SPECIAL EVENT

2018 BIENNIAL ASSESSMENT AND OVERVIEW OF CLIMATE FINANCE FLOWS OF THE STANDING COMMITTEE ON FINANCE

4 DECEMBER 2018
ROOM WARMIA

3rd Biennial Assessment and Overview of Climate Finance Flows

SCF Side Event

4 December 2018

Outline

1. Functions and the Mandates

2. Preparation process, activities and outputs

3. Data coverage and data sources

4. Challenges and limitations

5. Climate finance flows in 2015–2016

6. Assessment of climate finance flows

7. Climate finance in context

8. Recommendations

Functions and the Mandates

The Standing Committee on Finance (SCF) was established at COP16 to assist the COP in exercising its functions in relation to the Financial Mechanism of the Convention on, inter alia, measurement, reporting and verification of support provided to developing country Parties.

Preparation of the Biennial Assessment Overview of Climate Finance Flows (BA)

Work Plan on MRV of support beyond the BA

The COP requested the SCF, in preparing the BA, to consider:

- Relevant work of other bodies and entities on MRV of support and the tracking of climate finance
- Ways of strengthening methodologies for reporting climate finance
- Ongoing technical work on operational definitions of climate finance, including private finance mobilized by public interventions
- Assess how adaptation and mitigation needs can most effectively be met by climate finance.
- It also requested the Ad Hoc Working Group on the Paris Agreement, when developing the modalities, procedures and guidelines for the transparency framework for action and support, to consider, *inter alia*, information in the BA and other reports of the SCF and other relevant bodies under the Convention

2018 BA preparation process, activities and outputs

October-December 2017

COP23 FIJI
UN CLIMATE CHANGE CONFERENCE
BONN 2017

Outline of the 2018 BA developed by the SCF, & approved by the COP23

April 2018

1st technical meeting

May 2018

Information Event @ SBs48

Call for evidence

September 2018

2nd technical meeting

Scoping & data gaps analysis

Literature review, data gathering, processing & analysis

Drafting of the technical report

Continued interaction with external contributors/data providers

October 2018

Summary and Recommendations prepared by the SCF

December 2018

COP24·KATOWICE 2018
UNITED NATIONS CLIMATE CHANGE CONFERENCE

- Side event to present the 2018 BA summary and recommendations
- High-level Ministerial Dialogue on Climate Finance
- Pre-2020 implementation and ambition

Data coverage and data sources

Data coverage

2018 BA includes information for years 2015 and 2016, as well as trends since the 2014 BA.

Data sources

Internal sources: national reports, including biennial reports, biennial update reports, national communications

External sources: reports of the MDBs, IDFCs, OECD-DAC, UN programmes, CPI, BNEF, IEA, and other reports

Challenges and limitations

Challenges were encountered in collecting, aggregating and analysing information from diverse sources (data uncertainty, data gaps).

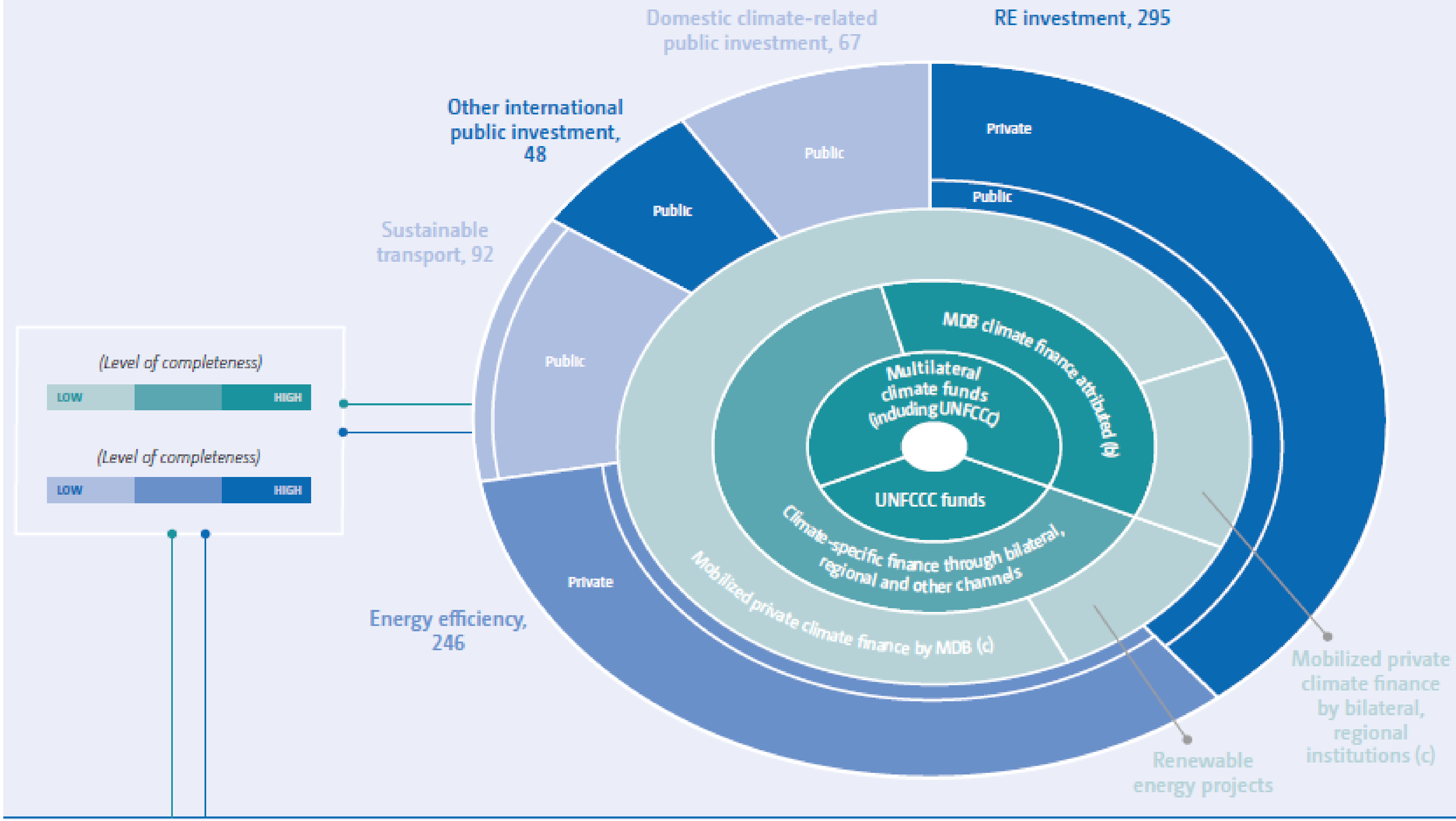
Due diligence has been undertaken to utilize the best information available from the most credible sources.

In compiling estimates, efforts have been made to avoid double counting.

The limitations need to be taken into consideration when deriving conclusions and policy implications from the 2018 BA.

Key findings: Climate finance flows in the period 2015–2016

Climate finance flows in the period 2015–2016 (Billions of United States dollars, annualized)



Key findings: Climate finance flows in the period 2015–2016 (continued)

		2015 (USD billion face value)	2016 (USD billion face value)	Sources of data and relevant chapter
Global total flows	Renewable energy investments	320.9	269.5	Chapter 2.2.1
	Public investment	61.7	52.3	CPI based on multiple sources
	Private investment	259.2	217.1	
	Energy efficiency investments	233.9	257.8	Chapter 2.2.2
	Public investment	25.7	32.9	IEA Energy Efficiency Market Reports/CPI
	Private investment (a)	208.2	224.9	
	Sustainable transport	78.0	105.8	Chapter 2.2.3
	Public investment	69.7	92.5	IEA World Energy Investment Report/CPI
	Private investment	8.3	13.3	
	Other sectors public investment	47.3	47.5	Chapter 2.2.2 – 2.2.5 CPI based on multiple sources
	Domestic climate-related public investment	67.0	67.0	Chapter 2.3 BURs, CPEIRs (UNDP), I4CE
Flows to non-Annex I Parties	UNFCCC funds	0.6	1.6	Chapter 2.5.2 Fund financial reports, CFU
	Multilateral climate funds (including UNFCCC)	1.4	2.4	Chapter 2.5.2 Fund financial reports, CFU
	Climate-specific finance through bilateral, regional and other channels	29.9	33.6	Chapter 2.5.1 Annex II Party Biennial Reports
	MDB climate finance attributed (b)	17.4	19.7	Chapter 2.5.2
	Renewable energy projects	2.4	1.5	Chapter 2.5.4 CPI based on multiple sources
	Mobilized private climate finance by MDB (c)	10.9	15.7	Chapter 2.5.4 MDB Joint Reports
	Mobilized private climate finance by bilateral, regional institutions (c)	2.3		Chapter 2.5.4 OECD

Key findings: Assessment of climate finance flows

	Annual average USD billion	Area of support				Financial instrument		
		Adaptation	Mitigation	REDD-plus[a]	Cross-cutting	Grants	Concessional loans	Other
Multilateral climate funds[b]	1.9	25%	53%	5%	17%	51%	44%	5%
Bilateral climate finance[c]	31.7	29%	50%	–	21%	47%	52%	<1%
MDB climate finance[d]	24.4	21%	79%	–	–	9%	74%	17%

- **About 51% of funding from multilateral climate funds is provided as grants, followed by the concessional loans with 44% share of approved funding.**

51% Grants — 44% Loans — 5% Other

- **Breakdown of financial instruments for bilateral climate finance is: grants (47%), and concessional loans (52%).**

47% Grants — 52% Loans — <1% Other

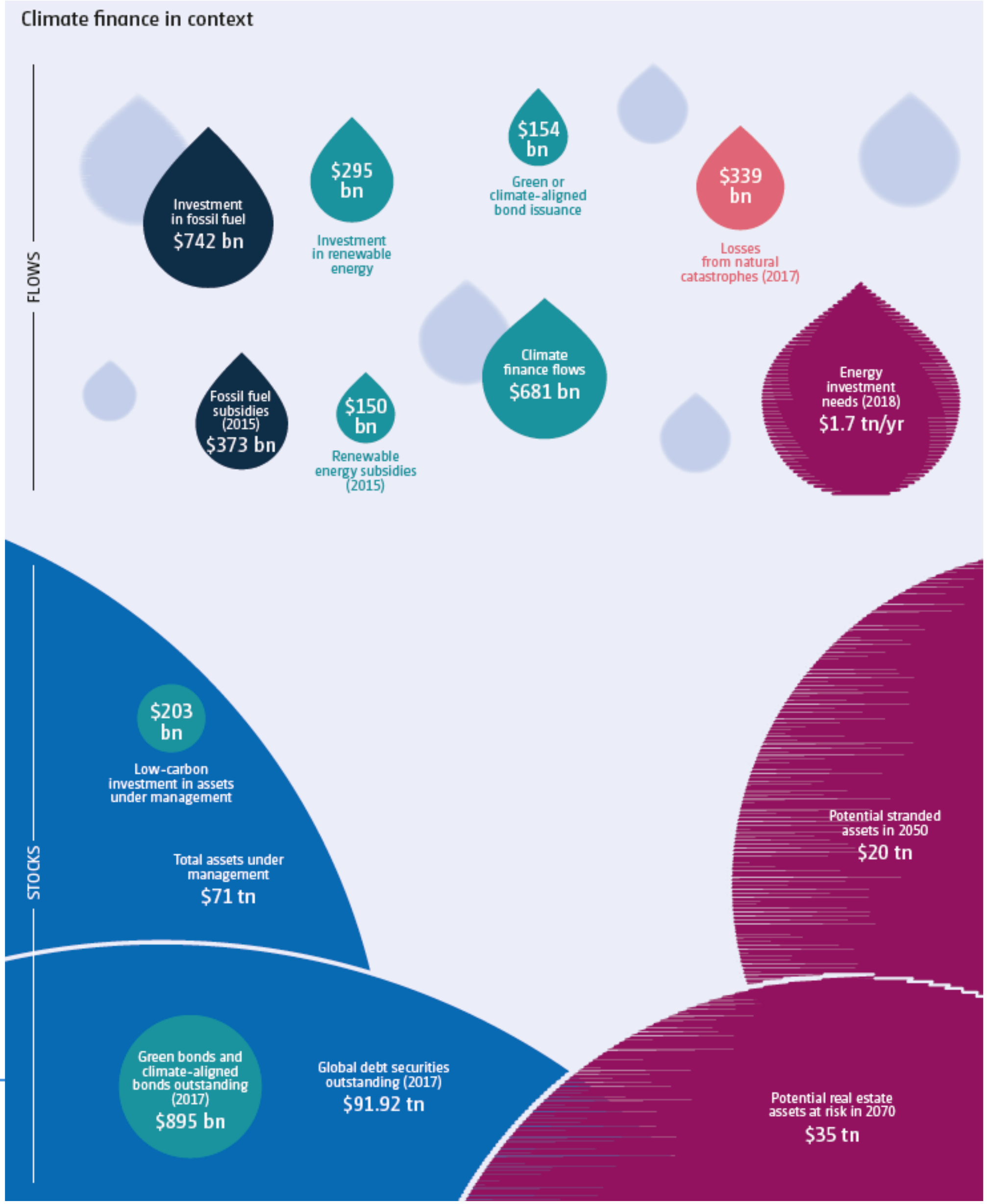
- **Breakdown of financial instruments for MDBs is: grants (9%), concessional loans (74%), and other instruments (17%).**

9% Grants — 74% Loans — 17% Other

Key findings: Climate finance in context

Methods and metrics: No publicly available information on tracking collective progress on Article 2.1 (c) of the PA. Going forward, work for climate-resilience metrics is important for enhancing understanding of the consistency of flows with PA.

Data sets on flows, stocks and integration: The mapping of the datasets on flows and stocks, showed that integration of climate change considerations into decision making processes are at nascent stage.



Key findings: Climate finance in context (continued)

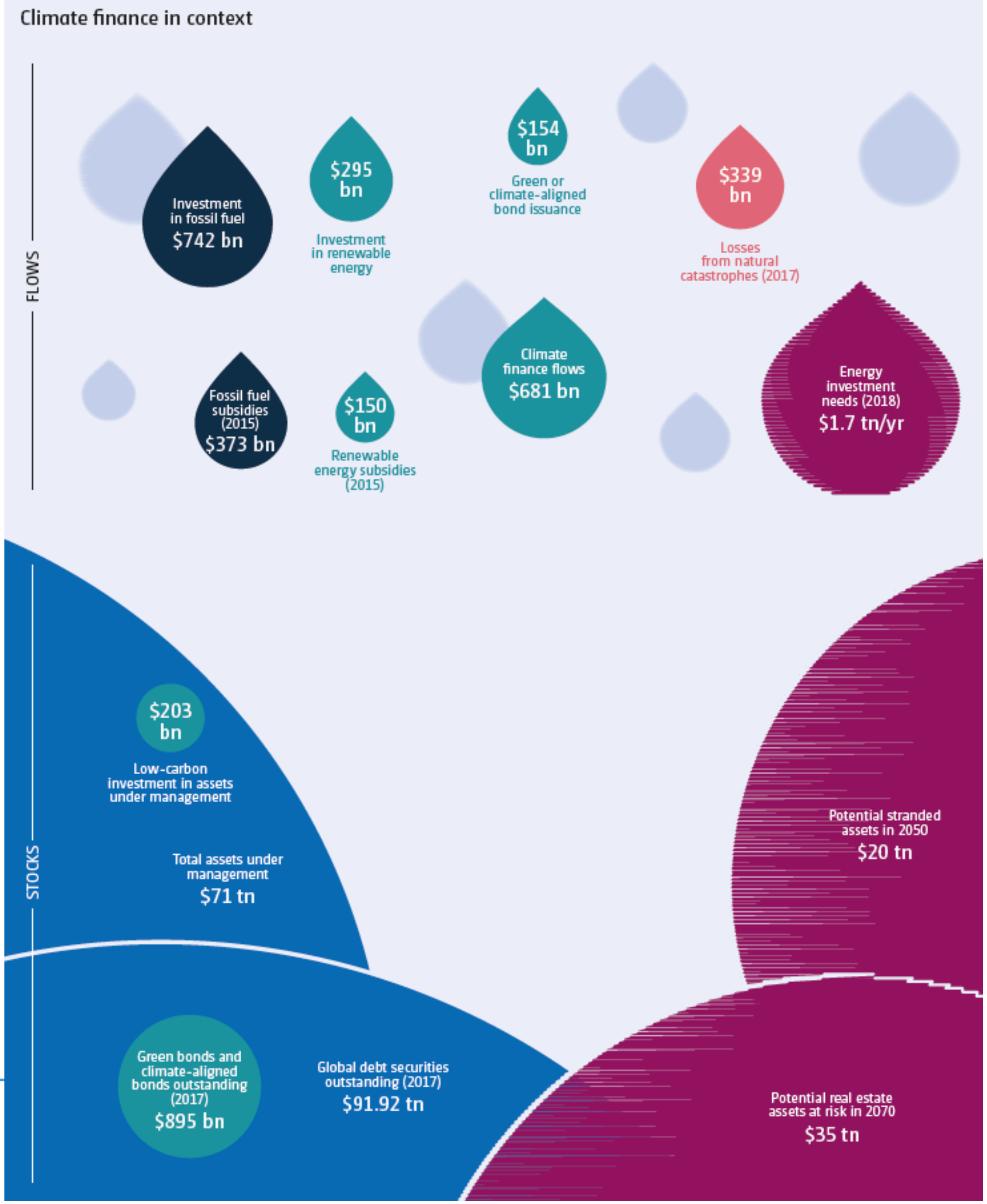
- **Climate finance in context:**

  - Climate finance continues to account for just small portion of the overall finance and investments.

  - Therefore, a sole focus on climate finance flows is insufficient in the post Paris world: while climate finance must obviously be scaled up it is important to ensure consistency of all flows and stocks, with the Article 2.1 (c) of the PA.

  - Although some work is being done by Development Finance Institutions, more can be done to understand public finance flows and ensure that they are all consistent with climate change objectives and goals.

  - Awareness of climate finance resilience sector has also increased in the past few years.



Recommendations: Methodologies

a)Request developed country Parties and encourage developing country Parties, building on progress made so far & ongoing work, to continue enhancing the transparency, consistency & comparability of data on climate finance provided & mobilized through public interventions, & taking into consideration developments in relevant organizations & institutions;

a)Encourage Parties providing climate finance to enhance their reporting of climate finance provided to developing country Parties;

c) Invite Parties, through their board memberships in international financial institutions, to encourage continued efforts in the harmonization of methodologies for tracking & reporting climate finance among international organizations;

d) Encourage developing country Parties, building on progress made so far and ongoing work, to consider, as appropriate, enhancing their reporting on the underlying assumptions, definitions & methodologies used in generating information on financial, technical & capacity-building needs & support received;

Recommendations: Overview

e) Encourage Parties, building on progress made so far, to enhance their tracking and reporting on climate finance flows from all sources;

f) Encourage developing country Parties that provide support to report information on climate finance provided to other developing country Parties;

g) Encourage developed countries and climate finance providers, as well as multilateral and financial institutions, private finance data providers and other relevant institutions, to enhance the availability of granular, country-level data on mitigation and adaptation finance, inter alia, transport, agriculture, forests, water and waste;

h) Invite private sector associations and financial institutions to build on the progress made on ways to improve data on climate finance and to engage with the SCF, including through their participation in the forums of the SCF with a view to enhancing the quality of the BA;

i) Request the SCF to continue its work in the mapping of available data sets that integrate climate change considerations into insurance, lending and investment decision-making processes, and to include information relevant to Article 2, paragraph 1(c), of the Paris Agreement in future BAs;

Recommendations: Assessment

j) Invite Parties to strive for complementarity between climate finance and sustainable development by, inter alia, aligning climate finance with national climate change frameworks and priorities, as well as broader economic development policies and national budgetary planning;

k) Encourage developing countries to take advantage of available resources through the operating entities of the Financial Mechanism to strengthen institutional capacity for programming their priority climate action, as well as tracking climate finance, effectiveness and impacts;

l) Encourage developed countries and climate finance providers to continue to enhance country ownership and consider policies to balance funding for adaptation and mitigation, taking into account beneficiary country strategies, and, in line with the mandates, building on experiences, policies and practices of the operating entities of the Financial Mechanism, particularly the GCF;

m) Encourage climate finance providers to improve tracking and reporting on gender-related aspects of climate finance, impact measuring and mainstreaming;

Recommendations: Assessment

n) Invite, as in the 2016 BA, multilateral climate funds, MDBs, other financial institutions and relevant international organizations to continue to advance work on tracking and reporting on impacts of mitigation and adaptation finance;

o) Encourage all relevant United Nations agencies and international, regional and national financial institutions to provide information to Parties through the secretariat on how their development assistance and climate finance programmes incorporate climate-proofing and climate resilience measures, in line with new available scientific information;

p) Request the SCF, in preparing future BAs, to continue assessing available information on the alignment of climate finance with investment needs and plans related to Parties' NDCs and national adaptation plans;

q) Request the SCF, in preparing the 2020 BA, to take into consideration available information relevant to Article 2 of the Paris Agreement.

THANK YOU