

Fourth (2020) Biennial Assessment and Overview of Climate Finance Flows

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Long term climate finance HLMD
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WHAT'S IN THE BIENNIAL ASSESSMENT?

Summary prepared by the SCF



Technical Report of the Biennial Assessment prepared by experts under guidance of SCF

Chapter I: Methodological Issues

- MRV systems in and outside the UNFCCC
- Operational definitions of climate finance in use
- Measuring outcomes

Chapter II: Overview of Climate Finance Flows

- Global climate finance estimates and trends
- Climate finance from developed to developing countries
- Recipient perspective

Chapter III: Assessment of Climate Finance

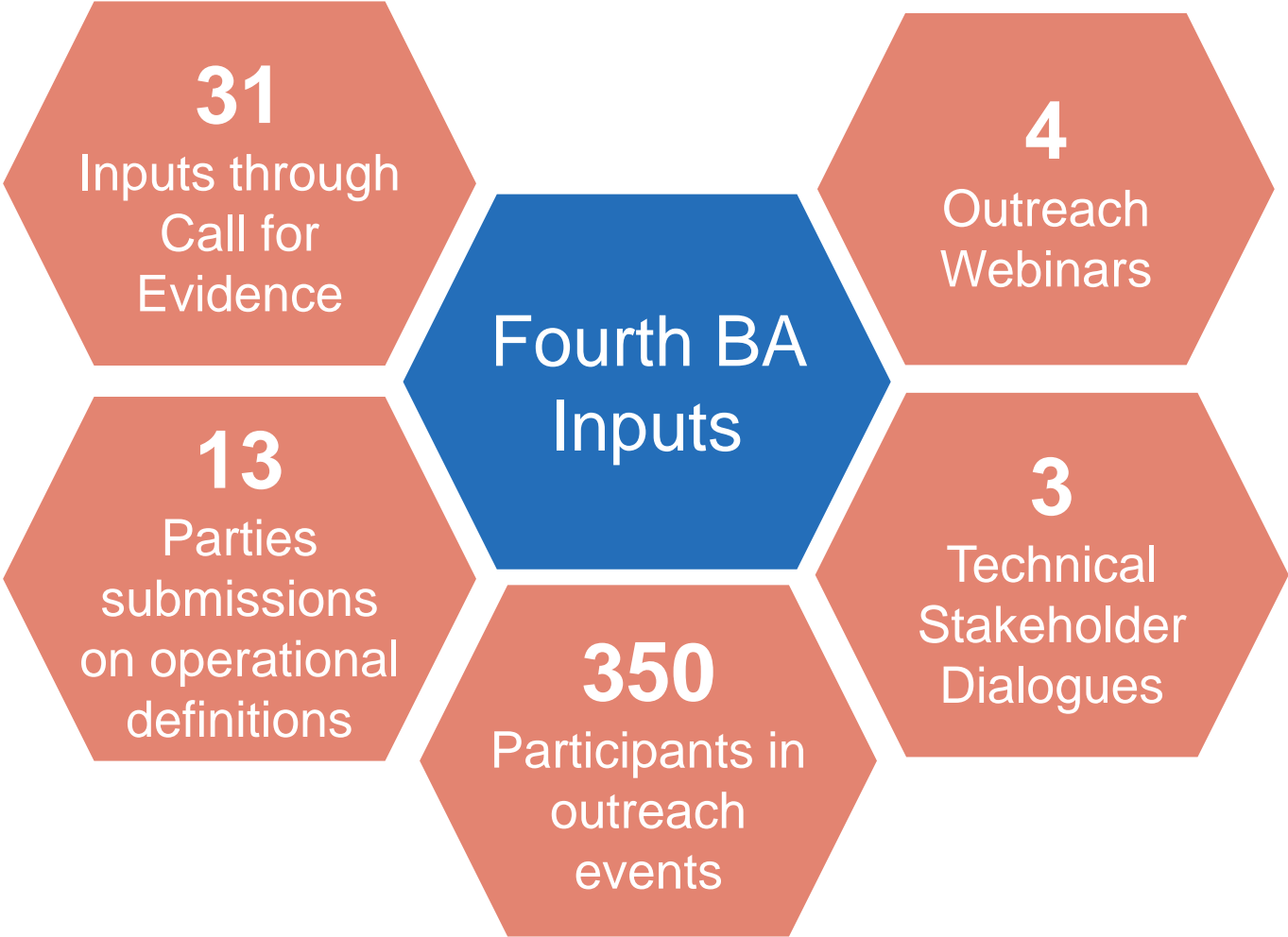
- Thematic, geographic distribution
- Effectiveness: access, ownership, needs, additionality
- Global climate finance in context

Chapter IV: Mapping information relevant to Article 2.1c

- Ongoing activities and approaches relevant to article 2.1c
- Impact on the real economy



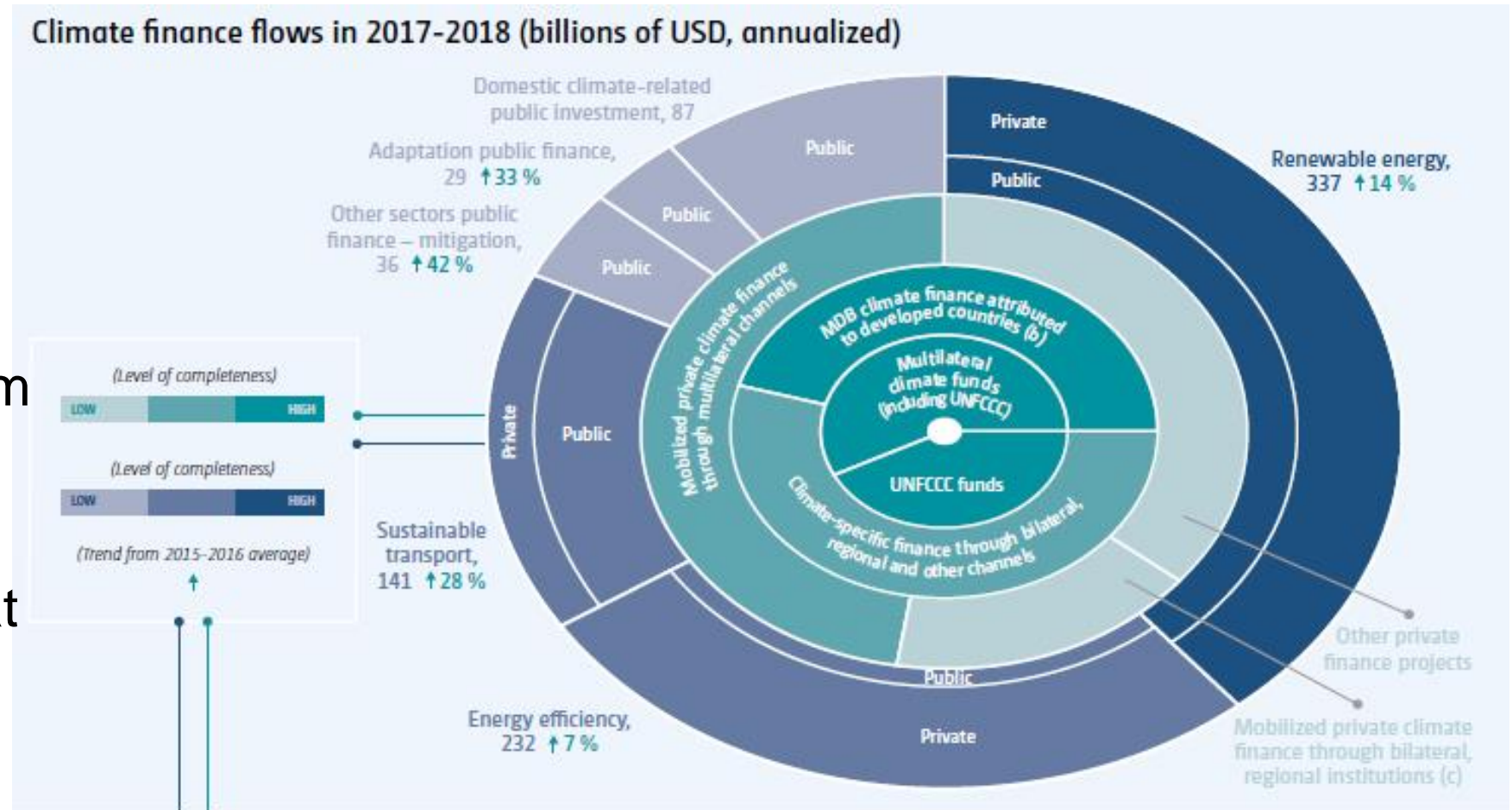
4TH BA HAS HAD EXTENSIVE STAKEHOLDER ENGAGEMENT AND INPUT



KEY GRAPHIC: ONION DIAGRAM FRAMES DIFFERENT SOURCES AND CHANNELS

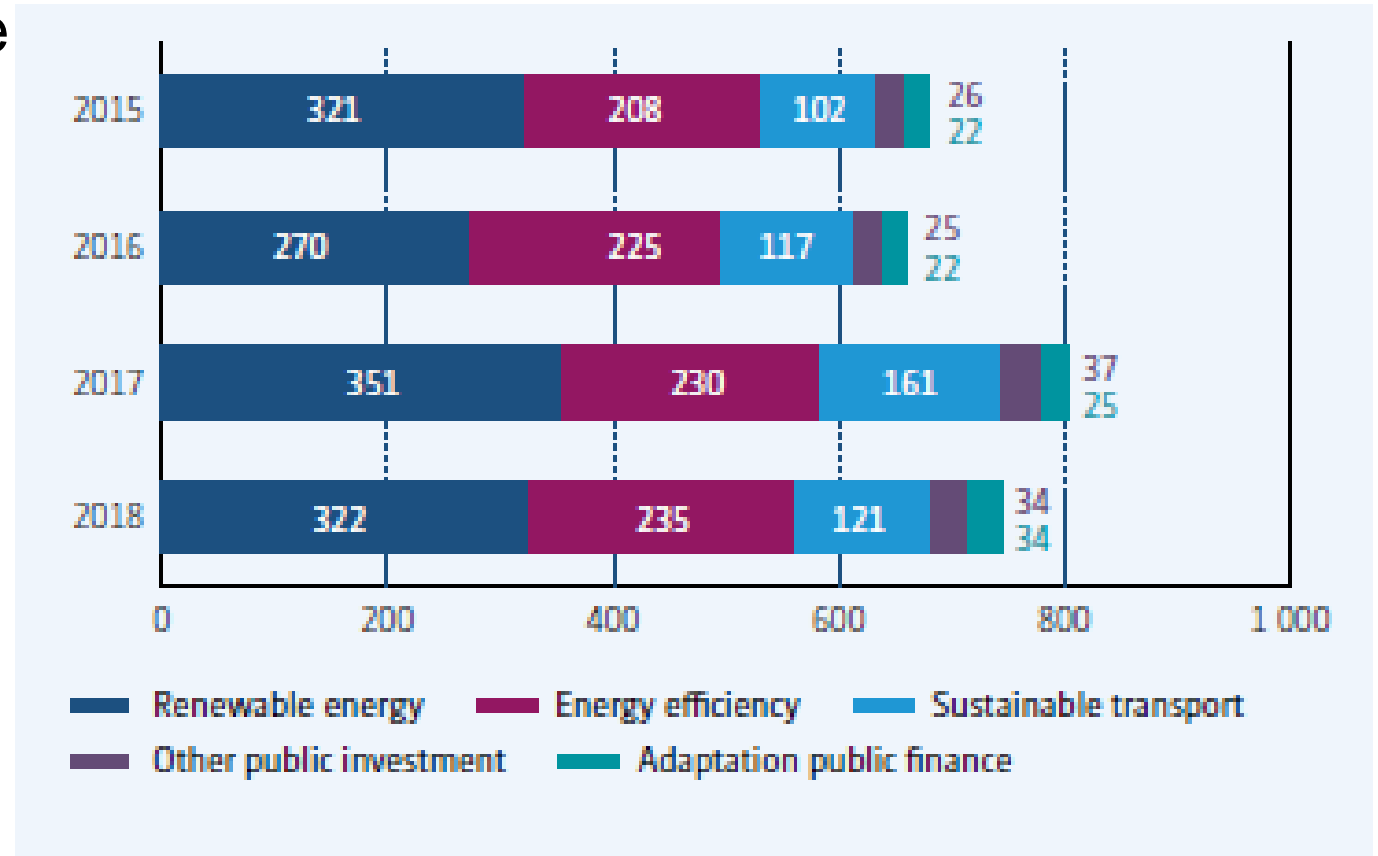
Blue shading indicate **global** climate finance flows by sector

Green shading indicate flows from **developed to developing countries**, with UNFCCC funds at the core



KEY FINDINGS: GLOBAL CLIMATE FINANCE FLOWS

- **16% increase** in global climate finance flows to USD 775 billion annual average 2017-2018
- Continued decreased in renewable energy technology costs means new investment goes further
 - Solar PV: **-29%**
 - Onshore Wind: **-18%**
 - Offshore Wind: **-10%**



KEY FINDINGS: FLOWS FROM DEVELOPED TO DEVELOPING COUNTRIES

Bilateral Flows

Climate-specific financial support
+13% on a comparable basis

Multilateral climate funds

+39% in project approvals largely due to GCF Board and GEF Council

- Drop in replenishments

MDBs

+50% in climate finance, approximately USD 25 billion per year attributed to developed countries over 2017-2018

Support for mitigation remains greater than for adaptation across channels

- 64% / 21%

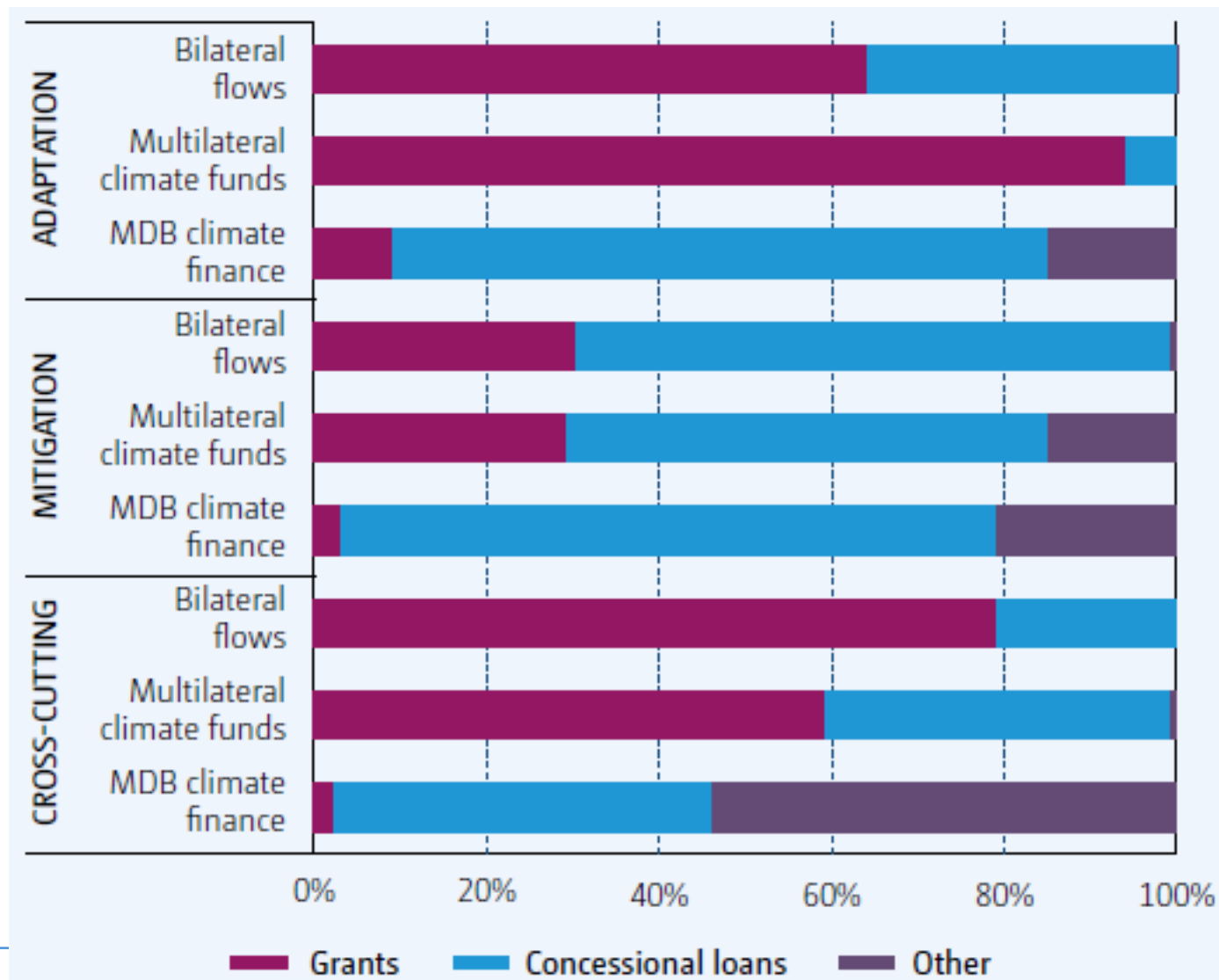
- 48% / 20%

- 75% / 25%



KEY FINDINGS: FLOWS FROM DEVELOPED TO DEVELOPING COUNTRIES

- **Grants** continue to be a key instrument particularly for adaptation finance
 - 64% of bilateral flows
 - 94% of multilateral climate funds
- Mitigation finance remains less concessional in nature

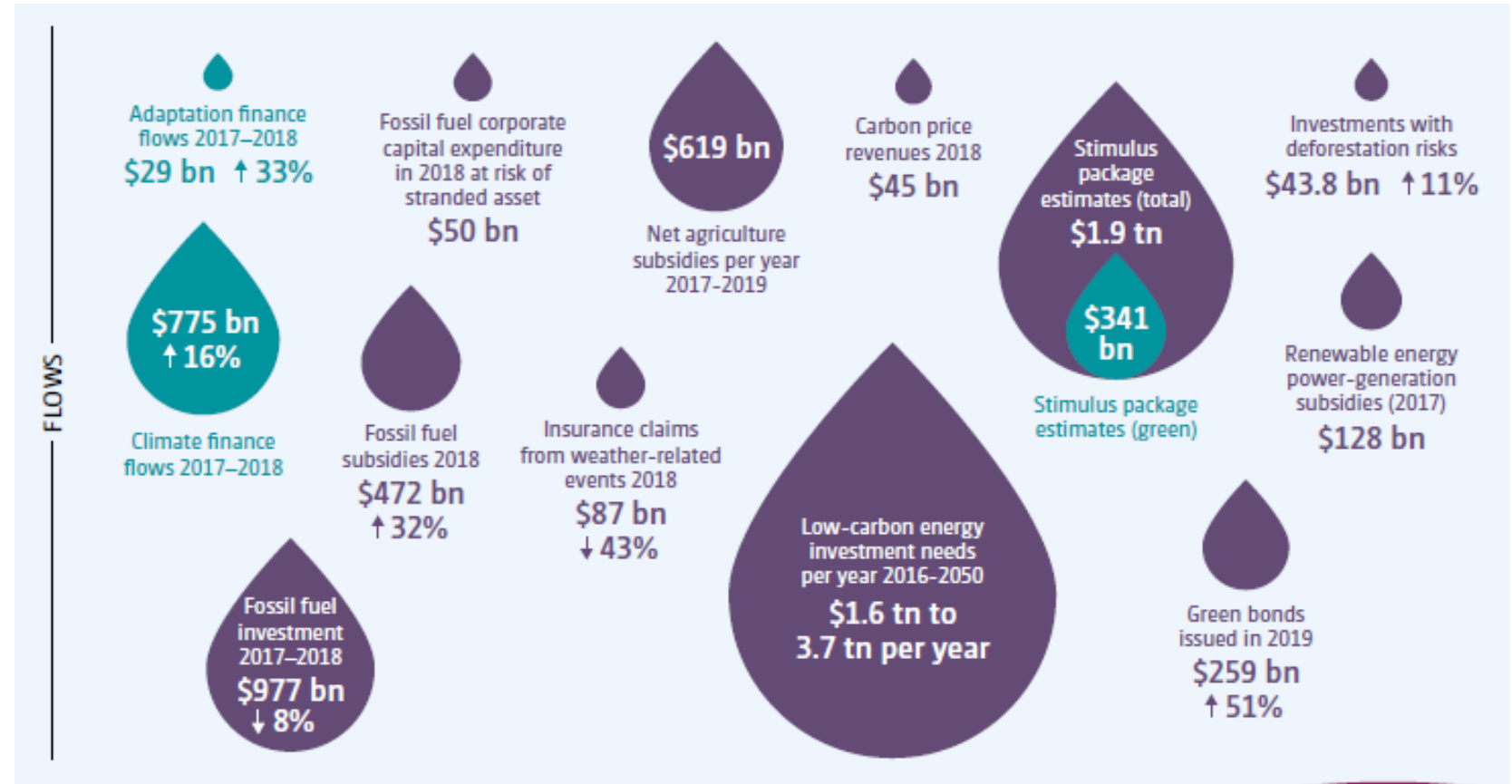


- **Access to climate finance** remains a challenge
 - **73%** of survey identified finance from multilateral climate funds as most challenging
 - 2017-2018 saw continued **increase in accreditation of national and regional implementing entities** to multilateral climate funds
 - However shares of climate finance approvals through national and regional implementing entities was **7%** for multilateral climate funds (**11%** for UNFCCC funds)
- More climate funds include information on **gender** in their annual reports



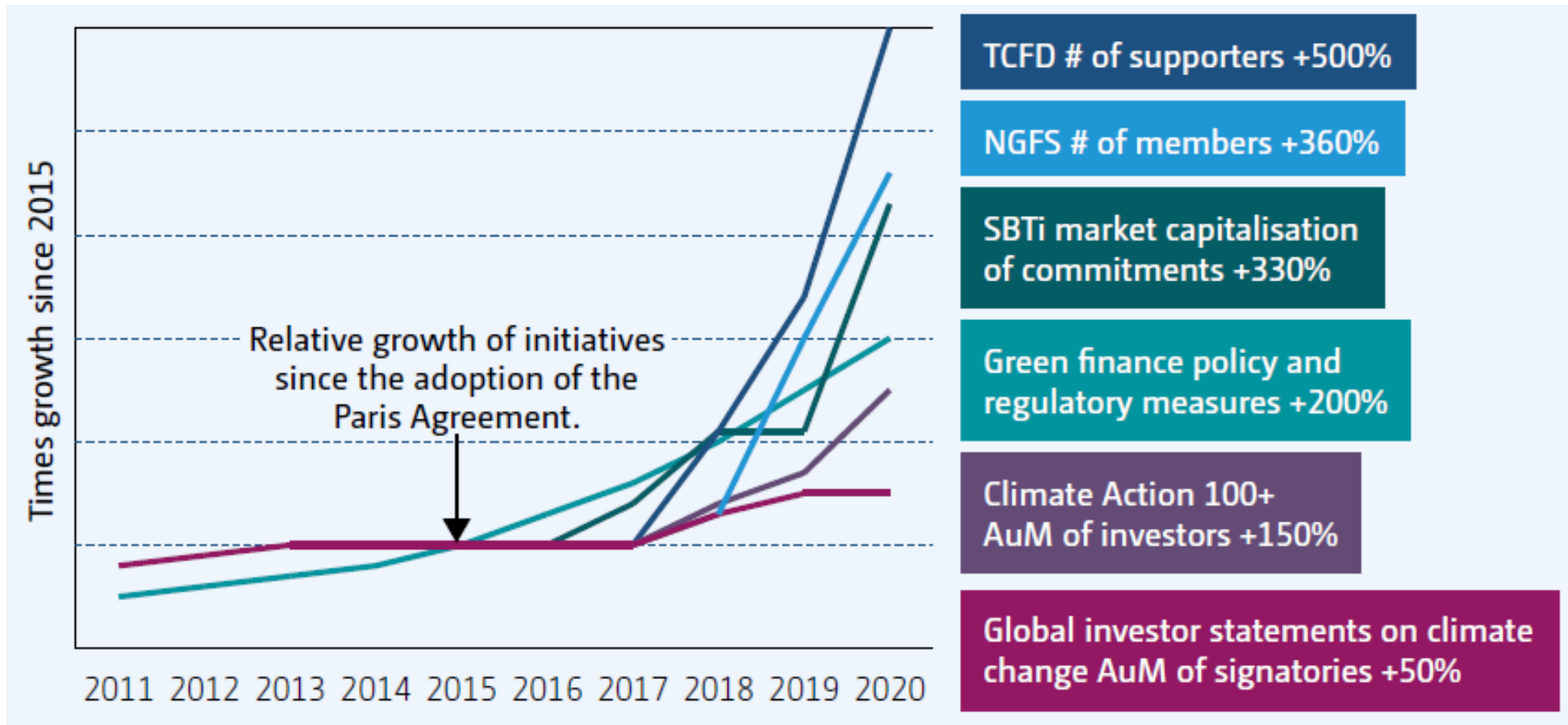
KEY FINDINGS: CLIMATE FINANCE IN CONTEXT

- Finance flows in GHG-intensive activities remain concerningly high



KEY FINDINGS: MAPPING INFORMATION RELEVANT TO ARTICLE 2.1C

- Significant growth in initiatives has been apparent since Paris was adopted



- Assessing the **real-economy impact** and the **risk of greenwashing** remains a challenge.
- Measuring the effective role of financial actors is a notable topic of debate, including **which metrics are most important indicators of success**
- More work is needed to promote **inclusiveness and geographical representation**.
- Further consideration of **climate-resilient development** pathways is necessary to complement existing approaches.



Stakeholders may take action across a number of areas to support advancing efforts in relation to the goal in Article 2.1c

- **Sustainable recovery packages** for short term consistency and setting in place **financial policies and regulations** for financing the transition in the long term
- **Just Transition** activities targeting high GHG activities and vulnerable developing countries at risk of climate impacts reducing their **access to capital**
- Understanding **differences and complementarities** in mobilization and delivery of climate finance in Article 9 and the long-term goal in Article 2.1c



Thank you



- **COP 17:** Request SCF to prepare BAs

2014

1st BA published

2016

2nd BA published

2018

3rd BA published

2021

4th BA published

- **Mandates specific to the 4th BA**
 - Consider Parties views on operational definitions of climate finance in use
 - Map, every four years, available information relevant to Article 2, paragraph 1(c)

KEY FINDINGS: METHODOLOGIES ON CLIMATE FINANCE

The consistency of reporting on climate finance under the Convention is improving

23 Annex II Parties and 13 other Annex I Parties

provided information on financial support provided for the years 2017 and 2018

90 per cent

of Biennial Update Reports from non-Annex I Parties provided information on climate finance received

Availability of domestic public climate finance data is increasing, with more countries establishing climate budget tagging systems

13

countries

have regular tracking in national budgets

5

countries

with methodologies in development

Operational definitions of climate finance

common understanding for mitigation or adaptation finance

differ on: sector-specific details; financial instruments; approaches to public and private finance flows



MAPPING INFORMATION RELEVANT TO ARTICLE 2.1C OF THE PARIS AGREEMENT

Article 2.1c of the Paris Agreement

Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

Actor-specific landscape on mapping information relevant to Article 2.1.c

