methodologies or criteria. Examples of explicitly excluded activities under the climate mitigation theme in a number of eligibility lists and taxonomies are given in figure 2 below.

41 Available at https://edfi-website-v1.s3.fr-par.scw.cloud/uploads/2021/02/EDFI-Fossil-Fuel-Exclusion-List-October-2020.pdf.
42 See https://www.afd.fr/en/ressources/afd-group-exclusion-list and https://www.kfw.de/PDF/Download-Center/Konzernthemen/Nachhaltigkeit/Ausschlussliste_EN.pdf.
43 For an overview see Gebel and Ryfisch 2023, available at https://www.germanwatch.org/en/87992.

Figure 2

Mapping of common activities in eligibility lists and taxonomies relevant to mitigation activities



EXCLUSION LISTS OR EXAMPLES

ENERGY
- Coal-fired power (EU. BGD. MOB), All solid fossil fuel (SGP)
- T&D dedicated exclusively to fossil fuel power {EU, COL, RSA, MOB, CBI, SGP, MEX)
- MDB: peat-fired power. Brownfield displacement of carbon intensive fuel with lower carbon fuel when electricity generation only, Fossil fuel upstream and midstream. Nuclear power. First generation biofuels unless sourced from waste. Utilisation of gas from oil or coal production.
- CBI: Coal or oil power or combined heat and power {CHP) without CCS; WHR from coal or oil power. coal mining or oil upstream
- SGP: New gas power plants, Power plants dedicated to support fossil fuel infrastructure or operations

TRANSPORT
- Fossil fuel dedicated infrastructure (MDB.EU. COL. RSA. CBI. SGP, KOR, MEX)
- New road infrastructure (CBI, SGP)
- MDB: transport of blended fossil fuels
- CBI: oil tankers or other ships solely transporting coal or oil, non zero-emissions HGVs. biofuel vehicles
- COL: Hybrid vehicles
- SGP: Infrastructure encouraging maintained / increased ICE vehicle use; Parking facilities; Fossil fuel filling stations

INDUSTRY
- CBI: Products dedicated to clean-up or efficiency of fossil fuel energy

BUILDINGS
- SGP: Buildings dedicated to extraction. storage, manufacturing, transport of fossil fuels'.

AGRICULTURE & FORESTRY
- CBI: agriculture/timber production on peatland
- MDB, Activities leading to deforestation
- MYS: illegal deforestation leading to soil degradation and release of Co2
- MEX: animal husbandry if outside agricultural frontiers, on wetland, or natural protected areas/with land use change

WASTE, WATER & SANITATION
- CBI: Landfill waste collection facilities, Landfill without gas capture

Sources: AfDB et al, 2021; ASEAN, 2021; Bangladesh Bank, 2020; Bank Negara, 2021; CBI 2021; Central Bank of Sri Lanka. 2022; EU COM, 2021; Financial Stability Commission of Mongolia. 2021; Gobierno de Colombia, 2022; Gobierno de Mexico, 2023; Government of Republic of Korea, 2022; Nation al Treasury RSA, 2022. GFIT, 2022; Indonesian Financial Services Authority (OJK), 2022 PCOB. 2021.

Note

1. Common activities are those In 75 per cent of taxonomies reviewed (11 out of 15); 2. Less common activities are those between 25-75 per cent of taxonomies viewed (5-11); 3. Uncommon activities are those in 1-25 per cent of taxonomies reviewed. In the case of Malaysia, the mapping Is restricted to the common climate change mitigation activities as stated under Guiding Principle 1 (GP1), climate change mitigation of the document. "Activities to be developed in the future· are mapped as Indicative activities for the South Africa Green Finance Taxonomy. While technical screening criteria are under development, the ASEAN Taxonomy-Version 2 has been Included only for the assessment of common or uncommon activities In scope, as they are Indicated In the ASEAN Taxonomy- version 2 document through the provided activity list of selected focus sectors.

Note: Data as of 11 August 2023

Abbreviations: AD=Anaerobic digestion, ASEAN=Association of South-East Asian Nations, BGD=Bangladesh, CBI=Climate Bonds Initiative, CCU/S= carbon capture and storage CHN=China, CHP=combined heat and power, CMM=Coal mine methane, COL=Colombia,, DRR=Disaster risk reduction, DSM=Demand side management, EE=Energy efficiency, EU=European Union, ICT =Information and communication technologies, IDN=Indonesia, KOR = Republic of Korea, LFG=Landfill gas, LKA=Sri Lanka, MDB=multilateral development bank, MYS=Malaysia, MEX = Mexico, MNG=Mongolia, PMD=Personal mobility devices, PV=Photovoltaic, RE=Renewable energy, RSA=South Africa, SGP=Singapore, SWH=solar water heaters, T&D=transmisslon and distribution, WHR=Waste heat recovery,.

Table 2

Selected examples of adaptation-related activities identified in domestic climate budget tagging systems and sustainable finance taxonomies

Category of activity (own grouping)	**Examples** (non-exhaustive)	**Sectors under which activities are covered**
Disaster risk reduction and management	• Emergency service activities, including disaster response, relief, search and rescue, emergency health services, planning, training and capacity-building (EU – taxonomy) • Disaster preparedness, climate change adaptation and resilience investments for roads and railways, utility projects and other civil engineering projects (ASEAN – taxonomy) • Community Investment for addressing Climate Resilience and Disaster Management in a concessional rate (Bangladesh – taxonomy)	• Disaster risk management • Construction/infrastructure
Early warning and climate information systems	• Improvements in weather monitoring, forecasting and early warning systems (including associated information and communications technology) (Armenia – climate budget tagging) • Geographic and cartographic services (France – climate budget tagging)	• Disaster risk reduction and management • Research and development, information and communications technology, and professional services
Agriculture, forestry and land use	• Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme weather event (Sri Lanka – taxonomy) • Adoption of sound forestry practices and use of endemic tree species that are less vulnerable to storms and fires (Malaysia – taxonomy) • Ecological Restoration of Degraded Mining Areas & Comprehensive Management of Coal Mining Subsidence Areas (China – taxonomy)	• AFOLU • Ecological protection and construction
Migration and resettlement or land rights and zoning-related activities	• Identify and implement gender-responsive sustainable livelihood and social protection programmes for resettled and vulnerable poor families (Philippines – climate budget tagging) • Ensuring land and property rights with regard to the environment and social inclusion in environmental management practices (Ecuador – climate budget tagging) • Shifting location of farming; relocation of rural settlements (Armenia – climate budget tagging)	• Disaster risk reduction and management policies/ institutional mainstreaming

Table 2

Selected examples of adaptation-related activities identified in domestic climate budget tagging systems and sustainable finance taxonomies

Category of activity (own grouping)	**Examples** (non-exhaustive)	**Sectors under which activities are covered**
Activities related to losses and assessments of climate impacts and needs	• Risk management against loss of income and property (Bangladesh – climate budget tagging) • Assessing the impacts of climate change and the effects on trade and economic growth (Colombia – climate budget tagging) • Non-life insurance (related to climate) (South Africa, EU – taxonomy)	• Disaster risk reduction and management • Finance • Policies/institutional mainstreaming
Health, food security and social protection	• Upgrade health systems to respond to changes in environmental health risks from climate change and climate variability (e.g., malaria) (Philippines – climate budget tagging) • Prevention and control of climate change induced health hazards (Nepal) • Activities aimed at enhancing productivity, food security and livelihoods and social protection of rural citizens, including subsidies for lost production, insurance, rehabilitation of rural infrastructure, diversification of rural activities (Armenia – climate budget tagging)	• Health • AFOLU • Livelihood support
Just transition	• Supporting fair labour transitions (Republic of Korea – taxonomy) • Just transition fund (Ireland – climate budget tagging) • Reskilling of workforce to adapt it to the green transition, including in energy-intensive industries (e.g., chemicals, plastics, steel) (EU – climate budget tagging)	• Education/communication • Research and development
Climate finance and ODA	• International climate change commitments (Ireland – climate budget tagging) • Manage and implement actions through climate change adaptation and mitigation funds (Colombia – climate budget tagging) • French Development Agency, trade support to developing countries (France – climate budget tagging)	• Development/international affairs • Finance • Cross-cutting

Sources: climate budget tagging system methodologies analysed are for Armenia, Austria, Bangladesh, Colombia, Ecuador, France, Honduras, Ireland, Nepal, the Philippines and the EU *Green Budgeting Reference Framework and List of broadly 'green' and 'brown' budget items*; taxonomy methodologies analysed are for Bangladesh, China, Colombia, Indonesia, Malaysia, Mongolia, Singapore, Sri Lanka, South Africa, the Republic of Korea, ASEAN and the EU.

SCOPE AND CONTEXT
CLIMATE-RELATED ASPECTS
FINANCE-RELATED ASPECTS
ACCOUNTING METHODS

3.2.3 Clustering finance-related aspects to a definition

80. The third building block in developing and applying a definition of climate finance is the finance-related aspects of applying the definition. Not all use cases may regard these decision points as relevant, for example in cases of broad scope without prejudice to financial actors or instruments. However, for many use cases that require tracking progress against policy goals or overall assessments, such decision points are relevant because it is important to know what finance is to be tracked.

8) Decision point 8: what sources, recipients and channels of finance are included?

81. The sources of finance can be referred to as specific public and private actors or entities or in terms of funding sources such as ODA, other official flows or other types of flows, public sector actors such as governments at the national or subnational level, agencies, DFIs and funds at the national, bilateral or multilateral level. Private sector actors can include corporations, banks, investment funds and managers, insurance companies, philanthropic organizations, small and medium-sized enterprises and household or consumer purchasing.

82. Most domestic or global climate finance reports consider all finance provided by government entities and their associated development financial institutions and funds as public. Consideration of the finance provided by institutions with mixed public and private shareholdings can be based on the ownership of shares or other metrics based on overall control and risk.[44]

83. The channels can include international public finance channels, such as bilateral channels from government budgets to partner countries, or multilateral channels through MDBs and multilateral climate funds. National or domestic channels emanating from government budgets and national development institutions and funds could also apply. Finally, private sector channels, domestically and internationally, also may apply.

84. Recipients of climate finance may also be detailed either in terms of geographical classifications or as actors such as government entities, multilateral institutions, private sector entities, financial intermediaries, and/or civil society, amongst others.

85. A key aspect in understanding the scope of sources, recipients and channels of a definition should include is based on whether there is a need to consider causality (i.e., should it only be finance directly deployed by a group of actors, indirectly deployed or mobilized) or whether causality is not relevant to the particular use case. How to attribute climate finance amounts to particular groups is an accounting question that is covered in the next cluster (see decision point 12).

Example 1: Reporting under the Convention and the Paris Agreement

86. Under the modalities, procedures and guidelines of the ETF, and in continuation of the BRs, developed country Parties shall, and other Parties that provide support should, report on financial support provided through bilateral, regional, multi-bilateral and multilateral channels, as well as finance mobilized through public interventions such as private finance flows. They are required to disclose their definition of public and private finance, in particular where entities or funds are mixed, and how private finance was assessed as mobilized through public interventions. The latter explanation includes identifying a clear causal link where the activity would not have moved forward, or moved forward at scale, in the absence of the Party's intervention (see decision point 12 on how finance flows may be attributed). In terms of recipient information, the reporting formats provide for Parties to report geographical information such as the country of destination of the finance flow. Regions or global entries may be used where country-level information is unavailable.

87. Developing country Parties reporting on climate finance received may indicate whether the channels used were bilateral, regional, multilateral or other types, as appropriate, as well as which recipient entities and implementing entities received the finance

44 For example, in its Global Landscape of Climate Finance, CPI considers SOEs and state-owned financial institutions as public sector entities if they are at least majority owned by a government or government agency, even though they are governed by commercial-oriented boards, while public pension funds are considered as private sector entities. The OECD DAC defines public corporations as those corporations over which the government secures control by owning more than half of the voting equity securities or otherwise controlling more than half of the equity holders' voting power; or through special legislation empowering the government to determine corporate policy or to appoint directors (OECD 2021).

Example 2: Tracking progress on collective goals from developed countries to developing countries

88. As noted in the report on progress towards achieving the goal of mobilizing jointly USD 100 billion per year to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation(UNFCCC 2022b), no guidance on the USD 100 billion goal is provided beyond decision language stating that "developed country Parties commit, in the context of meaningful mitigation actions and transparency on implementation, to a goal of mobilizing jointly USD 100 billion per year by 2020 to address the needs of developing countries."[45] By the same decision, Parties agreed that in accordance with paragraph 1(e) of the Bali Action Plan, funds provided to developing country Parties may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources. Furthermore, Article 9, paragraph 3, of the Paris Agreement states that as part of a global effort, developed country Parties should continue to take the lead in mobilizing climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds.

89. In its report series on *Climate Finance and the USD 100 Billion Goal*, the OECD identifies four channels: bilateral public, multilateral public (including MDBs and multilateral climate funds), officially supported climate-related export credits and mobilized private climate finance.

90. The *Oxfam Climate Finance Shadow Report* series (2021) uses activity-level data reported to the OECD DAC CRS by bilateral and multilateral finance providers in its estimation of 'climate-specific net assistance', and therefore excludes mobilized private finance, contrary to the Bali Action Plan and the Paris Agreement.

Example 3: Domestic use cases

91. National climate budget tagging and MRV systems focus predominantly on finance flows from public sources, most often national budget items, and to some extent on subnational spending and spending by or allocations from SOEs and subordinated public agencies. Some MRV systems track to a limited extent climate finance expenditures or investments by the public sector, such as in the case of Colombia.[46] The reporting and tracking of international financial support provided, mobilized or received is a regular feature of domestic tracking systems in developing and developed countries. Beyond climate-related ODA budgets or climate-related financial support received, tagging may also include finance allocated or flowing through respective national development financial institutions or national climate funds (UNFCCC 2022a, Kirchhofer et al 2021).

9) Decision point 9: what financial instruments are included?

92. Definitions can also consider the scope of financial instruments to be covered and the manner of their inclusion. This is particularly the case when, in a tracking or data collection exercise, the financial aggregate amount totals need to avoid double counting, thereby limiting the inclusion of instruments such as guarantees or subsidies that could be double counted against the real investments these instruments are catalysing. It could also be relevant when, in tracking flows from a source group to a recipient group, it is necessary to net-out reflows such as loan repayments. The contribution of Working Group III to the Sixth Assessment Report of the IPCC states in its glossary entry on climate finance that finance is delivered by a range of instruments, including grants, concessional and non-concessional debt, and internal budget reallocations (IPCC 2022).

Example 1: Reporting under the Convention and the Paris Agreement

93. The common tabular formats of the ETF related to the provision of financial support enable the data provider to specify the financial instrument through which financial support is provided, with options for "grant", "concessional loan", "non-concessional loan", "equity", "guarantee", "insurance" and "other (specify)". In terms of reporting finance mobilized by public interventions, the list of interventions includes the same financial instruments listed above in addition to "policy interventions", "capacity-building", "technology development and transfer", "technical assistance" and "other".

94. The respective flows should be expressed in United States dollars and domestic currency values, at face value. In addition, reporters are able to include information on a voluntary basis and, as appropriate, the grant-

45 Decision 1/CP.16, para. 98. The goal was first stated in the Copenhagen Accord in 2009 agreed by 141 Parties, which was noted by COP 15 in decision 2/CP.15.

46 Available at https://mrv.dnp.gov.co/Version%20Ingles/About%20the%20platform/Paginas/What-is-the-Climate-Finance-MRV-system-and-why-was-it-created.aspx.

equivalent value, given that it is not possible to report all financial instruments or public interventions with a grant-equivalent value under the ETF. In their biennial transparency reports, Parties should provide further methodological information on instruments and funding sources reported, including how a Party has determined finance to be concessional and/or ODA, including by using information such as grant equivalency or institution- and/or instrument-based approaches, as appropriate.

Example 2: Tracking international climate finance

95. The GCF reports on climate finance from its primary funding instruments, which are grants, loans, equity and guarantees, in nominal terms and, in addition, provides information on the GCF portfolio allocation by share of mitigation and adaptation in grant-equivalent terms.[47] As stated above, according to the ETF, developing countries can report on a voluntary basis on the grant-equivalent values of financial support provided and mobilized.

96. The OECD DAC CRS captures climate-related development assistance across a number of financial instruments, including grants, debt instruments, equity and shares in collective investment vehicles, debt relief, guarantees and other unfunded contingent liabilities. It excludes guarantees as they are non-financial flow operations.

97. The OECD report series on aggregate trends of climate finance provided and mobilized by developed countries presents in its report's breakdowns of loans, grants, equity and unspecified instruments, with an overview of concessional/non-concessional loans presented in a dedicated box.[48]

98. The MDB reporting series on climate finance presents a number of relevant financial instruments through which the MDBs allocate climate finance. A breakdown of instruments is available for grants, equity, guarantees, investment loans, lines of credit, policy-based financing, results-based financing and other instruments.

99. The Oxfam Climate Finance Shadow Report series provides an estimate of 'climate-specific net assistance' by estimating the grant-equivalent amount of financial support provided by bilateral and multilateral climate financial institutions in two steps. First, it measures only grants, equity and grant-equivalent values of concessional loans. Second, it calculates the proportion of grant-equivalent values to the face values of climate-related loan disbursements available from OECD DAC statistics. For developed countries in the scope of the report without grant-equivalent averages on climate-related loans (17 countries), and for multilateral providers such as MDBs and multilateral climate funds, the average percentage for all DAC countries (49.8 per cent) was applied.

Example 3: Domestic use cases

100. National or regional regulatory guidance and frameworks for sustainable and climate-related finance in the private sector, such as taxonomies, address a broad range of potential instruments, including financial market products such as funds, securities, stocks and bonds, project finance, and the financing of capital and operating expenditures of real-economy actors.[49] In most climate-related taxonomies, taxonomy-aligned turnover from company activities, revenues, capital expenditures and associated operational expenditures are reported on.

101. Climate budget tagging systems report on a range of climate-related expenditures, revenues, programmes and financial instruments, including public operational expenditures and capital investments, green bond issuances, and tax incentives and subsidies as part of climate financing instruments (UNDP 2019).[50]

3.2.4 Clustering elements relevant for accounting methodologies

102. The fourth cluster covers elements relevant for accounting methodologies. As noted in chapters 1.3 and 3.1 above, there are differences in views on what is considered as definitional elements and what may be

47 The reporting practice related to the grant-equivalent values is due to the GCF defined aim for a 50:50 funding balance between adaptation and mitigation over time (see GCF (2022). Information on how to calculate grant-equivalent amounts is available at https://www.greenclimate.fund/sites/default/files/document/gcf-appraisal-guidance-annex-5-v3.pdf.

48 OECD. 2022. Box 2, Available at https://www.oecd-ilibrary.org/sites/286dae5d-en/1/3/2/index.html?itemId=/content/publication/286dae5d-en&_csp_=46b868d-4f630525e4ccc5f67e501847f&itemIGO=oecd&itemContentType=book.

49 The Mongolian taxonomy, for example, states "The green taxonomy is designed to be applied to a wide range of financial instruments including corporate lending, consumer lending, project finance, SME finance, green bonds, equity investment, insurance, credit guarantee, grants, financial advisory and technical assistance, among others." (See p.7 of https://www.ifc.org/wps/wcm/connect/0c296cd3-be1e-4e2f-a6cb-f507ad7bdfe9/Mongolia+Green+Taxonomy+ENG+PDF+for+publishing.pdf?MOD=AJPERES&CVID=nikyhlh.)

50 UNDP. 2019. *Knowing what you spend: A guidance note for Government to track climate finance in their budgets*. Available at https://www.undp.org/publications/knowing-what-you-spend-guidance-note-governments-track-climate-change-finance-their-budgets.

considered separately as accounting-related elements. This cluster separates out specific accounting-related issues on reporting on climate finance, based on guidance from the SCF, to further clarify how these elements are relevant to the application of definitions in climate finance reporting practices. Not all use cases may regard these decision points as relevant. However, for many use cases that require tracking progress against policy goals or overall assessments, such decision points are relevant in applying definitions such as how to determine climate-specific financial amounts, whether the financial amounts represent ex ante or ex post flows, and how the amounts are attributed to institutions or countries.

10) Decision point 10: what accounting methods are used for the climate-specific share of the finance flow?

103. How can it be certain that the financial amounts accounted for are tied to the climate-related solutions identified through decision points 5–7? The reporting guidelines under the Paris Agreement do not specify how Parties should approach this question. Instead, the guidelines state that those Parties reporting on financial support provided and mobilized should disclose how they identify the support as being climate-specific and in line with the long-term goals of the Paris Agreement, while Parties reporting on support needed should disclose how it will contribute to NDCs and to the long-term goals of the Paris Agreement.

104. Both qualitative and quantitative approaches to identifying the climate-specificity of financial amounts are described below.

Example 1: Qualitative markers

105. Rio markers: institutions reporting through the OECD DAC CRS have been able to apply qualitative markers in relation to each of the Rio conventions. A climate change mitigation marker was added in 1998 followed by a climate change adaptation marker in 2010, both of which have been continuously updated over time, most recently in 2022. Users indicate for each activity if it targets environmental objectives, including climate change, as a principal or significant objective or not at all. This approach provides an indication of the level of mainstreaming of the consideration of climate change in a given activity.

106. Many domestic climate budget tagging and MRV systems and one-off country studies such as CPEIRs apply a similar objective or policy-based approach to account for climate-relevant finance. A 2020 review found nine countries using objective-based tagging approaches, often adapted from the Rio markers but adjusted to particular country needs, and found five further countries applying policy-based approaches where climate-relevant activities are those referenced in national climate change policy documents (Kirchhofer et al 2021).

Example 2: Applying coefficients applied to qualitative markers

107. When reporting to the UNFCCC on climate finance in their BRs, most OECD DAC members draw on their climate-related development finance reporting to the OECD DAC but adjust the amounts reported to better reflect the financial contribution of the respective activities to the objectives of the Convention. Many Annex II Parties apply a fixed coefficient approach by reporting to the UNFCCC 100 per cent of flows marked as principal and between 30 to 50 per cent of flows marked as significant, except for one Party, which reported 85 per cent of flows marked as principal. One Party applied a different approach to ensure that if an activity is marked principal for more than one Rio marker (e.g., mitigation, adaptation, biodiversity, desertification) the value is divided equally among the different markers. Significant marked activities apply a coefficient based on the sector classification (purpose codes) they use, which can range from 2 to 80 per cent.

108. In reporting on financial support through multilateral channels, Parties can report climate-specific finance in one category and support to multilateral institutions that cannot be specified as climate-specific ‘core general’ in another category. Some Parties impute the climate share of their general contributions to multilateral institutions by applying a coefficient of the climate share of the total outflows of that multilateral institution.

109. In domestic climate budget tagging systems and CPEIR studies that estimate public climate finance for a specific time period, various approaches have been developed to apply coefficients or weighting ratios to calculate the financial amount or share of a climate-related activity. Different levels of complexity are evident in the methodologies used:

(a) Armenia, in its CPEIR, applies a four-level relevance approach for category 1, direct relevance (100–75 per cent), category 2, high relevance (50–75 per cent), category 3, moderate relevance (25–50 per cent), and category 4, low relevance (0–25 per cent). The starting points in each category (90 per cent, 65 per cent, 40 per cent, 15 per cent) are adjusted upwards or downwards when either strong adaptation and mitigation co-benefits are present, or when adaptation and mitigation trade-offs are created by an activity;[51]

(b) Cambodia, Ghana and the Republic of Moldova adopt the Rio markers and apply differing relevance weights. In Ghana, highly relevant climate actions are weighted at 100 per cent; actions having links to climate change objectives are considered as medium relevance and are weighted at 50 per cent (which can be split between adaptation and mitigation at 25 per cent each); and activities related to medium-relevant expenditures but which are not directly linked to climate change are considered as low-relevance items, with a 20 percent weighting (which may be split 10 per cent each between adaptation and mitigation). In Cambodia, the weights applied to the relevance categories are 80, 50 and 25 per cent, and in the Republic of Moldova they are 70, 50, and 25 per cent;

(c) Bangladesh applies a mixed cost component and relevance weighting methodology. The climate relevance weight is arrived at by discounting the 'business as usual' scenario from total expenditures; in other words, discounting for the share of activity that would have taken place without climate change. However, climate relevance criteria are used to determine the general climate relevance of the 44 policy programmes under six thematic areas of the national climate policy strategy. The weight for the overall programme (a four-digit code) is given by subtracting the sample standard deviation from the maximum intervention weight.

Example 3: Case-by-case quantification or climate components

110. Reporting and accounting for climate finance can also be done on a case-by-case quantification or climate component basis, whereby a specific climate-relevant share or percentage of a given financed activity is estimated. Different approaches are applied for this.

111. For reporting under the Convention and the Paris Agreement, some Parties do not use a fixed coefficient approach as noted above but apply a case-by-case quantification methodology of identifying estimates of climate-specific amounts per activity for reporting through bilateral channels. For reporting on financial support provided through multilateral channels, some Parties report their implied multilateral contributions to specific institutions as climate-specific based on the climate finance share of that institution's outflows applied to the general contributions from the Party.

112. This is a similar process to the methodology developed by the joint MDB climate finance tracking group, which focuses on identifying the climate components of project activities. The adaptation finance methodology captures the incremental cost of climate action within each project, while the mitigation finance methodology captures financing based on a specified list of mitigation activities, either full-cost projects such as renewable energy or the components related to mitigation, such as energy efficiency actions within buildings or industry (see decision points 5–7 above). The cost component approach of the MDBs implies that project activities that contribute to adaptation or mitigation are to be disaggregated from activities that do not. In 2022, an update to the adaptation finance tracking methodology specified three types of adaptation activities with implications for the accounting of climate-relevant MDB finance: Type 1 activities that are adapted are accounted for with less than 100 per cent of MDB finance on the activity, Type 2 activities that have shared objectives of adaptation and development are accounted for with less than 100 per cent of MDB finance on the activity, while Type 3 activities that enable adaptation are accounted for with 100 per cent of MDB finance on the activity, since adaptation is the primary objective of this type of activity and it enables broader, system-wide adaptation.[52]

113. In most climate-related taxonomies, taxonomy-aligned turnover from company activities, capital expenditures and associated operational expenditures are reported on. With regard to the financial accounting portfolio or the aggregate level for financial institutions' investments in relevant activities, different instrument-

51 UNDP. 2020. Available at http://www.nature-ic.am/Content/announcements/12717/CPEIR_Armenia_ENG.pdf.

52 See EIB (2022), available at https://www.eib.org/attachments/lucalli/20220242_mdbs_joint_methodology_climate_finance_en.pdf.

specific methods may apply, to estimate and account for the proportion of taxonomy-aligned investments; for example, for the proportion of green turnover, equity investments, fixed income investments (debt) or green bonds and loans.[53]

11) Decision point 11: what is the point of measurement?

114. The point of measurement can relate to whether finance is accounted for at the stage of pledge, commitment, approval, budgetary forecast or need in the case of ex ante time frames of the finance flow, or at the stage of disbursement, expenditure, investment or received in the case of ex post time frames. This influences the quantity of finance, as well as the ability to assess, at a given point in time, related aspects such as the use, implementation and impacts of a given finance flow. This decision point is strongly linked to the consideration of the scope of sources, channels and financial instruments included in the definition as the measurement of the amounts related to these elements are the ultimate outcome to applying definitions of climate finance.

Example 1: International finance – provider/contributor perspective

115. From the perspective of providers or contributors of climate finance, different points of measurement can be used for different purposes. In chronological order, the most common terms include:

(a) Pledges, whereby contributors or donors make verbal or signed announcements or communications to commit to provide an amount of financial support, typically to climate funds;

(b) Commitments that represent an ex ante firm obligation expressed in writing to transfer a full expected amount to an activity, project or institution. Most institutions and climate finance providers report on a commitment basis;

(c) Disbursements, which represent the release and transfer of committed funds to recipients and therefore the amount spent. Disbursements are often scheduled over several years for multi-year commitments.

116. Different reasons may lead to accounting for finance at points of commitment or at disbursement. Reporting on finance committed or approved for a given project may make tracking aggregate finance flows and comparing trends over years easier as it avoids double counting of disbursements. However, the committed amounts may differ from the actual amounts disbursed owing to changes in the final costs of projects, cancellations or delays. The ability to combine and compare commitment and disbursement data provides improved accuracy.

117. In the reporting under the Convention and the Paris Agreement both commitments and disbursements may be reported. In their reporting on climate finance through bilateral, regional and other channels, 12 Annex II Parties report disbursements only, seven report in terms of commitments only, while four report either commitments or disbursements depending on the project or source of the funding, thus ensuring no double counting across years takes place. Eighteen Parties report data through multilateral channels in the form of disbursements of capital contributions, or inflows, from Parties to multilateral institutions, while four report only commitments.

118. In the OECD DAC CRS both commitment and disbursement data are provided by reporters. The data set on climate-related development finance is based on commitment data. In their joint report on climate finance, MDBs provide data on a commitment basis, which can represent the time of board approval of a specific project.

119. Multilateral climate funds, report in different ways on the status of funds that were pledged, committed, raised or contributed to the institutions by Parties and other sources or actors. The GCF, for example, documents this regularly through its *Status of Pledges and Contributions*[54] and other funds, such as the Adaptation Fund or the Global Environment Facility, also follow annual or multi-annual resource mobilization cycles and report on their status, in part through their reports to the COP and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement or through annual financial publications. In addition, the World Bank Financial Intermediary Funds website tracks

53 See, for example, the EU or South African Taxonomy for detailed description of financial reporting and accounting requirements (available at https://finance.ec.europa.eu/system/files/2021-07/sustainable-finance-taxonomy-article-8-faq_en.pdf and https://www.treasury.gov.za/comm_media/press/2022/SA%20Green%20Finance%20Taxonomy%20-%201st%20Edition.pdf.)

54 Available at https://www.greenclimate.fund/document/status-pledges-all-cycles.

the status of the total contributions to the Financial Intermediary Funds and provides data on commitments and cash transfers (disbursements).

120. Accounting for private finance mobilized by public interventions introduces various methodological issues related to the point of measurement as the objective is measuring the private finance amounts mobilized rather than the public amounts that the reporting Party or institution is responsible for. In reporting on finance mobilized under the ETF, Parties need to provide information on the point of measurement used, either at the time of commitment or disbursement of the private finance mobilized. Instrument-specific methodologies for measuring private finance mobilized developed by the OECD DAC provide information on when amounts mobilized should be measured. For some interventions, such as equity investments in funds, direct investments in companies, co-financing or project finance schemes, measuring the amounts mobilized may be committed after the public intervention has been committed, such as at the close of a financial round or fundraising window (see further information on accounting methodologies for private finance mobilized in decision point 12).

Example 2: International finance – partner or recipient perspective

121. From the perspective of recipients or partner countries, the points of measurement used in reporting differ based on the context and use case. When reporting on needs, developing country Parties should report the expected time frame of the need identified and its corresponding amount. According to the first report on the determination of the needs of developing country Parties to implement the Convent and the Paris Agreement (UNFCCC, 2021b), most of this information is reported in cumulative amounts over a given time frame (e.g., 2020–2030) or by specific project activity time frames on a single or multi-year basis. Information on needs therefore most closely relates to information on commitments of financial support provided.

122. In reporting on climate finance received under the ETF, developing country Parties should provide information on the time frame of the financial support received as well as whether the points of measurement are committed or received amounts, hence reflecting commitments and disbursements. In practice, the BURs of non-Annex I Parties include a mix of commitments and disbursements on climate finance received depending on the sources of information used.

Example 3: Domestic finance – climate budget tagging

123. Domestic climate budget tagging and MRV systems can follow different timelines in reporting on relevant climate-related finance. The main distinction is between budget tagging systems that identify climate-related budget items ex ante, in the process of formulating or approving the national budget, or ex post assessments that report on the amount of climate-relevant expenditures taken in a given (fiscal) year or over a defined time period. The Colombian climate-related MRV system is an example of a transparency tool to provide information on domestic expenditures ex post, while the French green budget closely follows the annual finance bill in presenting the climate relevance of presented government budget items. Other country or regional systems incorporate both budget and expenditure components into holistic public financial management systems in order to inform budget formulation and track expenditures and financial outcomes along the budgetary cycle, for example that of the EU.

12) Decision point 12: how may finance flows be attributed to sources and providers?

124. A final accounting-related decision point focuses on the methods for attributing financial amounts measured as climate finance to particular groups and institutions, if that is relevant for the particular use case. In deciding on the scope of sources, providers and channels in decision point 8, a key concept identified is causality; that is, should it only be finance directly deployed by a group of actors, indirectly deployed or mobilized, or is causality not relevant to the particular use case? Once causality is identified as relevant to the use case, then attribution methods follow, including the degree to which causality can be determined and the boundaries in accounting for amounts from institutions or instruments. These issues are outlined below in terms of the use cases of tracking finance to geographical groups and tracking finance mobilized.

Example 1: Attributing finance to geographical groups

125. Tracking progress on collective flows of finance from one geographical category to another requires the attribution of financial amounts to the source group. As noted in decision point 2, different sources of information have different classifications of developed and developing countries, which are detailed in the fifth BA (UNFCCC, 2022a). Irrespective of which geographical classifications to use, accounting methods need to attribute finance to their constituents. This consideration

is linked to the scope of channels to be included, whereby bilateral finance channels, in which constituents are directly financing climate action, are straightforward to attribute; outflows from multilateral channels require a consideration to what degree they can be attributed.

126. In reporting under the Convention and the Paris Agreement, Parties do not attribute multilateral outflows but report on inflows to these multilateral institutions through their core or climate-specific contributions and pledges. The BA report series applies two different approaches, one based on ownership shareholdings in individual multilateral institutions and another based on the OECD report series. The OECD report series, in tracking progress on the USD 100 billion goal, applies a methodology for attributing multilateral public climate finance and private finance mobilized through multilateral channels that takes account of the institution-specific share of developed countries paid-in recent and historical contributions for multilateral climate funds and the concessional windows of MDBs.

127. For climate finance from non-concessional windows, the methodology sums the share of total paid-in capital contributions to institutions' accounts, and the share of callable capital, which may be called upon in exceptional circumstances from developed countries with a credit rating of A or above during the analytical period. However, to reflect the higher value of paid-in capital in contributing to climate finance flows to developing countries, its portion of the calculation is weighted at 90 per cent, with a 10 per cent weighting applied to the callable capital portion. The application of the methodology results in institution-specific attributions ranging from 4.8 per cent to close to 100 per cent depending on the institution (OECD, 2022).

Example 2: Attributing mobilized finance

128. Under the modalities, procedures and guidelines of the ETF, Parties reporting on finance mobilized by public interventions report the methodology used to assess this. This involves several steps, including:

(a) Their definition of public and private finance, in particular where entities or funds are mixed;

(b) Identifying a clear causal link where the activity would not have moved forward, or moved forward at scale, in the absence of the Party's intervention;

(c) Providing information on the point of measurement of the private finance mobilized as a result of the public intervention, to the extent possible;

(d) Providing information on boundaries used to identify finance as mobilized by public interventions.

129. Decision point 8, on the scope of sources and channels, identified key elements related to definitions of public and private sources that may also apply when accounting methods are used to determine from which private entities finance has been mobilized. Decision point 11 discusses points of measurement in detail.

130. The boundaries of accounting for private finance mobilized refer to how much of private finance to link to public interventions. For example, in the case of a partial guarantee provided by a public entity to a commercial loan from a private financial institution, the boundary options include whether only the face value of the guaranteed loan amount is mobilized, the full value of the loan or the full value of the investment the borrower of the loan is sponsoring (i.e., including the equity or other loans obtained for the project).

131. Deciding on these aspects provides the full amount of private finance mobilized by the intervention, but not to each individual public entity that may be involved. Assumptions on causality play a key role on how much private finance should be attributed to individual public actors (how the private finance mobilized should be attributed to each public actor in the transaction). This is important to avoid individual actors each reporting the total private finance mobilized and double counting to occur.

132. The MDB approach to accounting for co-finance includes all private, international and domestic public sources, namely other MDBs; IDFC member institutions, including bilateral and multilateral members; other international public entities, such as donor governments; contributions from other domestic public entities, such as recipient-country governments (e.g. financing by local counterparts); and all private entities (defined as those with at least 50% of their shares held privately), split into private direct mobilization and private indirect mobilization. Private finance mobilized directly or indirectly is estimated in accordance with

the recommendations in *From Billions to Trillions: Transforming Development Finance*.[55]

133. The main distinction between private direct mobilization and private indirect mobilization is that finance accounted for as PDM requires concrete evidence of the active and direct involvement of MDBs leading to the commitment of private finance, for example through mandate letters, fees linked to financial commitments, or other valid or auditable evidence and that sponsor financing is excluded from the definition of PDM. PIM is defined as private finance in connection with a specific activity to which MDBs provide financing, where no MDB is playing an active or direct role that leads to the commitment of the private entity's finance.[56] In addition, public direct mobilization is the financing from a public entity due to the active and direct involvement of an MDB leading to commitment and requires similar evidence as for PDM.

The instruments covered for private co-finance are guarantees, loans, equities, Islamic finance, short-term finance, unfunded risk transfers, client bond issuance support and direct transaction support.

134. The OECD DAC has since 2013 developed instrument-specific methodologies to define the accounting boundaries, causality and points of measurement of private finance that are associated with and mobilized by a given public climate-related intervention. The latest framework covers seven types of financial instrument, namely guarantees, syndicated loans, shares in collective investment vehicles, direct investment in companies, credit lines, simple co-financing arrangements and project finance schemes.[57] Accounting guidelines vary by instrument accordingly. For loan guarantees, for example, the total value of the instrument covered by a guarantee (the face value of the loan) is accounted for as private finance mobilized, irrespective of the exposure value of the guarantee and thus including the unguaranteed portion of the private loan.[58]

55 Available at http://documents.worldbank.org/curated/en/495061492543870701/pdf/114403-WP-PUBLIC-cedvp-14p-JointMDBReportingonPrivateInvestmentMobilizationMethodology-ReferenceGuide.pdf.

56 See https://www.adb.org/sites/default/files/related/2021-MDBs-Report-Climate-Finance_2.pdf.

57 See https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC-Methodologies-on-Mobilisation.pdf.

58 See also Jachnik, R., R. Caruso and A. Srivastava (2015), "Estimating Mobilised Private Climate Finance: Methodological Approaches, Options and Trade-offs", *OECD Environment Working Papers*, No. 83, OECD Publishing, Paris, https://doi.org/10.1787/5js4x001rqf8-en.

4

Updating the Standing Committee on Finance's operational definition of climate finance

47. In addition to work on clustering types of climate finance definitions in use as mandated, the SCF also discussed a potential update to the Committee's operational definition of climate finance, as appropriate, in line with para 11, decision 14/CP.27.

48. The first BA by the SCF in 2014 reviewed various operational definitions of climate finance in use by data providers and aggregators, and identified a convergence that could be framed as follows: *"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."* Subsequent BAs (UNFCCC 2016, 2018, 2021, 2022) compiled any updates or developments in operational definitions of climate finance in use by various data providers and aggregators.[59] The SCFs work on definitions of climate finance in use in 2022 also provided further information on definitions in use by Parties reporting on climate finance provided and mobilized in BRs and on climate finance received in biennial update reports.

49. Since the first BA in 2014, the SCF has framed the BA reports as technical metadata studies, drawing on existing analytical work and available data on climate finance flows. To guide the technical scope of finance flows to be covered in the report, each BA has described the term 'climate finance' used in the report as referring to "financial resources dedicated to adapting and mitigating climate change globally, including in the context of financial flows to developing countries."

50. As noted in para 1 above, an element of the mandate for the preparation of this report on clustering types of climate finance definitions in use is with a view to updating the SCF's operational definition of climate finance, as appropriate. While the BA series has provided regular updates and new additions to its compilation of operational definitions of climate finance in use by various data providers, aggregators and institutions, it has not provided an update to the convergence identified in the first BA, which is considered as the SCF's operational definition of climate finance referred to in the COP 27 mandate.

51. In considering this element of the mandate, the SCF discussed a potential update to capture developments since the adoption of the Paris Agreement, with some members identifying loss and damage as a potential element to reflect and others identifying the inclusion of the bottom-up, nationally determined nature of climate action and the goals of the Paris Agreement and overall objective of the Convention. Some members considered that an update was unnecessary. One member also suggested the structure of the guidebook style referred to in chapter 3 above could be applied to the discussion on a potential update, while another member considered many of the decisions points in the guidebook as not applicable to the global use case of the BA.

52. Several submissions from Parties referred to the SCF's operational definition of climate finance as currently valid owing to its comprehensive and broad nature with the potential to capture the evolving nature of climate finance over time. One submission in 2023 suggested that if an update is needed that it be considered as part of the sixth BA for consistency, take into consideration other processes such as the new collective quantified goal on climate finance and adhere to the bottom-up approach to the Paris Agreement in line with the ETF.

53. In applying the logic of the decision point structure identified in chapter 3.2 above, the overarching scoping and contextual consideration is how the SCF's definition is applied in the development and preparation of the BA series, which has a global scope, including a focus on flows from developed countries to developing countries. In addition, as a meta-analysis, the BA relies on decisions and assumptions to determine the climate-related aspects of financial amounts and the finance and accounting-related aspects taken by each source of information that is referenced in the BA, rather than develop its own approach. This results in decision points 5–12 being not applicable when developing an SCF definition.

54. Bearing these points in mind, the SCF considered the following non-exhaustive list of potential options to update its operational definition of climate finance, as appropriate:

(a) No update confirming the current definition in use, *"Climate finance aims at reducing emissions, and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and*

59 The first, second and third BAs compiled definitions in use from the MDBs, the IDFC, the OECD DAC, the United Nations Conference on Trade and Development, the CPI, the IPCC and the United Nations Development Programme, and the fourth and fifth BAs added definitions from the CBI and the EU taxonomy.

increasing the resilience of, human and ecological systems to negative climate change impacts."

(b) Climate finance aims at reducing emissions and enhancing sinks of greenhouse gases, aims at reducing vulnerability, **increasing adaptive capacity,** and mainstreaming and increasing resilience of human and ecological systems to negative climate impacts, **and includes financing for activities that result in measurable action and impact towards achieving the goals of the Paris Agreement and the objective of the Convention;**

(c) Climate finance aims at reducing emissions and enhancing sinks of greenhouse gases, aims at reducing vulnerability, **increasing adaptive capacity,** and mainstreaming and increasing resilience of human and ecological systems to negative climate impacts, **and includes financing for measurable actions identified in a country's nationally determined contribution, adaptation communication, national adaptation plan, long-term low-emission development strategy or other national plan for implementing and achieving the goals of the Paris Agreement and the objective of the Convention.**

55. The SCF highlighted that the sixth BA by the SCF will contain a separate section that compiles the operational definitions of climate finance in use.

Annexes

Annex A. Submissions on operational definitions of climate finance

The tables below present the Parties, groups of Parties and stakeholders that provided submissions or responded to a call for inputs on operational definitions of climate finance for consideration by the SCF.[60]

Table A.1

Submissions in response to the requests in decisions 11/CP.25 and 5/CMA.2

Submissions in response to the requests in decisions 11/CP.25 and 5/CMA.2	Submission date
Vanuatu	1 May 2020
Switzerland, on behalf of the Environmental Integrity Group	1 May 2020
EU	5 May 2020
Solomon Islands	8 May 2020
Philippines	8 May 2020
Norway	12 May 2020
Canada	13 May 2020
Honduras, on behalf of the Independent Association for Latin America and the Caribbean	13 May 2020
Japan	15 May 2020
Indonesia	4 June 2020
Gabon, on behalf of the African Group	30 June 2020
Bhutan, on behalf of the least developed countries	30 June 2020
Belize, on behalf of the Alliance of Small Island States	31 August 2020

60 Available at https://unfccc.int/topics/climate-finance/resources/standing-committee-on-finance-info-repository#eq-6.

Table A.2

Submissions in response to a call for inputs by the Standing Committee on Finance

Submissions in response to a call for inputs by the SCF	Submission date
India	18 March 2022
Kenya	30 April 2022
Third World Network	21 April 2022
Group of MDBs	27 April 2022
Panafrican Climate Justice Alliance	30 April 2022
International Institute for Environment and Development	6 May 2022
Bolivia (Plurinational State of), on behalf of the Like-minded Developing Countries	11 May 2022
Senegal, on behalf of the least developed countries	13 May 2022
United States of America	29 June 2022

Table A.3

Submissions in response to the invitation in decision 14/CP.27

Submissions in response to decision 14/CP.27	Submission date
EU	26 April 2023
Oil Change International and International Institute for Sustainable Development	1 May 2023
Canada	15 May 2023
Senegal, on behalf of the least developed countries	16 May 2023

Annex B. Key elements of Parties' views on operational definitions of climate finance

Table B.1 provides an overview of the key elements of the submissions from Parties with a view to highlighting both common and diverging views on specific topics related to definitions of climate finance. By its nature, such an overview is non-exhaustive and interpretative of the detailed descriptions and context outlined in individual submissions.

Table B.1

Updated: key elements of Parties' views on operational definitions of climate finance

	General views		Climate relevance		Financial instruments and accounting/reporting				Actors
Submission	Is a common definition or approach necessary?	Is the 2014 BA definition valid?	Which themes are included?	How should climate-related activities be defined?	Which climate financial instruments are included?	Should grant-equivalent or face values be reported?	Should finance be reported in terms of commitments or disbursements or both?	Is new and additional finance referred to and defined?	Is finance from private sources or a wide variety of sources included?
African Group	Yes, a common definition	No	Adaptation, mitigation, response measures, technology transfer	Country-driven	Grants, concessional loans	Grant-equivalent	Disbursements	Yes; not defined	Public and mobilized private finance
Independent Association for Latin America and the Caribbean	Yes, a common approach	Yes, but it may evolve	Adaptation, loss and damage, mitigation	Using a taxonomy or classification system	All	Unspecified	Unspecified	No	Public and private sources

Table B.1

Updated: key elements of Parties' views on operational definitions of climate finance

	General views		Climate relevance		Financial instruments and accounting/reporting				Actors
Submission	Is a common definition or approach necessary?	Is the 2014 BA definition valid?	Which themes are included?	How should climate-related activities be defined?	Which climate financial instruments are included?	Should grant-equivalent or face values be reported?	Should finance be reported in terms of com-mitments or disbursements or both?	Is new and additional finance referred to and defined?	Is finance from private sources or a wide variety of sources included?
Alliance of Small Island States	Yes, a common approach	No	Adaptation, loss and damage, mitigation	Country-driven	All	Grant-equivalent	Disbursements	Yes; an operational approach using baselines or formulas should be considered	Public and mobilized private finance
Canada	No	Yes, but it may evolve	Adaptation, mitigation	Country-driven[a]	All	Unspecified	Unspecified	No	Public and private sources
Environmental Integrity Group	No	Yes	Adaptation, mitigation	Country-driven	Unspecified	Unspecified	Unspecified	No	Public and private sources
EU	No	Yes, but it may evolve	Adaptation, mitigation	Unspecified/ not applicable	All	Unspecified	Both	No	Public, private and alternative sources

a. The Party or group provided its own approach to defining and reporting climate finance in the submission.

Table B.1

Updated: key elements of Parties' views on operational definitions of climate finance

	General views		Climate relevance		Financial instruments and accounting/reporting				Actors
Submission	Is a common definition or approach necessary?	Is the 2014 BA definition valid?	Which themes are included?	How should climate-related activities be defined?	Which climate financial instruments are included?	Should grant-equivalent or face values be reported?	Should finance be reported in terms of commitments or disbursements or both?	Is new and additional finance referred to and defined?	Is finance from private sources or a wide variety of sources included?
India	Yes; a common definition	No	Adaptation, capacity-building, loss and damage, mitigation, technology transfer	Country-driven	Grants, concessional loans, guarantees	Unspecified	Disbursements	Yes; partially defined as finance not reallocated from other development projects	Public and private sources
Indonesia	No	Unspecified	Unspecified	Unspecified	Unspecified	Unspecified	Unspecified	Yes; partially defined as a differentiation between climate and development finance	Unspecified
Japan	No	Yes	Unspecified	Country-driven[a]	Grants, equity, concessional loans, blended and risk-sharing instruments	Face value	Both/either	Yes; defined as new projects committed or approved in the reporting period	Public and private sources

a. The Party or group provided its own approach to defining and reporting climate finance in the submission.

Table B.1

Updated: key elements of Parties' views on operational definitions of climate finance

	General views		Climate relevance		Financial instruments and accounting/reporting				Actors
Submission	Is a common definition or approach necessary?	Is the 2014 BA definition valid?	Which themes are included?	How should climate-related activities be defined?	Which climate financial instruments are included?	Should grant-equivalent or face values be reported?	Should finance be reported in terms of com-mitments or disbursements or both?	Is new and additional finance referred to and defined?	Is finance from private sources or a wide variety of sources included?
Kenya	Yes; a common definition	Unspecified	Adaptation, just transition, loss and damage, mitigation, response measures	At the country level	Grants, concessional loans	Grant-equivalent	Unspecified	Yes; partially defined as not ODA or finance diverted from other development needs, should meet full and incremental costs	Public and private sources
Least developed countries	Yes; a common definition	No	Adaptation, loss and damage, mitigation	Using a common approach or methodology	Unspecified	Unspecified	Unspecified	Yes; partially defined as not ODA	Unspecified
Like-minded Developing Countries	Yes; a common definition	No	Adaptation, capacity-building, just transition, loss and damage, mitigation, response measures, technology transfer	Country-driven	Grants, concessional loans, guarantees	Unspecified	Disbursements	Yes; partially defined as resources in excess of the existing provision for development projects	Public and private sources (priority given to public sources)

Table B.1

Updated: key elements of Parties' views on operational definitions of climate finance

Submission	General views		Climate relevance		Financial instruments and accounting/reporting				Actors
	Is a common definition or approach necessary?	Is the 2014 BA definition valid?	Which themes are included?	How should climate-related activities be defined?	Which climate financial instruments are included?	Should grant-equivalent or face values be reported?	Should finance be reported in terms of commitments or disbursements or both?	Is new and additional finance referred to and defined?	Is finance from private sources or a wide variety of sources included?
Norway	No	Yes, but it may evolve	Adaptation, mitigation	Country-driven[a]	Unspecified	Unspecified	Both/either	No	Public and private sources
Philippines	Unspecified	Yes	Adaptation, disaster risk reduction, mitigation	Country-driven	Grants, investments, subsidies	Unspecified	Unspecified	Yes; partially defined as in excess of ODA	Public and private sources
Solomon Islands	Unspecified	Unspecified	Adaptation, capacity-building, loss and damage, mitigation, technology transfer	Country-driven	Grants, concessional loans, equity, guarantees	Unspecified	Unspecified	Yes; defined as additional to the 0.7 per cent gross national income target for development finance	A wide variety of sources
United States of America	No	Yes, but it may evolve	Adaptation, mitigation	Country-driven	All	Unspecified	Unspecified	No	Public and private sources
Vanuatu	Yes; a common definition	Unspecified	Adaptation, loss and damage, mitigation	Unspecified	All	Unspecified	Both/either	Yes; partially defined as excluding ODA	Public, private, alternative and blended sources

a. The Party or group provided its own approach to defining and reporting climate finance in the submission.

Table B.2

Updated common definitions of climate finance proposed by Parties or groups of Parties

Party or group of Parties	Proposed definition of climate finance[a]
African Group	Climate finance is the financial resources provided by developed countries, and any other countries referred to in Annex II of the UNFCCC, from public sources, in line with fulfilling their relevant obligations under the UNFCCC and its Paris Agreement, such resources are new and additional, predictable, in line with needs identified by developing countries, reflects progression, provided directly or through intermediaries, including bilateral, multilateral channels and the operating entities of the financial mechanism, or other climate related funds, on a grant and or concessional basis, and disbursed in developing countries, with the aim of providing full support to developing countries to complement their national efforts to implement climate related actions, including projects and programs as identified by the countries themselves, and fulfil their reporting obligations under UNFCCC and its Paris Agreement. Mobilized climate finance is the grant equivalent financial resources of other sources, including private sources and investments, using range of financial instruments, provided directly or through intermediaries, and disbursed in developing countries for mitigation, adaptation and cross-cutting climate related activities, projects and programs
India	Climate finance refers to the mandatory supply under the UNFCCC and its Paris Agreement of new and additional financial resources, including public financial resources, on a grant or concessional basis, from developed country Parties and other developed Parties included in Annex II of the UNFCCC to developing country Parties only. These resources shall represent a progression from previous efforts and would be used for the purposes of: (a) Supporting developing country Parties in reporting on their climate change actions under the UNFCCC and its Paris Agreement, including reporting on the implementation of their NDCs; (b) Supporting developing country Parties in implementing mitigation and adaptation actions under the UNFCCC and its Paris Agreement, such as those included in their NDCs as well as actions to address loss and damage; (c) Supporting technology development and transfer, capacity building, and cross-cutting support, to the developing country Parties concerning (a) and/or (b) above.
Kenya	Elements of a climate finance definition: (a) Purpose: Financial resources provided and mobilized by developed countries to support mitigation, adaptation, loss and damage actions, implementation of response measures and efforts to justly transition to low greenhouse gas emission pathways and resilient development. Its application shouldn't compromise on food security and poverty eradication efforts or put additional debt burden on developing country parties; (b) Source: Public finance by developed countries. Article 9, paragraph3, of the Paris Agreement mandates developed countries to mobilize from wide variety of sources; (c) Scope: New and additional to official development assistance (ODA) that meets full and incremental costs; (d) Needs: Needs and priorities as basis for providing, mobilizing and channelling finance; (e) Channels: Directly and/or through intermediaries, e.g. bilateral/ multilateral/operating entities; (f) Instruments: Grants or concessional; (g) Mobilized finance: Essentially the grant equivalent of financial resources from other resources including private sources. Various instruments can be used to mobilize such finance.

a. Definitions are reproduced as submitted, with the exception of abbreviations and formatting.

Table B.2

Updated common definitions of climate finance proposed by Parties or groups of Parties

Party or group of Parties	Proposed definition of climate finance[a]
LDCs[b]	Climate finance is funding that is new and additional to overseas development assistance (ODA), aiming at: (1) reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts; (2) reducing emissions, and enhancing sinks, of greenhouse gases and (3); averting, minimizing and addressing loss and damage to impacts of climate change. Amount, accessibility, and quality of funding should be key minimum elements for setting criteria to implement and assess adequate and scaled -up climate finance that takes into account the needs and priorities of developing countries.
Like-minded Developing Countries	Climate Finance is the new and additional funding provided by Annex II/ developed countries to non-Annex-II/developing countries to meet: (a) The agreed full costs of the obligations of non-Annex-II/developing countries under Article 12, paragraph 1, of the Convention as well as Article 13, paragraph 14, of the Paris Agreement; (b) The agreed full incremental costs, of meeting the obligations of non-Annex-II/ developing countries as detailed in Article 4, paragraph 1, of the Convention as well as their nationally determined contributions as set out in Articles 3 and 9, paragraph 1 of the Paris Agreement. More specifically, such agreed incremental costs relate to defined actions/projects/programs undertaken or outlays proposed/incurred, by non-Annex-II/developing countries, towards mitigation, adaptation, technology transfer, capacity building, addressing adverse impacts or damage caused by climate change, loss incurred as a result of response measures that address climate change, and any transition to defined low emission pathway/(s) and climate resilient development. Such incremental costs must also include cost of insurance and the cost of raising and servicing the funds provided by Annex-II/ developed countries. It must prioritize public financial resources, on a grant or concessional basis, from developed country Parties and other developed Parties included in Annex II of the UNFCCC to developing country Parties only. These resources shall represent a progression from previous efforts and would be used for the purposes of: (a) Supporting developing country Parties in reporting on their climate change actions under the UNFCCC and its Paris Agreement, including reporting on the implementation of their NDCs; (b) Supporting developing country Parties in implementing mitigation and adaptation actions under the UNFCCC and its Paris Agreement, particularly those included in their NDCs as well as actions to address loss and damage; (c) Supporting technology development and transfer, capacity building, and cross-cutting support, to the developing country Parties concerning (a) and/or (b) above.

a. Definitions are reproduced as submitted, with the exception of abbreviations and formatting.
b. With reference to the latest submission from this group of Parties.

Table B.3

Updated – definitions of climate finance proposed by non-Party stakeholders

Stakeholder	Proposed definition of climate finance[a]
International Institute for Environment and Development	Five criteria are considered for finance to be counted as climate finance: Innovate – financing should be more risk taking and support innovative first-of-a kind projects that demonstrate new approaches to climate change and support experimenting in approaches to create suitable interventions within different contexts. Incubate – financing should support ideas in their infancy before they are scaled up. Influence – financing should support the leveraging of greater financial flows to scale-up and replicate climate interventions by demonstrating the business case, building confidence of investors and de-risking investments across other finance flows. Incentivise – financing should create incentives that create new understandings and different ways of working for changing default behaviours and institutional practices. Institutionalise capabilities – financing should strengthen the agility, flexibility, and responsiveness of institutions to be empowered in their response to the uncertainties of climate change. It should as well as strength capabilities to plan robustly and responsively for a range of futures.
Third World Network	Climate finance is the new and additional funding provided by Annex II developed countries to non-Annex II/developing countries to meet: (a) The agreed full costs of the obligations of non-Annex II/developing countries under Article 12, paragraph 1, of the Convention as well as Article 13, paragraph 14, of the Paris Agreement; (b) The agreed full incremental costs of meeting the obligations of non-Annex II developing countries as detailed in Article 4, paragraph 1, of the Convention as well as their nationally determined contributions as set out in Articles 3 and 9, paragraph 1, of the Paris Agreement
Oil Change International and International Institute for Sustainable Development	A distinction between public and private financial actors should be given specific attention in defining climate finance. Public financial flows can be considered any type of grants, financing, investment, loans, guarantees, or mechanisms that derive from government funding and the public sector at large. Public financial flows can be further understood into sub-concepts of public support, which includes subsidies, investments by state-owned enterprises and lending from public financial institutions (including both domestic and international). Subsidies: The World Trade Organization, in its Agreement on Subsidies and Countervailing Measures, defines a subsidy as (paraphrased): any financial contribution by a government, or agent of a government, that confers a benefit on its recipients in comparison to other market participants (WTO, 1994, Article 1.1). A financial contribution is defined as either where a government practice involves a direct transfer of funds, potential direct transfer of funds or liabilities; where a government revenue that is otherwise due is forgone or is not collected; where a government provides goods or services other than general infrastructure, or purchases goods; or where a government makes payments to a funding mechanism, or entrusts or directs a private body to carry out one or more of the above types of functions which would normally be vested in the government SOE investments can be defined as the capital expenditure of an SOE (Geddes et al., 2020). In some contexts, SOE corporate social responsibility (CSR) expenditure may also represent a meaningful contribution of public support to local communities living near sites of fossil energy extraction and processing, which may be relevant to track for the purposes of discussions around just transition. Public finance institutions: Public finance institutions can be grouped as either domestic or international. International public finance consists of institutions that include Multilateral Development Banks (MDBs), such as the World Bank, national Development Finance Institutions (DFIs) and Export Credit Agencies (ECAs), and bilateral financing instruments between countries. According to the WTO definition and linked UNEP, IISD, OECD methodology (Wooders et al, 2019), public finance for fossil fuels can be considered a fossil fuel subsidy to the extent it is provided at concessional or below market rates. However, whether public finance flows can be classified as subsidies or not should not matter for governments using their direct influence over public finance institutions to align financial flows with policy objectives.

a. Definitions are reproduced as submitted, with the exception of abbreviations and formatting.

REFERENCES

AFD 2023. AFD Group Exclusion List. Available at https://www.afd.fr/en/ressources/afd-group-exclusion-list

ASEAN. 2022. ASEAN Taxonomy for Sustainable Finance. Version 2. Available at https://www.sfinstitute.asia/wp-content/uploads/2023/03/ASEAN-Taxonomy-Version-2.pdf.

Bos, J. and J. Thwaites. 2021. A Breakdown of Developed Countries' Climate Finance Contributions Towards the $100 Billion Goal. Technical Note. Washington, DC: World Resources Institute. Available online at: https://doi.org/10.46830/writn.20.00145

Colenbrander S, Cao Y, Pettinotti L, et al., 2021. A fair share of climate finance: apportioning responsibility for the $100 billion climate finance goal. Available at https://odi.org/en/publications/a-fair-shareof-climate-finance-apportioning-responsibility-for-the-100-billionclimate-finance-goal/.

COP26. 2021. Climate Finance Delivery Plan: Meeting the US$100 Billion Goal. Available at https://ukcop26.org/wp-content/uploads/2021/10/Climate-Finance-Delivery-Plan-1.pdf

CPI 2022. Global Landscape of Climate Finance: a decade of data. Available at https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-a-decade-of-data/ and https://www.climatepolicyinitiative.org/wp-content/uploads/2021/10/Methodology.pdf.

DBS. 2022. Sustainable & Transition Finance Framework & Taxonomy. Available at https://www.dbs.com/iwov-resources/images/sustainability/pdf/IBG%20Sustainable%20and%20Transition%20Finance%20Framework_Revision%201.pdf

EDFI. 2021. EDFI Fossil Fuel Exclusion List. Available at https://edfi-website-v1.s3.fr-par.scw.cloud/uploads/2021/02/EDFI-Fossil-Fuel-Exclusion-List-October-2020.pdf.

EIB et al. 2022a. 2021 Joint Report on Multilateral Development Banks Climate Finance. Available at https://www.eib.org/en/publications/2021-joint-report-on-multilateral-development-banks-climate-finance

EIB et al. 2022b. Joint Methodology for Tracking Climate Change Adaptation Finance. Available at https://www.eib.org/attachments/lucalli/20220242_mdbs_joint_methodology_climate_finance_en.pdf.

Fransen T, Henderson C, O'Connor R, et al. 2022. The State of Nationally Determined Contributions: 2022 Report. Washington, DC: World Resources Institute. Available online at https://www.wri.org/research/state-nationally-determined-contributions-2022.

FSA, METI, MoE 2021. Japanese Basic Guidelines on Climate Transition Finance. Finance Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, Japan. Available at https://www.meti.go.jp/press/2021/05/20210507001/20210507001-3.pdf.

G20. 2022. G20 Sustainable Finance Roadmap. Available at https://g20sfwg.org/wp-content/uploads/2022/01/RoadMap_Final14_12.pdf

GCF. 2022. Report of the Green Climate Fund to the Conference of the Parties. Available at https://unfccc.int/sites/default/files/resource/cp2022_04E.pdf

Gebel A.C., Ryfisch, D. 2023. The Multilateral Development Banks in the run-up to Paris alignment. Available at https://www.germanwatch.org/en/87992

GFIT. 2021. Identifying a Green Taxonomy and Relevant Standards for Singapore and ASEAN. Available at https://abs.org.sg/docs/library/gfit-taxonomy-consultation-paper.

IDB 2019 A Framework and Principles for Climate Resilience Metrics in Financing Operations. Inter-American Development Bank. Available at https://publications.iadb.org/en/framework-and-principles-climate-resilience-metrics-financing-operations

IDFC 2022. Green finance mapping report. Available at https://www.idfc.org/green-finance-mapping/

IPCC. 2022. Annex I: Glossary [van Diemen, R., J.B.R. Matthews, V. Möller, J.S. Fuglestvedt, V. Masson-Delmotte, C. Méndez, A. Reisinger, S. Semenov (eds)]. Shukla P, Skea J, et. al. IPCC. 2022. Climate Change 2022: Mitigation of Climate Change report. Contribution of Working Group III to the Sixth Assessment Report of the IPCC. Cambridge University Press: Cambridge, UK and New York, NY, USA. https://www.ipcc.ch/report/ar6/wg3/.

IPSF. 2021. Common ground taxonomy. International Platform on Sustainable Finance. Available at https://finance.ec.europa.eu/system/files/2021-12/211104-ipsf-common-ground-taxonomy-table_en.pdf.

Jachnik, R., R. Caruso and A. Srivastava (2015), "Estimating Mobilised Private Climate Finance: Methodological Approaches, Options and Trade-offs", OECD Environment Working Papers, No. 83, OECD Publishing, Paris, https://doi.org/10.1787/5js4x001rqf8-en.

KFW 2019. Exclusion list of KFW Group. Available at https://www.kfw.de/PDF/Download-Center/Konzernthemen/Nachhaltigkeit/Ausschlussliste_EN.pdf.

Kirchhofer X, Fozzard A, Almuzaini A, et al. 2021. Climate Change Budget Tagging: A Review of International Experience Equitable Growth, Finance and Institutions Insight Washington, D.C.: World Bank Group. Available at http://documents.worldbank.org/curated/en/744081613708537156/Main-Report.

Mullan, M. and Ranger, N. 2022. Climate-resilient finance and investment: Framing paper. OECD Environment Working Papers, No. 196, OECD Publishing, Paris. Available at https://doi.org/10.1787/223ad3b9-en.

OECD (forthcoming), Green budgeting in OECD countries – 2022 OECD Green Budgeting Survey Results.

OECD. 2022. Aggregate Trends of Climate Finance Provided and Mobilised by Developed Countries in 2013–2020. Available at https:// www.oecd.org/climate-change/finance-usd-100-billion-goal/.

OECD. 2021. Converged Statistical Reporting Directives for the Creditor Reporting System (CRS) and the Annual DAC Questionnaire. Available at https://one.oecd.org/document/DCD/DAC/STAT(2020)44/FINAL/en/pdf

OECD. 2020. Developing Sustainable Finance Definitions and Taxonomies, Green Finance and Investment. OECD Publishing: Paris, https://www.oecd-ilibrary.org/finance-and-investment/developing-sustainable-finance-definitions-and-taxonomies_134a2dbe-en.

OECD 2016. OECD DAC Rio Markers for Climate Handbook. Available at https://www.oecd.org/dac/environment-development/Revised%20climate%20marker%20handbook_FINAL.pdf.

Oxfam. 2021. Oxfam's estimate on climate finance by 2025. Oxfam GB. Available at https://www.oxfam.org/en/press-releases/poorernations-expected-face-75-billion-six-year-shortfall-climate-finance-oxfam.

PBOC, NDRC, CSRC. 2021. Green Bond Endorsed Projects Catalogue 2021 Edition. People's Bank of China, National Development and Reform Commission, the China Securities Regulatory Commission. Available at http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/4342400/2021091617180089879.pdf

UNDP. 2019. Knowing what you spend: A guidance note for Government to track climate finance in their budgets. Available at https://www.undp.org/publications/knowing-what-you-spend-guidance-note-governments-track-climate-change-finance-their-budgets.

UNDP. 2020. Climate Public Expenditure and Institutional Review – Armenia. Available at http://www.nature-ic.am/Content/announcements/12717/CPEIR_Armenia_ENG.pdf.

UNFCCC. 2022a. Fifth biennial assessment and overview of climate finance flows. Bonn. UNFCCC. Available at https://unfccc.int/topics/climate-finance/resources/biennial-assessment-and-overview-ofclimate-finance-flows.

UNFCCC. 2022b. Report on progress towards achieving the goal of mobilizing jointly USD 100 billion per year to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation. Available at https://unfccc.int/process-and-meetings/bodies/constituted-bodies/standing-committee-on-finance-scf/progress-report

UNFCCC. 2021a. Fourth biennial assessment and overview of climate finance flows. Bonn. UNFCCC. Available at https://unfccc.int/topics/climate-finance/resources/biennial-assessment-and-overview-ofclimate-finance-flows.

UNFCCC. 2021b. First report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement. Bonn: UNFCCC. Available at https://unfccc int/topics/climate-finance/workstreams/determination-of-the-needsof-developing-country-parties/first-report-on-the-determination-ofthe-needs-of-developing-country-parties-related-to-implementing.

UNFCCC. 2018. 2018 biennial assessment and overview of climate finance flows. Bonn. UNFCCC. Available at https://unfccc.int/topics/climate-finance/resources/biennial-assessment-and-overview-ofclimate-finance-flows.

UNFCCC. 2016. 2016 biennial assessment and overview of climate finance flows. Bonn. UNFCCC. Available at https://unfccc.int/topics/climate-finance/resources/biennial-assessment-and-overview-ofclimate-finance-flows.

UNFCCC. 2014. 2014 biennial assessment and overview of climate finance flows. Bonn. UNFCCC. Available at https://unfccc.int/topics/climate-finance/resources/biennial-assessment-and-overview-ofclimate-finance-flows.

Xu X, Xie W and Deng M. 2022. Global green taxonomy development, alignment, and implementation. London: CBI. Available at https://www.climatebonds.net/files/reports/cbi_taxonomy_ukpact_2022_01f.pdf.

FOR FURTHER INFORMATION CONTACT

Climate Finance subdivision
Means of Implementation division

United Nations Climate Change Secretariat (UNFCCC)
Platz der Vereinten Nationen 1
53113 Bonn, Germany

E-mail: standingcommittee@unfccc.int

United Nations
Framework Convention on
Climate Change