Enhancing transparency of climate finance under the Paris Agreement: lessons from experience

Jane Ellis (OECD) and Sara Moarif (OECD)
OECD/IEA CLIMATE CHANGE EXPERT GROUP PAPERS

This series is designed to make available to a wider readership selected papers on climate change issues that have been prepared for the OECD/IEA Climate Change Expert Group (CCXG). The CCXG (formerly called the Annex I Expert Group) is a group of government delegates from OECD and other industrialised countries. The aim of the group is to promote dialogue and enhance understanding on technical issues in the international climate change negotiations. CCXG papers are developed in consultation with experts from a wide range of developed and developing countries, including those participating in the regular Global Forum on the Environment organised by the CCXG. The full papers are generally available only in English.

The opinions expressed in these papers are the sole responsibility of the author(s) and do not necessarily reflect the views of the OECD, the IEA or their member countries, or the endorsement of any approach described herein.

Comments on the series are welcome, and should be sent to:

OECD Environment Directorate, 2 rue André Pascal, 75775 PARIS CEDEX 16, France, or by e-mail to env.contact@oecd.org

OECD/IEA Climate Change Expert Group Papers are published on
www.oecd.org/environment/cc/ccxg.htm

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

This document has been produced with the financial assistance of the European Union. The views expressed herein can in no way be taken to reflect the official opinion of the European Union.

© Copyright OECD/IEA (2016)

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgement of OECD as source and copyright owner is given.

All requests for commercial use and translation rights should be submitted to rights@oecd.org

Applications for permission to reproduce or translate all or part of this material should be addressed to:

Head of Publications Service
OECD, 2 rue André-Pascal, 75775 Paris Cedex 16, France
or
IEA, 9 rue de la Fédération, 75739 Paris Cedex 15, France
FOREWORD

This document was prepared by the OECD and IEA Secretariats in response to a request from the Climate Change Expert Group (CCXG) on the United Nations Framework Convention on Climate Change (UNFCCC). The Climate Change Expert Group oversees development of analytical papers for the purpose of providing useful and timely input to the climate change negotiations. These papers may also be useful to national policy-makers and other decision-makers. Authors work with the CCXG to develop these papers. However, the papers do not necessarily represent the views of the OECD or the IEA, nor are they intended to prejudge the views of countries participating in the CCXG. Rather, they are Secretariat information papers intended to inform Member countries, as well as the UNFCCC audience.

Members of the CCXG are those countries who are OECD members and/or who are listed in Annex I of the UNFCCC (as amended by the Conference of the Parties in 1997 and 2010). The Annex I Parties or countries referred to in this document are: Australia, Austria, Belarus, Belgium, Bulgaria, Canada, Croatia, Czech Republic, Denmark, the European Community, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, the Netherlands, New Zealand, Norway, Poland, Portugal, Romania, the Russian Federation, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, the United Kingdom of Great Britain and Northern Ireland, and the United States of America. Korea, Mexico, Chile and Israel are also members of the CCXG. Where this document refers to “countries” or “governments”, it is also intended to include “regional economic organisations”, if appropriate.

ACKNOWLEDGEMENTS

The authors would like to thank Lori Martinez for her background research, Jenny Calder, Mariana Mirabile and Willem Luijkx for their input; the following OECD and IEA colleagues for their helpful comments on previous versions of this draft paper: Gregory Briner, Simon Buckle, Jan Corfee-Morlot, Justine Garrett, Valérie Gaveau, Christina Hood, Raphaël Jachnik, Takayoshi Kato, Nicolina Lamhauge, Mariana Mirabile, Lauren McNicoll, Cécile Sangaré, Jens Sedemund and Guillaume Simon; as well as Neil Bird (ODI) and delegates from New Zealand, Sweden and the UK for their written comments. The authors would also like to thank delegates to the September 2016 CCXG Global Forum on the Environment and Climate Change for their suggestions.

The Secretariat would like to thank Australia (Department of Foreign Affairs and Trade), Belgium (Federal Public Service Health, Food Chain Safety and Environment), Canada (Environment Canada), the European Commission, Finland (Ministry of the Environment), Germany (Ministry for Environment, Nature, Conservation, Building and Nuclear Safety), Japan (Ministry of the Environment), Netherlands (Ministry of Infrastructure and Environment), New Zealand (Ministry for the Environment), Norway (Ministry of Climate and Environment), Sweden (Swedish Energy Agency and Swedish Environmental Protection Agency), Switzerland (Federal Office for the Environment) and the United States (Department of State), for their direct funding of the CCXG in 2016, and the OECD and IEA for their in-kind support.

Questions and comments should be sent to:
Jane Ellis
OECD Environment Directorate
2, rue André-Pascal
75775 Paris Cedex 16
France
Email: jane.ellis@oecd.org

All OECD and IEA information papers for the Climate Change Expert Group on the UNFCCC can be downloaded from: www.oecd.org/environment/cc/ccxg.htm
ABSTRACT

Enhancing transparency of climate finance under the Paris Agreement: lessons from experience

An enhanced transparency framework will be a central component of the post-2020 international climate policy regime under the Paris Agreement. This paper explores the issue of transparency of climate finance information in the context of climate finance goals under the United Nations’ Framework Convention on Climate Change (UNFCCC). The transparency framework of the Paris Agreement covers only a subset of climate finance, i.e. finance provided and mobilised by developed countries for developing countries, climate finance provided and mobilised by “other” countries for developing countries, as well as climate finance received by developing countries. This paper focuses on data collection, reporting and review of these elements, and explores how the transparency of information on climate finance provided and mobilised could be improved from current arrangements in order to meet the aims set out in the Paris Agreement.

Keywords: climate change, climate finance, UNFCCC, transparency

JEL Classification: F53, O44, Q54, Q56 Q58

RÉSUMÉ

Renforcer la transparence en matière de financement climatique dans le cadre de l’Accord de Paris : enseignements tirés de l’expérience


Mots-clés : changement climatique, financement climatique, CCNUCC, transparence

Classification JEL : F53, O44, Q54, Q56 Q58
# TABLE OF CONTENTS

- FOREWORD ................................................................................................................................. 2
- ACKNOWLEDGEMENTS .................................................................................................................. 2
- ABSTRACT ......................................................................................................................................... 3
- RÉSUMÉ ............................................................................................................................................. 3
- EXECUTIVE SUMMARY .................................................................................................................. 6
- 1. INTRODUCTION .......................................................................................................................... 9
- 2. CLIMATE FINANCE PROVIDED – DATA COLLECTION AND REPORTING ......................... 10
  - 2.1 Data collection .......................................................................................................................... 11
  - 2.2 Reporting on climate finance provided ....................................................................................... 14
    - 2.2.1 Existing guidance and experience – developed countries .................................................... 15
    - 2.2.2 Existing guidance and experience – other countries .............................................................. 17
    - 2.2.3 Existing guidance and experience – non-Party organisations ................................................. 21
- 3. PRIVATE FINANCE MOBILISED .................................................................................................. 21
- 4. CLIMATE FINANCE RECEIVED ............................................................................................... 24
  - 4.1 Monitoring information on climate finance received ............................................................... 24
  - 4.2 Reporting of climate finance received ......................................................................................... 26
- 5. REVIEW/CONSIDERATION OF INFORMATION ........................................................................ 30
  - 5.1 Review of information from developed countries ...................................................................... 30
  - 5.2 Consideration of information from developing countries ....................................................... 31
- 6. CONCLUSIONS ........................................................................................................................... 32
  - Transition to the new transparency framework for climate finance: reporting ......................... 33
  - Transition to the new transparency framework for climate finance: review ............................ 35
  - Implications for systems, institutions and capacity building ..................................................... 35
- REFERENCES .................................................................................................................................... 36
- ANNEX A: DEVELOPMENT ASSISTANCE COMMITTEE (DAC) .................................................. 39
- ANNEX B: REPORTING COVERAGE AND APPROACHES FOR PUBLIC BILATERAL CLIMATE FINANCE (2013-14) ........................................................................................................... 41
- LIST OF ACRONYMS ....................................................................................................................... 44
LIST OF TABLES

Table 1: Current coverage of collection, reporting, review/assessment of information on climate finance provided and mobilised .......................................................... 6
Table 2: Coverage of existing reporting channels for climate finance provided or mobilised and information needed to track progress to commitments in the Paris Agreement ................. 11
Table 3: Current inconsistencies/differences in reporting of information on support provided ........ 16
Table 4: Climate support provided by non-Annex I Parties .......................................................... 18
Table 5: Current challenges with tracking climate finance received .............................................. 24
Table 6: Current variations in reporting of information on finance received in BURs and options for providing guidance ................................................................. 28

LIST OF BOXES

Box 1: Country groupings relating to climate finance provision, mobilisation and reporting .......... 10
Box 2: Estimating and reporting future levels of climate finance ............................................... 14
Box 3: Terminology: Co-Finance vs Mobilisation ...................................................................... 23
Box 4: Challenges with matching information on outflows and inflows of climate finance ........ 30
Executive summary

Climate finance is an indispensable enabler of enhanced climate action. Transparency regarding the scale and type of climate finance provided and mobilised by developed and other countries, and received by developing countries, is important for national and international purposes. This paper explores climate finance information in the context of United Nations Framework Convention on Climate Change (UNFCCC)-related climate finance goals. It focuses on data collection, reporting and review, and how the transparency of information on climate finance provided, mobilised and received could be improved from current arrangements in order to meet the aims set out in the Paris Agreement.

International climate finance can be channelled in different ways, using different instruments, and by actors both within and outside national governments. This leads to significant data, institutional and resource challenges in tracking inflows and outflows accurately and comprehensively. It is therefore challenging to ensure that all climate finance is counted, while double counting is avoided. Multiple systems exist at the country and organisational level to collect information on climate finance, including in the UNFCCC context. These different systems are not always consistent or comparable with one another and the information they contain may not fully overlap with the information needed to identify progress towards climate finance commitments, including those in the Paris Agreement. However, encouraging relevant information-sharing from such systems could enhance the clarity and transparency of reporting of climate finance flows.

There is already considerable experience with collecting, reporting and reviewing some climate finance information communicated by individual Parties in the UNFCCC context, primarily bilateral climate finance provided by “Annex II” countries. The UNFCCC’s Standing Committee on Finance also produces a biennial assessment of overall climate finance flows. However, gaps remain in data collection and in UNFCCC reporting and review provisions (Table 1), particularly for mobilised private climate finance.

Table 1. Current coverage of collection, reporting, review/assessment of information on climate finance provided and mobilised

<table>
<thead>
<tr>
<th>Category / source</th>
<th>Collected by</th>
<th>Included in national reports to UNFCCC</th>
<th>Reviewed/ assessed under current UNFCCC provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Annex II</td>
<td>Other Annex I</td>
</tr>
<tr>
<td>Public, bilateral (direct)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>✓✓✓</td>
<td>✓✓</td>
</tr>
<tr>
<td>Public, multilateral (direct)</td>
<td></td>
<td>✓✓✓</td>
<td>✓✓</td>
</tr>
<tr>
<td>Export credits</td>
<td></td>
<td>✓✓✓</td>
<td>✓✓</td>
</tr>
<tr>
<td>Mobilised private, bilateral (direct)</td>
<td></td>
<td>✓✓</td>
<td>✓</td>
</tr>
<tr>
<td>Mobilised private, multilateral (direct)</td>
<td></td>
<td>✓✓</td>
<td></td>
</tr>
<tr>
<td>Mobilised private, (indirect, e.g. via policy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>interventions)</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Legend: ✓✓✓ = systematic; ✓✓ = partial (some countries); ✓ = occasional/brief; x = no; * - see Box 1.
The Paris Agreement has extended the current transparency system for support and explicitly addresses some existing gaps. Mandatory reporting requirements for climate finance provided have been extended from “Annex II” to “developed” countries. Review of climate finance provided will also extend to “developed” countries (rather than just Annex II countries, as at present), as well as to “other countries” if they report this information voluntarily. It is unclear from the Paris Agreement whether review of mandatory information on climate finance mobilised by developed countries is within the transparency framework, as this is not mentioned. Non-mandatory reporting provisions introduced in the Paris Agreement (in addition to the mandatory reporting requirements mentioned above) include reporting of climate finance provided by countries “other” than developed countries, and reporting of indicative climate finance to be provided and mobilised by developed countries.

At present, there are inconsistencies between countries, regarding what they “count” as climate finance. This means that different national reports of climate finance in the context of the USD 100 billion goal are not always comparable, complete or consistent. This in turn hinders the ability to produce a meaningful aggregate, e.g. in the context of the global stocktake.

Given the challenges in classifying and determining what “counts” as climate finance under the UNFCCC, the Paris Agreement transparency system could encourage the provision of information that is disaggregated. This would increase resource requirements for reporting, but would allow Parties and the international community to undertake a variety of assessments and analyses. Disaggregated reporting by Parties (and potentially also by other organisations) on a consistent and comparable basis to the UNFCCC would facilitate transparency, and could also help to fill current reporting gaps, such as reporting on mobilised climate finance. Transparency of climate finance information would be further facilitated if it is communicated in the form of a searchable database or worksheet (e.g. an Excel spreadsheet – as Annex I countries do when communicating annual emissions inventory data) rather than as tables within reports in PDF format as at present.

Certain actions can facilitate the transition to the new transparency framework before the new “modalities, procedures and guidelines” (MPGs) are agreed. These could include encouraging voluntary reporting (e.g. in Annex I national communications and biennial reports) of items that will become mandatory under the Paris Agreement (such as developed country reporting on mobilised climate finance). Further, early agreement among Parties on the precise aim and scope of the Paris Agreement transparency framework’s provisions on climate finance would facilitate upcoming work on developing the MPGs (e.g. whether the purpose as laid out in Article 13.6 is to provide clarity solely on “support provided and received”, and on the “aggregate financial support provided” or whether clarity is also needed financial support mobilised, which is an important part of the climate finance picture).

Significant efforts are being made by countries and organisations to improve the systems and institutions needed to collect country-specific climate finance information. However, such systems are currently still in the early stages of development in most developing countries. Both developed and developing countries face significant challenges in resolving the remaining gaps, particularly in reporting in a consistent and transparent way on private finance mobilised, and climate finance received. These challenges can be political and economic (e.g. agreeing and reporting on multi-year budgets for climate finance provided could require a significant change in country budget procedures for countries currently with single-year budgets), technical (e.g. establishing methods to quantify climate finance mobilised by policy interventions) and can also have significant resource and institutional implications (e.g. if the scope or frequency of data collection is expanded). Support for capacity building is needed to help developing countries to improve their domestic systems to manage and monitor climate finance received, track how it is being spent, and assess outcomes. Such support is explicitly envisaged in the Paris Agreement.
Reporting on mobilised private finance will become mandatory under the Paris Agreement and is a key challenge for developed countries, as few have experience in this area to date. Collective reporting of private finance mobilised bilaterally and/or of climate finance mobilised multilaterally could ensure consistency and help to avoid double counting - if there is consistency in terms of underlying methods and definitions. There has been some limited experience of collective reporting of mobilised climate finance (e.g. OECD, 2015a, which also addressed attribution of mobilised climate finance to different actors; MDBs, 2016). Further work would be needed if collective reporting of climate finance is to be taken forward in the UNFCCC context, as it could entail significant changes in the transparency framework, such as the reporting of information from non-Parties. There is some precedent of communicating climate finance information to the Conference of the Parties to the UNFCCC (COP) by non-Parties who are operating entities of the UNFCCC’s financial mechanism. The COP could provide relevant guidance regarding the information to be included in future reports, for example on quantifying mobilised climate finance in the context of the UNFCCC, which could increase the utility of such reports.
1. Introduction

Climate finance is an indispensable enabler of enhanced climate action. Such finance can come from domestic or international sources. Developed countries committed at the 16th Conference of the Parties (COP) to the UNFCCC to mobilise USD 100 billion per year by 2020 of climate finance for developing countries in the context of meaningful mitigation action and transparency on implementation. This commitment was reiterated in Decision 1/CP.21 (hereafter referred to as the Paris Decision), which indicates that funding will continue at this level until 2025, by which time a new target figure will be set. The transparency framework of the Paris Agreement covers only a subset of climate finance, i.e. finance provided and mobilised by developed countries for developing countries, climate finance provided and mobilised by “other” countries for developing countries, as well as climate finance received by developing countries. The Paris Agreement’s transparency framework does not cover climate finance from domestic sources.

Reporting information on climate finance provided, mobilised and received is important for national and international purposes. At the national level, it can help governments in countries that receive climate finance assess, among other things, whether climate finance is being channelled towards their priority sectors and activities, whether it is helping to mobilise private climate finance, and help to support improvements in systems and management of finance. Reporting information on public climate finance provided by donor country governments increases the accountability of these governments to their taxpayers. At the international level, it can help to build trust that developed countries are delivering on their climate finance commitments and so facilitate more ambitious climate action by developing countries over time.

Fulfilling climate finance reporting requirements can be challenging. In particular, as outlined in previous CCXG and other analyses, there are significant methodological challenges in estimating mobilised climate finance (Caruso and Ellis, 2013; Jachnik, Caruso and Srivastava, 2015), including assessing causality between a public intervention and mobilised private climate finance. Further, current climate finance reporting requirements under the UNFCCC contain inconsistencies and gaps (Ellis and Moarif, 2015). In addition, there can be significant capacity and institutional challenges relating to collecting and reporting information on climate finance received.

The climate finance transparency framework in the Paris Agreement encompasses reporting of climate finance provided, mobilised and received. It also encompasses the technical review of climate finance provided. This is an enhancement of the current framework, by requiring all developed countries (not just Annex II countries1) to report on climate finance provided and mobilised, extending the technical review of information on climate finance provided to all countries that include this in their national reports to the UNFCCC, and including the provision of finance within the “multilateral consideration of progress” for all Parties. The Paris Agreement also encourages all “other” countries that provide climate finance to report this information, and also encourages reporting of information on climate finance received.

The Paris Decision indicates that the modalities, procedures and guidelines (MPGs) for transparency that will be elaborated under the Paris Agreement will “build on and eventually supersede” those agreed at COP 16 and COP 17 (UNFCCC, 2015). This paper explores how to improve the transparency of information reported to the UNFCCC on climate finance provided, mobilised and received. The focus of the paper is on climate finance data collection, reporting and review, and how this could be improved in

---

1 Annex II countries are Australia, Austria, Belgium, Canada, Denmark, European Economic Community, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.
order to meet the aims set out in the Paris Agreement. Improving the transparency of domestic climate finance, methods for estimating climate finance, and establishing quantified estimates of climate finance flows are outside the scope of this paper.

The paper is structured as follows: Section 2 highlights issues relating to the collection and reporting of information on climate finance provided. Sections 3 and 4 discuss issues relevant to climate finance mobilised and received. Conclusions are highlighted in Section 5.

2. Climate finance provided – data collection and reporting

There is considerable experience in some countries with collecting and reporting information on climate finance provided for developing countries. In particular, reporting this information to the UNFCCC is mandatory for Annex II countries. This section reviews this experience in relation to climate finance and highlights implications for the transparency framework to be developed under the Paris Agreement. In particular, this section explores what would be needed from a transparency system in order to meet the stated aims in the Paris Agreement of providing “clarity on support provided … by individual Parties”, “to the extent possible, to provide a full overview of aggregate financial support provided, to inform the global stocktake”, and to ensure that information provided is “transparent and consistent”. The provisions in the Paris Agreement relating to climate finance provision are for “developed country Parties” (reflecting language of the Copenhagen Accord), as well as for “other parties” (see Box 1).

Box 1. Country groupings relating to climate finance provision, mobilisation and reporting

A variety of country groupings have been used to characterise country commitments relating to climate finance under the UNFCCC and associated agreements. These are not always consistent or clear.

The UNFCCC (1992) indicates e.g. in Art 12.3 and Art 4.3 that “developed country Parties and other developed Parties included in Annex II” shall provide financial support for developing country communication of information to the UNFCCC. Only the term “Annex II” is defined. Identical wording is used in the Kyoto Protocol (1997) regarding which Parties are to provide new and additional funding.

Reporting guidelines for Annex I National Communications, agreed in 1999 and still in use, refer to UNFCCC Art 12.3 but specify that it is only “Annex II” Parties who are to report on provision of financial resources.

The Copenhagen Accord and Cancun Agreements (2009 and 2010) indicate that “developed country Parties” commit to jointly mobilise USD 100 billion per year by 2020. “Developed country Parties” is not defined.

COP 17 (2011) reporting guidelines for biennial reports indicate that “Annex II” countries are to report on climate finance provided – reporting on finance mobilised is not mandatory. COP 17 outcomes also refer to UNFCCC Art 4.3 but say that it is “developed country Parties” who are to provide enhanced financial support.

The Paris Agreement and Decision (2015) indicate that “developed country Parties” shall provide and mobilise financial support for developing countries and communicate this information to the UNFCCC. “Other Parties” are encouraged to provide support, and “should” communicate this information.

---

2 The forthcoming 2016 Biennial Assessment of the UNFCCC’s Standing Committee on Finance (SCF) will cover these issues and include quantified estimates of climate finance flows.
2.1 Data collection

Several different types of information on climate finance will need to be collected in order to fulfil the reporting provisions of the Paris Agreement (Table 2). Meeting the reporting provisions on climate finance provided (mandatory for developed countries, non-mandatory for “other” countries), will require historical data on both bilateral and multilateral climate finance provided for developing countries. Fulfilling the reporting provisions on indicative future levels of climate finance will include projected future qualitative and quantitative information, where this is available (see Box 2).

Table 2. Coverage of existing reporting channels for climate finance provided or mobilised and information needed to track progress to commitments in the Paris Agreement

<table>
<thead>
<tr>
<th>Category</th>
<th>Source of climate finance</th>
<th>Annex I National Communications</th>
<th>Biennial Reports (CTF)</th>
<th>Multilateral Development Banks</th>
<th>OECD-DAC Creditor Reporting System</th>
<th>Potentially needed to meet Paris Agreement reporting provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public (direct)</td>
<td>Bilateral finance provided</td>
<td>✓ (new and additional)*</td>
<td>✓ (new and additional)*</td>
<td>✗</td>
<td>✓</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Climate finance provided to multilateral climate change funds</td>
<td>✓</td>
<td>✓</td>
<td>✓ - includes data from some sources</td>
<td>✓ - partial coverage</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Bilateral contribution provided to MDBs</td>
<td>✓</td>
<td>✓</td>
<td>n/a</td>
<td></td>
<td>No - outflows are more relevant than inflows</td>
</tr>
<tr>
<td></td>
<td>MDBs</td>
<td>n/a</td>
<td>n/a</td>
<td>✓</td>
<td>✓</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Contributions provided to specialised UN bodies and other multilateral organisations</td>
<td>✓</td>
<td>✓</td>
<td>✓ - includes data from some sources</td>
<td>✓</td>
<td>No - outflows are more relevant than inflows</td>
</tr>
<tr>
<td>Export credits</td>
<td>Officially supported export credits</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>Yes</td>
</tr>
<tr>
<td>Supplementary Party reporting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private (direct)</td>
<td>Mobilised through bilateral channels</td>
<td>✗</td>
<td>✓ - limited coverage</td>
<td>✗</td>
<td>✓ - limited coverage</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Mobilised by MDBs</td>
<td>✗</td>
<td>✗</td>
<td>✓ (since 2014)</td>
<td>✗</td>
<td>Yes</td>
</tr>
<tr>
<td>Private (indirect)</td>
<td>Finance mobilised by policy intervention</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>Yes</td>
</tr>
</tbody>
</table>

*Currently, Parties are required to provide an indication of what new and additional financial resources they have provided, and clarify how they have determined that such resources are new and additional

3 It is not clear whether this is a mandatory reporting requirement, as the Paris Agreement language includes qualifiers: “shall… communicate … as applicable, including, as available…”.
At present, there is no single system that collects all the climate finance data that would potentially need to be reported to provide transparency with respect to existing commitments under the UNFCCC or under the Paris Agreement (Table 2.). However, there are several systems or processes that collect some of the information required. Thus, the Common Tabular Format (CTF) agreed at COP 18 for developed country Parties includes tables for the provision of bilateral and multilateral public financial support (but does not include tables for information on climate finance mobilised). Further, the OECD’s Creditor Reporting System (CRS) allocates “Rio markers” to project-specific flows that are marked as having climate change mitigation and/or adaptation as a “principal” or a “significant” purpose. The CRS database collects information on climate-related Official Development Assistance (ODA) and other development finance provided by members of the Development Assistance Committee (DAC) and other non-DAC members who voluntarily report into the system, including MDBs.

Reporting to the CRS on climate is based on Rio markers, except for the MDBs, which report on climate components of larger projects in line with their joint approach (see e.g. MDBs, 2016). Although many Parties draw on Rio markers to report on climate finance to the UNFCCC, the figures derived from Rio markers may not be identical to the figures reported to the UNFCCC (see Annexes A and B).

The CRS database has standard, internationally-agreed definitions, categories and currency conversion rates, and collects both commitment and disbursement data. This project-level database covers bilateral and multilateral sources of finance and can be used to produce aggregate figures and to analyse climate-related development finance from various angles, e.g. mitigation/adaptation, financial instruments, recipients and channels of delivery. The CRS database is designed to avoid double counting, both across different providers and across project types (e.g. if a project addresses both mitigation and adaptation). Table 2 outlines what information is collected in selected climate finance systems or reports, and highlights how this fits with information needs under the Paris Agreement.

The OECD-DAC is also beginning to collect information on finance mobilised from the private sector by official development finance, including for climate-related activities. Three surveys were carried out by the DAC Secretariat between 2013 and 2015 with the objective of developing methodologies to report and measure in the DAC system, avoiding double counting. From 2017, reporting on amounts mobilised from guarantees, syndicated loans and shares in common investment vehicles will be included in the regular DAC data collection. A further survey, launched in July 2016, is pilot testing further methodologies for credit lines and investment in companies.

The EU Mechanism for Monitoring and Reporting (Regulation No 525/2013) also includes provisions for collecting information from EU member states (including those outside Annex II of the UNFCCC).

---

4 Total project costs are counted, but CRS data is always presented with principal scoring only (lower bound) and principal plus significant scoring (upper bound). The purpose of the Rio markers was originally to track the mainstreaming of environmental considerations into development co-operation rather than providing a quantification of finance.

5 Information in the CRS database includes (publicly-available) project-level data on climate-related development finance flows from 29 DAC members, three non-DAC countries, one private foundation, seven MDBs (the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the World Bank and the International Finance Corporation), and six other international organisations: the Adaptation Fund, the Climate Investment Funds, the Global Environment Facility including LDCF and SCCF, the International Fund for Agricultural Development, the Islamic Development Bank, and the Nordic Development Fund.

6 More information on the DAC work on measuring mobilisation, is available at www.oecd.org/dac/stats/mobilisation.htm.
However, such provisions are not mandatory. This regulation stipulates that “where relevant or applicable” under the UNFCCC, member states “shall endeavour to provide information on financial flows”.

The Multilateral Development Banks (MDBs) also collect information on the climate finance that they provide to developing countries, see e.g. MDBs, 2015 and 2016. Information is available on an annual basis from 2011, and encompasses climate finance provided to “developing and emerging economies” from MDBs’ own resources as well as from external resources channelled through MDBs such as via the Global Environment Facility (GEF) and Climate Investment Funds. Information on climate finance mobilised is available in the MDB’s latest report (MDBs, 2016).

However, the scope of climate finance information reported by MDBs is not limited to flows from “developed” to “developing” countries as generally understood under the UNFCCC, e.g. as part of the commitment to mobilise USD 100 billion per year (see Box 1). This is because MDB information also includes climate finance provided and mobilised to some Annex I countries (e.g. “EU11”, Russia, Ukraine, Belarus, Turkey). In addition, MDB information focuses on the climate component of a larger project (which means that the total costs of mitigation projects are often counted, whereas only incremental costs are counted for adaptation projects). Further, the MDB data do not quantify how much of the mobilised climate finance should be attributed to developed countries. The MDB methodology, by focussing on specific climate components, differs from the CRS Rio markers, which capture total project costs. The MDBs and the International Development Finance Club (IDFC) have also established common principles for climate finance tracking for mitigation (MDBs and IDFC, n.d.) as well as adaptation (MDBs and IDFC, 2015). The principles consist of a set of common definitions and guidelines including the list of activities.

Other existing initiatives aiming to improve transparency of climate finance include that of the International Aid Transparency Initiative (IATI). This is a publishing standard that aims to make data on aid “easier to use, access and understand” (IATI, 2016a). Data from more than 480 organisations – many not working on climate, but some working specifically or partially on climate issues, such as the Adaptation Fund and Agence Française de Développement – is available. In theory, the dataset allows searches via a “policy marker” (such as climate). However, very few activities in the database have been tagged as climate relevant. This means that in order to assess whether information in the IATI database is

---

7 The International Development Finance Club (IDFC), which consists of 23 national, bilateral and regional development banks also collects and reports on “Green Finance”. This finance is mostly directed towards climate change, but also includes finance for other environmental issues (e.g. biodiversity, soil degradation). The methodology used to track climate finance provided for adaptation differs both from the OECD-DAC and MDB methodology. The IDFC does not currently track climate finance mobilised.

8 Defined by MDBs (2015) as: Bulgaria, Croatia, Cyprus*, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia.

* Footnote by Turkey: The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

* Footnote by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

9 This number is not calculated on the same basis as the number of those reporting to the DAC CRS database. Firstly, many aid providers listed do not provide climate finance (e.g. Haiti Hospital Appeal). Secondly, the DAC CRS database counts all donors from different French government ministries and agencies as “France”. IATI counts individual government ministries and agencies. Thirdly, the IATA number also includes individual organisations that report on development finance received; the DAC CRS database focuses on providers.
climate relevant, database users would need to examine and assess each individual project (IATI, 2016b). Further, information on the level of funding associated with a specific activity is also not always available. This limits the usefulness of IATI datasets at present.

In addition to existing systems, a new system for tracking total official support for sustainable development (TOSSD) is being planned (OECD, 2016c). This new system, being developed in the context of the Sustainable Development Goals, aims to measure “cross-border” finance, i.e. all officially supported resource flows in support of the objectives of the Sustainable Development Goals. Proposals are for TOSSD to include information on ODA flows (as captured by the OECD’s CRS database) and also include information on a wide range of financial instruments, from all providers, e.g. including South-South cooperation and multilateral institutions, as well as to possibly include resources mobilised (not just resources provided, as in ODA). The framework is still under development, and a TOSSD Compendium has been available for public consultation, which raised the issue of TOSSD possibly “tagging” expenditures as climate-relevant. As the TOSSD framework is to be agreed by mid-2017, inputs from the international community can contribute to ensuring that TOSSD is defined in a way that, if desired, is helpful to tracking progress on climate finance commitments.

2.2 Reporting on climate finance provided

Reporting provisions on climate finance provided have been strengthened in the Paris Agreement. The main changes relating to reporting of climate finance are that: this reporting is to cover support “mobilised” as well as provided; it is now mandatory for all “developed” countries (not just Annex II countries) to report on support; and that “other” countries providing support are also encouraged to report on this information. The Paris Agreement also indicates that developed countries are to biennially communicate indicative information, as available, on climate finance “to be provided” (Box 2).

Box 2. Estimating and reporting future levels of climate finance

Article 9.5 of the Paris Agreement indicates that developed countries shall communicate biennially, as available, “projected levels of public financial resources to be provided to developing country Parties”. The estimation of projected financial support for a specific area can be challenging, particularly for countries with annual budget cycles. Requests for such information in different contexts have faced methodological and practical challenges. The DAC Survey on Forward Spending Plans is the only regular process that collects information about projected levels of public finance. The survey tracks country programmable aid (CPA).

Only a limited number of countries are able to provide quantitative ex-ante information of financial support. In 2014, only 12 of 29 DAC countries publicly provided indicative spending plans of CPA for the next three years. Estimates of future funding levels tail-off significantly over the three-year period, also due to fewer countries being able to report; even estimates for spending in 2014, as reported in 2014, reached only approximately a third of the CPA actually provided in 2014. More specific estimates of future spending are even rarer: only one-third of respondents could provide estimates of climate-specific finance for the upcoming year.

However, requests to provide qualitative information have met with greater success. In 2013, almost all (27 of 29 DAC members) were able to provide qualitative information on future aid allocation, for example relating to development budget frameworks and priority recipients.

10 CPA represents the part of aid that is subjected to country or regional allocation decisions by donors and therefore represents the portion of ODA over which recipient countries could have influence. CPA has also been proven to be a good approximation of the aid flows appearing in countries’ own aid information systems.

11 Detailed information can be found at OECD (2014).
2.2.1 Existing guidance and experience – developed countries

Reporting on support has been a mandatory part of Annex II countries’ national communications since reporting guidelines for national communications were agreed for them in Decision 4/CP.5 (UNFCCC, 1999). At COP 16 in 2010, reporting provisions for Annex II countries on climate finance were extended to become more frequent via biennial reports. As previous analysis has shown (Ellis and Moarif, 2015), the guidelines for reporting climate finance information in national communications and biennial reports overlap significantly, but are not a complete match with each other nor with the coverage of the USD 100 billion per year commitment. Further, current reporting on climate finance is only mandatory for a subset of developed countries (Annex II) and a subset of climate finance (provided, but not mobilised).

Decisions taken in the UNFCCC context have helped to improve the frequency and transparency of climate finance information reported. For example, the Common Tabular Format (CTF) reporting tables, agreed at COP 18 in 2012 and updated at COP 21 in 2015 (decision 9/CP.21), clarify the temporal scope of information to be provided in developed countries’ biennial reports, include specific line items on individual climate funds such as the Green Climate Fund (GCF), and acknowledge that some climate finance contributions can respond to both mitigation and adaptation. The UNFCCC’s Standing Committee on Finance also produces a biennial assessment of climate finance flows.

The Paris Agreement indicates that information on support provided should be “transparent and consistent”, as well as to “provide clarity on support provided … and, to the extent possible, to provide a full overview of aggregate financial support provided …”. An overview of financial support provided would deliver information on trends in public climate finance provided by developed and “other” countries, and would also offer a partial picture of developed countries’ progress towards the USD 100 billion climate finance commitment. In order to be able to provide this overview, either information from individual Parties would need to be aggregated, or aggregate information on climate finance would be needed from elsewhere (e.g. organisations, financial institutions, UNFCCC bodies such as the SCF). Aggregating country-specific information would provide clarity if the information being aggregated were monitored and reported on a comparable basis.

The CTF tables developed at COP 18 do help to improve the clarity and consistency of information communicated by Parties on climate finance provided, especially at a bilateral level. However, some inconsistencies remain in information communicated by Parties via the CTF, particularly for climate finance provided to multilateral organisations. For example, some countries report their entire contribution to multilateral organisations, whereas others impute the climate-specific portion of their total contribution to multilateral organisations. If being “consistent” includes consistency across different countries (as well as being internally consistent), then significant changes in monitoring and reporting will be needed. The UNFCCC’s most recent compilation and synthesis of Annex I Parties’ national communications indicated that “there was no common approach in terms of the methodologies used by Annex II Parties in defining and tracking climate finance from both a qualitative and a quantitative perspective” (UNFCCC, 2014).

---

12 For emissions inventories, “consistency” is defined as being internally consistent (UNFCCC, 2011). No definition of consistency is provided in the Paris Agreement or associated decision.
Table 3: Current inconsistencies/differences in reporting of information on support provided

<table>
<thead>
<tr>
<th>Issue</th>
<th>Ease of resolving issue</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biennial Report – Data interface(^{13}) not consistent with data in CTF or BR</td>
<td>High</td>
<td>The data interface is missing some information (e.g. Slovakia includes information on climate finance it provides in its CTF but the amounts provided are missing from the data interface). Enabling the UNFCCC to do a quality control of information on data interface could reduce these errors.</td>
</tr>
<tr>
<td>Internal inconsistencies (within BR, or between BR/CTF)</td>
<td>High</td>
<td>The totals provided in BRs are not always consistent with the sum of disaggregated information. Information presented by countries in their BR and accompanying CTF is not always consistent.</td>
</tr>
<tr>
<td>Currency, exchange rate</td>
<td>High</td>
<td>If countries indicate what currency/exchange rate has been used, data can easily be converted to a different currency, or using a different exchange rate if required.</td>
</tr>
<tr>
<td>Regional definitions</td>
<td>High</td>
<td>Regional definitions can vary, e.g. some countries include climate finance provided to Turkey (Annex I) in their climate finance figures. If countries report data on climate finance provided/mobilised by recipient country, data can be re-aggregated to examine flows to different regional definitions, if required.</td>
</tr>
<tr>
<td>Climate-relevant and/or climate-specific</td>
<td>Medium</td>
<td>Some countries report financial information only on activities which have climate change as their principal focus – this skews flows towards mitigation activities. Others include projects where climate change is a consideration, although not the main focus. Some countries apply a coefficient to funds that were used for an activity only partially focused on climate issues (see Annex B).</td>
</tr>
<tr>
<td>Solely ODA, or also Other Official Flows (OOF)</td>
<td>Low</td>
<td>Some donor countries count solely concessional flows in their climate finance figures. Others include non-concessional but climate-relevant OOF (OECD, 2015) (see Annex B).</td>
</tr>
<tr>
<td>Whether “provided to multilaterals” includes all contributions, or climate-specific</td>
<td>Medium</td>
<td>There seems to be inconsistency in how different countries interpret the current guidance regarding finance provided to multilaterals. As noted in OECD (2015a), some countries include their entire contribution to multilaterals, whereas others include only the climate-relevant component.</td>
</tr>
<tr>
<td>Commitments vs disbursement</td>
<td>High</td>
<td>There can be significant time lags between commitments and disbursements. In order to ensure consistency in data it would be helpful if countries clarified what they are reporting on.</td>
</tr>
<tr>
<td>Different coverage</td>
<td>Low</td>
<td>CRS includes information for concessional climate-relevant development assistance. For some providers, the amount of new and additional climate finance as presented in their BR is significantly lower than the total levels of climate-relevant ODA reported to CRS. The Paris Agreement does not mention “additional” climate finance.</td>
</tr>
<tr>
<td>Type of finance instrument used</td>
<td>High – if agreement to tag instrument type</td>
<td>At present, different countries include different financial instruments in their estimations of national climate finance provided and mobilised. Further disaggregation in reporting by individual instrument (e.g. grants, concessional loans, non-concessional loans, guarantees) would allow data to be re-aggregated if necessary, although could increase the reporting burden.</td>
</tr>
<tr>
<td>Activity eligibility, e.g. efficient coal</td>
<td>Low</td>
<td>A few developed countries (e.g. Australia and Japan) are of the view that financing of high-efficiency coal plants should count towards climate finance (OECD 2015).</td>
</tr>
</tbody>
</table>

\(^{13}\) In order to facilitate searching information across topics, the UNFCCC include information submitted by developed countries in their biennial reports in a “biennial report data interface” (searchable on UNFCCC website).
There are two ways to improve the consistency and transparency of climate finance information submitted to the UNFCCC. The first is to request countries (and any other reporting entities) reporting on support provided and mobilised to do so using e.g. the same scope, definitions, methods and conversion factors. This would allow for information to be aggregated in order to provide an overview of aggregate financial support. However, as noted in Table 3, there are currently significant (and sometimes strongly-held) differences between countries on some of these issues, rendering the possibility of agreement unlikely. A second way of improving transparency and consistency of information submitted to UNFCCC on support provided and mobilised would be if countries reported highly disaggregated data (e.g. by recipient country, type of flow). This would allow for users to identify specific areas of interest (e.g. climate finance for Least Developed Countries) and aggregate the raw data. Reporting at such a disaggregated level is already done in the CRS database. However, this database is not currently designed to provide transparency on which projects a donor reports to the UNFCCC. There can be significant differences in what countries report to CRS and to the UNFCCC (see Annexes A and B).

There are no agreed definitions of climate finance under the UNFCCC, as different countries have varying, and often strongly-held, views i.a. on the activities and instruments that should be counted as climate finance. For example, some countries include climate-relevant Official Development Assistance and “Other Official Flows” in their estimates of climate finance provided; others include just ODA.\(^{14}\) In addition to these differences in the scope and coverage of climate finance, reporting on support provided is not consistent across countries (Table 3). For example, in some cases, countries apply a coefficient to the total amount of finance provided to multilateral institutions, corresponding to the share of resources disbursed by the multilateral financial institution or development bank that are climate-relevant. Despite recent agreements on some methodological aspects by a group of donor countries (TWG, 2015), there remain considerable inconsistencies between different countries with respect to what they count as climate finance (see e.g. Annex B and Table 3). The ease of resolving these inconsistencies varies: some are purely technical, and not contentious to overcome (e.g. exchange rates). However, inconsistencies relating to subjective views on coverage or definitional issues could be significantly more difficult to harmonise.

In practice, the majority of non-Annex II Parties that are also Annex I Parties already provide climate finance and report this information, whether as members of the OECD DAC (e.g. Poland, Czech Republic), under the EU monitoring mechanism regulations (e.g. Latvia), or in their national communications and biennial reports (e.g. Russian Federation). All Annex II Parties are also members of the OECD DAC, as are four further Annex I Parties, and as such use Rio markers to “tag” the amount of bilateral ODA used for climate change mitigation and adaptation, and report this information under the CRS. All EU member countries (many of whom are non-Annex II) are beginning to report information on climate finance under EU monitoring regulations (as outlined above), as well as to the OECD DAC.

2.2.2 Existing guidance and experience – other countries

The Paris Agreement encourages “other Parties” to provide or continue to provide financial resources voluntarily, and encourages them to report on support provided and mobilised for developing country Parties (Articles 9.2, 9.7). The transparency framework set out in Article 13 of the Paris Agreement also provides for voluntary reporting of information on the provision of support by “other Parties”.

Several non-Annex I countries provide financial and other support for climate-related activities in developing countries, though this is not an obligation under the UNFCCC. In their biennial update reports

\(^{14}\) “Other official flows” (OOF) for the OECD DAC are transactions by the official sector which do not meet the conditions for eligibility as ODA, either because they are not primarily aimed at development, or because they have a grant element of less than 25%. OOF are not regularly screened or tracked for their climate relevance (reporting Rio markers on OOF is not mandatory).
(BURs), Ghana and Mauritania indicate receiving climate finance from other developing countries, and three countries (Israel, Republic of Korea, Singapore) indicate in their BURs that they provide bilateral climate support. While Israel and Singapore did not quantify the finance provided, Korea reported providing USD 186.24 million of climate finance in 2013. Separately, in the CRS database, Korea has reported providing USD 224 million, and the United Arab Emirates (UAE) USD 257 million, in climate-relevant ODA in 2014. Several developing countries have also provided or pledged multilateral support via contributions to the GCF and the GEF. The seven countries listed in Table 4 provided 27.4% of the GEF 5 replenishment (2010-14), approximately USD 1.19 billion. For the GCF’s initial resource mobilisation (2015-18), the countries listed have each provided between USD 44 000 and USD 100 million, depending on their relative capacities.

Table 4. Climate support provided by non-Annex I Parties

<table>
<thead>
<tr>
<th>Source</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD DAC CRS database(^{15}) or reporting at disaggregated project level</td>
<td>Republic of Korea (DAC member); United Arab Emirates (voluntary reporting)</td>
</tr>
<tr>
<td>Biennial update reports</td>
<td>Israel; Republic of Korea; Singapore</td>
</tr>
<tr>
<td>List of donors to GEF(^{16})</td>
<td>Brazil, China, India, Mexico, Nigeria, Pakistan, South Africa,</td>
</tr>
<tr>
<td>List of countries that are donors to the GCF</td>
<td>Signed: Chile, Indonesia, Mexico, Panama, Korea Pledged: Colombia, Mongolia, Peru, Vietnam</td>
</tr>
</tbody>
</table>

Source: DAC database; BURs of Israel, Korea and Singapore; GEF, 2016; GEF, 2014; GCF, 2016.

In addition, at COP 20 in Lima, China announced the establishment of a special South-South Climate Co-operation Fund, endowed with CNY 20 billion (around USD 3.1 billion) (Hongqiao, 2014; Xinhua, 2015). The IDFC (2015) also indicated that its member development banks in non-OECD countries committed USD 3.1 billion in 2014 to mitigation and adaptation projects in other non-OECD countries. Developing countries have also been active in establishing multilateral organisations that could contribute to climate finance. In May 2016, the New Development Bank, established and funded by Brazil, Russia, India, China and South Africa, approved its first set of loans totalling USD 811 million in support for renewable energy projects in India, China and Russia, and created a USD 300 million credit line for renewable energy projects in Brazil (Roychoudhury and Vazquez, 2016).

One of the Paris Agreement’s objectives is for all finance flows to be consistent with a low-GHG and climate-resilient development pathway (Article 2.1c). Improved clarity on all climate finance flows is needed to assess progress towards this objective. One element of this will be greater transparency around finance being provided, mobilised and received from all countries. However, there are reasons why reporting on finance provided by all governments has not and does not systematically take place. In the context of the UNFCCC, the primary reason is that providing finance and other support to developing countries has been a specific obligation for Annex II and other developed country Parties (generally interpreted as referring to other Annex I Parties). While other countries have and do provide such support, reporting this information has been seen by some as diluting the obligation of developed countries.

\(^{15}\) Showing project-level data for activities targeting global environmental objectives, including climate change mitigation and adaptation.

\(^{16}\) Annex I and Annex II countries report this information in their Biennial Reports. Korea is also not listed as a non-Annex I country here, as it is assigned a basic contribution share as part of replenishment GEF cycles. Some share of these resources could be used for climate-related purposes.
More broadly, information on the provision of public finance for climate purposes from developed countries has largely centred on development assistance, which can be more easily monitored. Some developing countries also provide development assistance, as discussed below, though these amounts are not systematically measured or tracked; systems for doing so have to date been developed by and for “traditional” developed country public finance providers (Dreher et al., 2015). It can also be difficult to monitor this information; developed countries have taken many years to establish systems that allow them to better track financial flows, let alone those targeting climate change action in developing countries. Even then, such tracking has generally been limited to public resources aimed at development; broadening the coverage to other financial flows and private climate finance can be complex.

Nevertheless, greater transparency on climate finance flows between developing countries would be beneficial, even if such reporting remains voluntary, as these flows represent a significant volume of funds. In 2013, CPI tracked USD 10 billion in climate finance flows between non-OECD countries (Buchner et al., 2014). In 2014, eight non-Annex I countries provided development co-operation funding of more than USD 500 million, led by Saudi Arabia and the UAE; for most countries, it is not clear what share of these resources is being used for climate purposes. Given their importance, having more clarity on these flows would allow for a better overview of where and how support is being provided.

There is currently no systematic reporting of information on international financial support for climate mitigation or adaptation provided by developing countries, though the Standing Committee on Finance will review information available in its 2016 biennial assessment and overview of climate finance flows. Some developing countries are starting to report on financial support provided for development purposes more systematically, via bilateral or multilateral flows, for example in publicly-available government documents (e.g. Brazil, Mexico) or through reporting to the OECD DAC (e.g. Korea, UAE). In 2014, the OECD estimated the development co-operation flows of the seven non-DAC and non-OECD developing countries that do report to the DAC at USD 19.4 billion. It also estimated development co-operation flows of ten countries that do not report to the DAC at USD 7.5 billion, drawing on publicly-available information. This information is often incomplete, as some providers do not specify which countries financial resources are flowing to, or do not provide this information on an annual basis. Bilateral development co-operation from providers who are not “developed” countries may choose not to publicly report information for various reasons, including the lack of systems in place to collect such statistics, or fear that providing assistance could make them ineligible to also receive development co-operation – though this is not the case (OECD, 2015b).

Information is needed at a disaggregate level in order to assess whether any funds channelled for development purposes also address climate change mitigation or adaptation. Some countries are beginning to report development co-operation figures at a more disaggregated activity level (e.g. Kazakhstan and Kuwait; OECD, 2016a). This could make it easier to identify climate-relevant flows, as the data specifies the resources directed to specific sub-sectors, such as waste management, rail transport, renewable energy, or forestry management. Other than the UAE, most non-DAC developing countries do not provide project-level information that would indicate whether finance was used for climate change purposes.

Official and unofficial information on development-centred flows is also tracked by non-governmental organisations, particularly on finance provided by China, which provides significant volumes of

---


18 The OECD has estimated amounts flowing through the development co-operation programmes of ten developing non-DAC countries. In addition, 20 countries that are not DAC members also provide the OECD with data, including nine non-Annex I countries. Data and information are available at www.oecd.org/development/stats/non-dac-reporting.htm
development finance (Gallagher, Kamal and Wang, 2016). For example, AidData gathers information on financial flows provided by China, Saudi Arabia and Qatar to other developing countries; for China, some limited information is available at the project level. Gallagher, Kamal and Wang (2016) used information on Chinese development bank finance in Latin America and Africa, to analyse project-level data on USD 128 billion in energy finance provided by the China Development Bank and the Export-Import Bank of China from 2005 to 2014. They find the banks provide finance to all regions of the world and help to expand access to finance for energy, since borrowing countries generally do not overlap with World Bank borrowers. They also find that 80% of all energy finance is for power generation, of which 66% is in the coal sector, and 27% in the hydropower sector. Recent IEA analysis (2016) has also found that Chinese companies operating as the main contractor were responsible for 30% of new electricity capacity additions in sub-Saharan Africa from 2010-15, contributing to improved access to electricity.

Some reporting formats used by Annex II countries in their biennial reports on climate finance could be used more broadly by all countries, particularly on climate finance delivered through multilateral channels. In the revised CTF tables related to provision of finance (FCCC/CP/2015/10/Add.2), CTF table 7a asks Parties to list both “general” and “climate specific” financial support provided to multilateral funds, banks and institutions. Several developing countries do contribute to multilateral channels, with development-oriented contributions from ten countries averaging USD 1 billion per year from 2012-14 (OECD, 2016b). Where such flows are not climate specific, a similar method could be used by all countries to apply a coefficient corresponding to the share of resources disbursed by the multilateral institution that are climate-relevant. As currently, countries would need to explain how they define funds as being climate specific.

In other cases, reporting guidance and reporting tables may need to use different terminology to encourage and allow for “other” countries to report this information. CTF table 7b asks countries to report on the provision of public financial support through bilateral (and other) channels. Both tables 7a and 7b list options in the “funding source” column as ODA, OOF and other (which is to be specified). It also uses the term “recipient” for the country, programme or activity the funds are being channelled to. Such terms may be less relevant for developing countries that provide support, given the different nature, modalities and responsibilities applicable to South-South co-operation. Countries are not viewed as donors and recipients, but providers and partners. Not all countries agree with the “boundaries” of ODA and OOF as defined by the OECD or view them as applicable (OECD, 2015b; Walz and Ramachandran, 2011). Several developing countries view their financial support as horizontal co-operation activities between countries providing assistance to each other as partners, including through emphasising investment in productive sectors (notably infrastructure), technical co-operation and training.

The reporting tables could be made more applicable to all countries by not using specific terminology such as ODA and OOF, but asking for information on, for example, trans-boundary flows relevant to climate change. This would recognise the contribution of other climate finance providers that do not necessarily provide funds that match these definitions or specific categories. Developed countries could further specify the nature of the funding source, in a manner consistent with previous reporting by Annex II Parties, e.g. as ODA, OOF or other, or using their own terminology accompanied by sufficient explanations, along with

---

19 Searching for “climate change” among the projects listed on http://china.aiddata.org/ yields 38 projects, including several that were inactive or not in fact projects.

20 Most power facilities built by Chinese companies are financed by Chinese stakeholders, essentially through public lending from the Export-Import Bank of China.

21 Brazil, Chile, China, Colombia, Costa Rica, India, Indonesia, Mexico, Qatar and South Africa.

22 Note that OECD DAC members also use the terminology of partners rather than recipients.
the type or types of financial instruments used (e.g. grants, commercial loans, equity or concessional loans).

Besides the use of more open terminology, some basic information could be reported by all providers of climate finance, such as amounts committed and disbursed, exchange rates used, information on where the funds are flowing from/to (e.g. national or sub-national government, other organisation), and the financial instrument used (with country-specific explanations, for example of what is meant by a concessional or non-concessional loan) (e.g. Table 3).

Where developing countries do provide finance relevant to climate change mitigation and/or adaptation, greater transparency of these flows would of course be welcome. Over the past several years, improved transparency of public climate finance provided by developed countries and multilateral development banks has helped with understanding what types of projects and sectors are being financed, in which countries, and to which actors they are being channelled (OECD, 2015a). Having a more complete overview of such information would help identify gaps, needs and ways to improve the provision of funds.

2.2.3 Existing guidance and experience – non-Party organisations

Although it is Parties who are bound by the provisions of the UNFCCC and the Paris Agreement, some climate finance organisations that are part of the UNFCCC’s financial mechanism are also asked to report climate finance information to the UNFCCC (Article 11 of the UNFCCC). For example, Decision 12/CP.2 stipulates that the Global Environment Facility is to submit annual reports to the Conference of the Parties that “should” include a financial report with information on the “financial resources required” for projects under implementation and approved. Decision 5/CP.19 also stipulates that the Green Climate Fund “is to” submit annual reports to the COP, and that these “will” include “information on all activities financed” by the GCF. Thus, climate finance information is included by these entities in their annual reports to the COP. However, the COP has not (to date) provided specific guidance on what financial information to report, and how. While most COP requests for information to GEF are couched in quite tentative terms (e.g. Decision 1/CP.20 requests and encourages specific actions or reports from the GEF), others are stronger (e.g. Decision 8/CP.10 “urges” the GEF to do specific actions). Thus, the COP could potentially make more specific information requests from the GEF and GCF, e.g. to report on climate finance mobilised for developing countries. This could facilitate information-gathering.

Selected international financial institutions also report on the climate finance that they provide and/or mobilise. However, these reports are not officially submitted to the UNFCCC. As previously indicated, multilateral development banks issue an annual report on the climate finance that they provide and mobilise. The IDFC also issues an annual report on “green finance”. As the MDBs (as well as all other entities that have been accredited under the Adaptation Fund and GEF) are all accredited entities of the GCF, it may be that future guidance from the COP to the GCF could be transmitted by the GCF to encourage its accredited entities to report specific information and/or in a specific manner.

3. Private finance mobilised

Mobilised private finance comprises three sub-components: private finance mobilised by bilateral sources, mobilised by multilateral sources, and mobilised by policy-related interventions. There is much less experience with reporting and review of mobilised private climate finance than with public climate finance provided. Reporting of mobilised private finance will, however, become mandatory under the Paris Agreement, which stipulates that developed country Parties “shall provide transparent and consistent information on support for developing country Parties … mobilised” (Article 9.7). However, the Paris
Agreement does not explicitly include provisions for reviewing this information; Article 13.11 indicates that only information on climate finance provided will be subject to a technical expert review.

The extension of mandatory reporting requirements to mobilised climate finance is a significant change to current reporting requirements, which request (but do not require) Annex II countries to report on climate finance “leveraged” by bilateral climate finance. Reporting on private finance mobilised by multilateral sources, or indirectly mobilised by policy interventions, is not mentioned in current reporting requirements for biennial reports from any country grouping.

There are considerable methodological and data challenges relating to estimating mobilised private finance (see e.g. Jachnik, Caruso and Srivastava, 2015; OECD, 2015a). To date, some donor countries have commissioned and completed pilot studies to make initial estimates of the levels of private climate finance that they mobilised from their bilateral public climate finance (e.g. Abeillé et al., 2015, for France; Torvanger et al., 2015, for Norway). A recent Danish study made an initial estimate of the levels of climate finance they mobilised through both bilateral and multilateral public climate finance channels (Mostert et al., 2015). However, due to the pilot and preliminary nature of these studies, the results have not been used by countries in the context of the biennial reports to the UNFCCC – with the exception of France. More generally, only four countries (Canada, Finland, and Japan in addition to France) have included quantified estimates of total private climate finance mobilised in their second biennial reports (BR2), and a fifth (Sweden) has included some quantified examples.

In parallel to these country-specific estimates, the OECD-DAC is working to increase its coverage of climate finance mobilised by specific public finance instruments and mechanisms (as outlined in Section 2.1). With the aim of ensuring synergies and a convergence of approaches with the climate finance community, this work is being conducted in close collaboration with the Research Collaborative on Tracking Private Climate Finance.

One of the issues complicating the estimation and reporting of accurate levels of mobilised private finance by individual Parties is that some climate finance may be jointly mobilised by multiple actors collaborating on and/or co-funding an individual project. If each donor individually reported all the private finance mobilised for a given project, then significant double counting could result.

Collective reporting of climate finance mobilised could reduce the risk of double counting, providing that those involved in such collective reporting apply consistent definitions and methodologies. The Paris Agreement language “developed country Parties shall provide” (e.g. in Article 9.7) could be interpreted as including such a possibility, as it contrasts with language elsewhere in the agreement, that requires “each Party” to e.g. communicate a nationally determined contribution, engage in adaptation planning, and provide a national inventory report. While reports to the UNFCCC are required from and prepared by individual Parties and the EU, some individual countries’ BR2s (e.g. Germany, Switzerland, Sweden, US) indicate that donors have developed a methodology to report jointly on mobilised private climate finance (Technical Working Group, 2015) and intend to, in the future, submit a joint report on mobilised climate finance. The Paris Agreement indicates that “developed country Parties shall provide … information on support … mobilised…”, but does not specify that this has to be via individual reports.

---

23 Article 13.6 indicates that the purpose of transparency of support is to “provide clarity on support provided and received by relevant individual parties”, but does not mention climate finance mobilised.

24 Climate finance reported in EU biennial reports is from the EU budget (i.e. does not include climate finance provided or mobilised by member states).
Any future use of collective reporting on selected issues to the UNFCCC may require changes in how information is reported to the UNFCCC, as well as how such information is presented on the UNFCCC website. Firstly, clarity is needed regarding the coverage of collective versus individual reporting. Secondly, communication to the UNFCCC of collective reports would need some changes regarding who would be authorised to submit any collective reports, and how these reports would be represented alongside individual country reports in order to provide a complete picture of information reported. Further, specific reporting tables may be needed for collective reports.

Another issue impeding the transparency and consistency of reports on mobilised private finance is that the CTF tables only include items where climate finance reporting is mandatory. Thus, they omit all three sources of mobilised private finance. Improved reporting would be facilitated if current CTF tables were revised, or new (voluntary) CTF tables developed to include reporting items that will become mandatory once reporting starts under the Paris Agreement.

Significant levels of private finance can be mobilised via multilateral channels. OECD (2015a) highlighted the level of private finance mobilised attributable to multilateral public climate finance, and the joint MDBs climate finance report (MDBs, 2016) includes an aggregate estimate of total public and private co-finance associated with MDB climate finance (see Box 3 for a discussion on terminology). At present, individual Parties report on their contributions (i.e. climate finance provided) to MDBs, but not on private finance mobilised by the finance they channel through MDBs. Further, as MDBs are not Parties to the UNFCCC, they do not have reporting obligations under the UNFCCC (although they are accredited entities of the GEF and GCF, which are to report annually to the COP). It is therefore unclear how any quantified, collective estimates of climate finance reported by MDBs would feed in to the UNFCCC process.

**Box 3. Terminology: Co-Finance vs Mobilisation**

“Co-finance” is used when two or more institutions finance a single project. Private co-financing refers to the amount of private sector finance directly associated with public finance in order to fund a specific project.

“Mobilisation” refers to the role that public interventions play in increasing the amount of finance to given projects. Publicly-mobilised private finance introduces the notion of causality between public interventions and the private finance claimed to be mobilised as a result. Claiming mobilisation therefore implies a causal link that goes beyond just co-finance. However the term “causality” remains open to multiple interpretations.

The language within the Paris Agreement refers to support “mobilised through public interventions”. Public interventions could refer to public finance interventions, such as loans or de-risking instruments, or to public policy interventions, such as feed-in tariffs for renewable energy. The mobilisation impact of public finance interventions are more easily quantified than that from public policy interventions, due to the difficulties involved in demonstrating causality between policy interventions and any private finance claimed as mobilised as a result of this intervention. The results of public policy interventions are often classified as “indirect mobilisation” or “catalytic effects”.

Neither OECD (2015a) nor MDBs (2016) include estimates of climate finance mobilised by policy interventions. Work on how such an assessment could be made is currently being explored under the OECD-led Research Collaborative on Private Climate Finance. Estimating private finance mobilised by policy interventions is complex, and would need methodologies to explore how to assess causality in this context, including over time and towards minimising increased risks of double counting (see e.g. Brown et al., 2015, for a discussion as it relates to adaptation).
4. Climate finance received

In the context of the UNFCCC, non-Annex I countries have been asked to report on financial resources received in their biennial update reports, which they began submitting in 2014. The transparency framework set out in the Paris Agreement also aims to provide clarity on support received by relevant individual Parties in the context of implementing their climate change actions under the Paris Agreement (Article 13.6). Developing countries should report on support received (Article 13.10), and the transparency framework will consider enhancing the reporting of support received, including on the “use, impact and estimated results” of the support received (paragraph 94d).

This section examines information reported by non-Annex I countries on finance received \(^{25}\) (including on its “use, impact and estimated results”), and explores issues related to the monitoring of this information. A clearer understanding of what is involved with the monitoring of finance received may help Parties as they develop reporting guidance under the Paris Agreement, \(^{26}\) in terms of reflecting national practices and focusing on information that is useful to report.

4.1 Monitoring information on climate finance received

Being able to report clear information on finance received, along with its use and impact, requires domestic systems to monitor this data. These systems are increasingly being developed for domestic purposes. As such, domestic systems may not gather data that is comparable between countries, though as they are developed and used, they should help an individual country’s monitoring (and reporting) to become more comprehensive and consistent over time. In the context of future guidance on reporting on finance received, being aware of issues with monitoring this information can help clarify areas where the enhanced transparency framework could take into account different national contexts.

While there are lots of challenges with monitoring information on climate finance received, this information is starting to be tracked (UNDP, 2015). In the first instance, climate finance is generally monitored in the context of broader sets of financial information. In many countries existing systems track the receipt of multiple different types of financial inflows. These include systems that monitor official development assistance, other official flows, South-South flows, and foreign direct investment (Tirpak, Stasio and Tawney, 2012; Tirpak, Brown and Ronquillo-Ballestros, 2014). Second, existing financial monitoring systems can be built upon for more accurate monitoring and tracking of international climate finance specifically. Several countries have in fact begun bringing public sources of climate finance (national and international) into national budgeting and planning systems (Thamrin, 2016; Ministry of Finance, 2014). This has been done by applying climate elements to public expenditure reviews, in the form of climate change public expenditure and institutional reviews (CPEIR), climate change finance assessments or analyses, or a mitigation fiscal framework (in Indonesia) (World Bank, 2014). Different countries have established, or are using these analyses to establish, tagging or tracking systems to identify climate-relevant expenditures, and put in place institutional arrangements as necessary (UNDP, 2015).

\(^{25}\) Non-Annex I countries are requested to report not only on finance, but also on technology transfer and capacity building support received. They have also been reporting on support needs within their national communications and BURs. The issues of assessing and reporting on needs, as well as of reporting on technology and capacity building support received, are complex topics requiring separate discussions. For lack of space, this paper limits itself to discussion of financial resources received.

\(^{26}\) Information on support received will not be subject to technical expert review or a multilateral consideration of progress (Articles 13.11 and 13.12 of Paris Agreement).
Different types of financial inflows may be received and monitored by different institutions, such as national banks, or ministries within the government, and some types of flows have been easier to track than others (e.g. loans have been easier to monitor than grants in Viet Nam) (Tirpak, Stasio and Tawney, 2012; Tirpak, Brown and Ronquillo-Ballestros, 2014). A certain degree of co-ordination is therefore needed between different institutions in order to monitor financial inflows from different sources that are directed to or via different end-users. Some funds may be directed to the national Treasury and allocated through the national budget, while others might be directed to other actors. For example, in 2011, a third of international climate finance flows to Indonesia were disbursed by the national government, another third by state-owned enterprises, and the final third via private, non-governmental, sub-national governments or other actors (CPI and Ministry of Finance, 2014). Financial flows received outside the national government, for example to NGOs, are often not systematically tracked. Current challenges identified by countries with monitoring and tracking climate finance received are presented in Table 5.

Over a dozen countries are working to implement robust monitoring systems based on their domestic policy priorities and particular institutional arrangements (UNDP, 2015). If spending information is integrated into objectives related to climate change plans and priorities, this could potentially allow the government to understand the impacts or results of those funds (e.g. whether they are contributing to the achievement of certain objectives). Countries also approach tracking the impacts of climate finance differently, in line with their particular priorities, such as cost-effectiveness, human well-being, or transformational change. Monitoring finance received takes place in the context of tracking government budgets and expenditures related to climate change action, and the monitoring and evaluation systems in place for the climate actions themselves. Doing so can be resource-intensive and requires sustained capacity; most countries invest in this activity because of its utility for domestic policy making. This context is relevant when considering the reporting of information on climate finance received, including on its use and impacts. First, because capacity needs for monitoring and tracking may be significant. Second, because there will be variations in information reported that are related to differences in domestic data collection and monitoring systems.
Table 5. Current challenges with tracking climate finance received

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Explanation</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data collection</td>
<td>External finance is more difficult to track if received outside of the national government, e.g. by non-governmental or sub-national entities. Some sources are more challenging to track, such as extra-budgetary funding, grant financing, technical and in-kind assistance, guarantees, and mobilised private finance. One challenge in current CPEIRs is obtaining sufficiently disaggregated data on budget allocations and actual expenditures.</td>
<td>Climate expenditure reviews to date have largely focused on on-budget central government spending; coverage of public-private partnerships or the activities of state-owned enterprises is limited. Climate-relevant programmes in Lebanon may not be known about within the government. Many countries may not know of finance received by NGOs; some are trying to require (e.g. Zambia and Malawi) or encourage reporting by NGOs (e.g. Laos and El Salvador) on this.</td>
</tr>
<tr>
<td>Definitions/criteria</td>
<td>What countries consider to be climate finance may vary, as may what countries consider to be resources used for mitigation and adaptation. These definitions may also change according to changing national circumstances and policy frameworks.</td>
<td>Similar spending areas may be classified differently across countries, and differently within a country by separate government bodies. In Indonesia, ministries discuss the tracking of mitigation spending: one Ministry argued for road expenditure to be included, but ultimately such expenditures were not counted. While budget tagging has been initiated in the Indonesian Ministry of Finance, the system is not yet accurate.</td>
</tr>
<tr>
<td>Developing systems and indicators</td>
<td>Most countries have systems to budget, monitor and report on financial flows and expenditures, but these are generally not designed for climate finance (nor other specific topics that cut across government functions and economic sectors).</td>
<td>The Philippines have a climate change typology and coding structure for government spending, and Bangladesh is developing one. In Kenya, disaggregated information on ODA is available, but not screened or tagged for climate relevance. Cambodia is integrating climate finance tagging and weighing into its existing ODA management system.</td>
</tr>
<tr>
<td>Institutional co-ordination</td>
<td>Cross-cutting issue that plays a role in all previous challenges. Management of external financing received is often divided among different ministries, financial organisations and agencies, and spending is similarly spread out; co-ordination and information sharing can be a challenge.</td>
<td>Colombia has three separate finance monitoring systems, including one for ODA and one for loans and credit lines, which do not use the same criteria for classifying finance flows. In Bangladesh, the Ministry of Environment and Forest oversees the activities of two off-budget climate change funds, while the majority of climate-relevant spending is overseen by the Ministries of Agriculture, Local Government and Disaster Management.</td>
</tr>
</tbody>
</table>


4.2 Reporting of climate finance received

The reporting guidelines for biennial update reports (Decision 2/CP.17) state that non-Annex I Parties should report information on financial resources received by the GEF, the GCF, and other multilateral institutions, as well as developed country Parties. The consultative group of experts (CGE) developed tables for reporting on this information from multilateral and bilateral sources (UNFCCC, 2013).

The first BURs were due by end 2014. Of 156 non-Annex I countries, 32 have submitted BURs, of which 30 include some information on climate finance received. The reporting format by the CGE appears not to have matched country circumstances, as none of the countries used the specific reporting tables suggested.
by the CGE. These tables divided support received into two main categories: for the preparation of the BUR, and for activities contained in the BUR. Within each category, support was to be listed according to finance, capacity building, technology support and technology transfer. No further guidance was included regarding what information to report. Some Parties reported on finance received specifically for the preparation of the BUR, most separately reported on finance, capacity and technology, and few linked the activities and projects listed in their tables to those described elsewhere in their BUR. Given the variety of country contexts and limited guidance, there are significant variations in how this information has been reported, some of which could potentially be resolved through common guidance (Table 6).

Few countries explain how they derived the figures on finance received in their BURs. For those that do provide some useful insights, the process can be complex, and can involve compiling information from a range of different agencies or bodies within the national government, publicly available information from various international sources (e.g. regional development banks or UN bodies) and bilateral climate finance providers. Argentina, for example, reports that it simply used publicly-available information in donor countries’ databases.

As discussed in the previous section, building and using national systems for monitoring information on climate finance is more helpful for countries; tracking this information helps prioritise expenditure and improve policy coherence. As such, any international reporting of this information could focus on providing guidance on information that a) is useful to a broader set of countries and stakeholders (e.g. understanding priority areas, funding sources, any impacts); b) communicates more complete information on climate finance flows than can be gathered only from finance providers; and c) can be communicated in a consistent way by all countries with relative ease.

Certain types of information could be provided by all countries in a more transparent manner, such as: the types of funds received, their status, the exchange rate used, the source of funds, and the areas the funds are being used in (e.g. mitigation, adaptation, mixed, which sector of the economy) (e.g. certain elements listed in Table 6). There are also areas where, to enhance clarity, countries would need to provide information specific to their circumstances and domestic systems. Countries may have different views on what they consider to be finance received for implementing climate action (e.g. grants and loans or grants only), and it is unlikely that all countries will be able to report figures on an annual basis immediately, based on current BURs. Reporting on the use, impacts and results of finance received will also rely more on domestic systems that vary according to national circumstances, priorities and institutional arrangements.

Parties may also not report complete information on all climate finance flows. Country reports could include clear and transparent information on the financial amounts listed – such as their type, status, time period, source and receiving institutions – without it being clear what share of total finance received is being covered. In some cases a Party may choose not to report all financial flows (e.g. only from developed countries, or only grants as Indonesia did in its BUR), and in others it may be that a Party does not have an appropriate domestic monitoring system, or that such a system is not comprehensive.
Table 6. Current variations in reporting of information on finance received in BURs and options for providing guidance

<table>
<thead>
<tr>
<th>Info. reported</th>
<th>Impact of guidance*</th>
<th>Variations: explanation and examples</th>
<th>Options and implications for guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency exchange rates</td>
<td>High</td>
<td>While several countries report both in their local currency and in USD, it is not always clear what currency exchange rate was used.</td>
<td>Specifying the currency and exchange rate used would improve consistency by allowing conversion to a different currency or exchange rate.</td>
</tr>
<tr>
<td>Type of finance received</td>
<td>High</td>
<td>In most BURs it is unclear whether the finance received is a loan or a grant, qualifies as official development assistance or not etc. For example, Indonesia’s BUR explicitly includes only grants received, excluding all loans, while Montenegro only includes ODA.</td>
<td>Countries could specify the nature of the financial support received, drawing on a set of standard terminology for reporting certain types of flows (e.g. development assistance, officially supported export credits) and instruments (e.g. grant, concessional loan, equity investment). Explanations could be provided as needed.</td>
</tr>
<tr>
<td>Status of finance</td>
<td>High</td>
<td>In many BURs it is not clear whether the amount reported is disbursed or committed. Terms such as “Approved” or “received/committed” are used, without it being clear what this refers to; in some cases a project or programme’s budget is given.</td>
<td>Countries could specify this, using standard definitions. Disbursement can be measured in various ways at different stages of the transfer process, so countries may specify this as needed. Most ODA providers report on committed rather than disbursed amounts for climate flows.</td>
</tr>
<tr>
<td>Source of finance</td>
<td>Medium</td>
<td>Not all countries list sources of funds; multilateral sources are often included, but bilateral sources are not always identified or are incomplete. South Africa’s BUR includes many finance providers, Ghana includes non-Annex I countries, and Costa Rica does not identify sources.</td>
<td>Countries could report as completely as possible, depending on how much information can be gathered or co-ordinated centrally (for finance received by different parts of government), and individual decisions on what to report (e.g. on South-South flows).</td>
</tr>
<tr>
<td>Time period used</td>
<td>Medium</td>
<td>Over half of BURs do not provide a clearly defined timescale. Where provided this varies significantly. Some provide data annually over a number of years (e.g. Brazil), some overall flows for a period (e.g. Colombia) or multiple periods covering several years (e.g. Indonesia). The transition from monitoring project-level funds to overall finance flows can be challenging.</td>
<td>Reporting information on an annual basis over a particular time period (e.g. 2-4 years prior to the report submission date) would improve clarity and consistency. However, this may not be easy in the short term given the varying timeframe of different projects. Parties would need to avoid overlap in the finance reported from one year to the next (to prevent reporting the same amount twice).</td>
</tr>
<tr>
<td>Quantification of finance</td>
<td>Medium</td>
<td>Most countries provided some quantified estimates of amounts received in their BURs, though the degree of quantification varies: India only quantifies finance received via the GEF; Peru provides significant detail on finance received annually; Armenia quantified only some finance associated with projects; Bosnia and Herzegovina quantified some projects in terms of USD/MWe or per landfill.</td>
<td>Most countries do report finance received in terms of volume. Complete reporting should be encouraged, and include accompanying information if reports are not in terms of total finance disbursed or committed, so that this information can be calculated.</td>
</tr>
</tbody>
</table>
Table 6 (cont.). Current variations in reporting of information on finance received in BUR. and options for providing guidance

<table>
<thead>
<tr>
<th>Info. reported</th>
<th>Impact of guidance*</th>
<th>Variations: explanation and examples</th>
<th>Options and implications for guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of finance</td>
<td>Medium</td>
<td>Over half of the BURs analysed include information on the use of finance received by listing supported projects, with varying degrees of detail regarding the sectors affected by the projects. Not all countries manage to separate finance used for capacity building and technology transfer with other purposes; in some cases all three are aggregated, and in others some capacity building projects will be listed in finance received. In its BUR Argentina indicates that all types of support overlap for some projects.</td>
<td>Countries could develop a basic degree of common guidance, e.g. to indicate whether finance received is being used for mitigation, adaptation, or both. Where individual projects are listed, the nature of the activity and sector could be made clearer, for example “tagged” as addressing adaptation, mitigation, or other. When aggregating amounts, it can be difficult to separate finance received for mitigation, adaptation, or both, and difficult to disaggregate finance received with other types of support (capacity building, technology). Countries would need to careful not to double-count finance received across different areas of use.</td>
</tr>
<tr>
<td>Impacts and results of finance</td>
<td>Low</td>
<td>Only two Parties provided information on the impacts of support received: Bosnia and Herzegovina listed emissions reductions and other effects (e.g. jobs, biodiversity conservation), while Israel qualitatively described the impact of a series of workshops and meetings.</td>
<td>Reporting this information will be linked to a) monitoring in place at the project level and/or b) domestic systems to monitor spending on climate change and the outcomes of spending (for domestic purposes). Countries with such systems in place could report results either quantitatively or qualitatively.</td>
</tr>
<tr>
<td>Institution receiving funds</td>
<td>Low</td>
<td>BURs may not cover all institutions and entities receiving climate finance. Chile specifies its BUR only includes resources channelled through the public sector, Brazil only the federal public sector, excluding sub-national governments, and Indonesia includes some flows to NGOs.</td>
<td>This will vary with how and where funds are channelled within a country, and the level of domestic co-ordination in place to track all flows. This will likely continue to vary by country, though Parties could indicate (as some do in their BURs) the receiving institutions included.</td>
</tr>
</tbody>
</table>

Source: Authors’ analysis of 30 BURs containing information on financial support received (Andorra, Argentina, Armenia, Azerbaijan, Bosnia and Herzegovina, Brazil, Chile, Columbia, Costa Rica, Ghana, India, Indonesia, Israel, Lebanon, The Former Yugoslav Republic of Macedonia, Malaysia, Mauritania, Mexico, Moldova, Montenegro, Morocco, Namibia, Paraguay, Peru, Serbia, South Africa, Thailand, Tunisia, Uruguay, Viet Nam); presentations and discussions during the CCXG Global Forum on the Environment and Climate Change, September 2016.

* The degree to which guidance could improve transparency, clarity and consistency over time. **High**: Common guidance could be provided for how to report the information, e.g. using specific terms or terminology with consistent definitions. Note that the coverage of information included would likely still vary by country. **Medium**: Common guidance could specify the type of information to be reported, but not how; definitions and terms may vary by country and would need to be explained. **Low**: Other than general categories, it would be difficult to specify the information a country should report; would vary in order to understand country-specific contexts.

Some observers have suggested that information on finance received could be compared to information on finance provided, in a “double bookkeeping approach” that could both enhance transparency and track flows (e.g. WRI, 2016; Buchner, Brown and Corfee-Morlot, 2011; Ellis et al., 2011). This would require a much closer alignment between reporting on finance received and reporting on finance provided, including coverage of funds (e.g. types of flows and instruments) and their status (committed vs. disbursed). There are many reasons why this information may not match up in practice; while comparing information across different sources can help improve transparency, including by improving consistency between international
and national understandings of climate finance, guidance for such reporting should perhaps not have accurate “double bookkeeping” as its primary aim (Box 4).

Box 4. Challenges with matching information on outflows and inflows of climate finance

Significant improvements in the completeness and consistency of information on finance provided, mobilised and received would help improve transparency and consistency, though there are several reasons why information on finance received (inflows) and finance provided (outflows) might not accurately match despite improvements:

- The CRS database is based primarily on committed funds (vs. disbursed funds), and includes project-level information on climate finance from MDBs only since 2013.
- Finance providers may report resources channeled to sub-national or non-governmental entities, which governments receiving funds may not have the means to monitor.
- Finance providers report on “bi/multi” funds: intended for a specific country, but channeled via a multilateral institution (e.g. World Bank). The provider would report these as a bilateral flow, but if the receiving country reports this information, it may do so as coming from the multilateral institution (status unclear in BRs and BURs).
- Finance providers generally translate support provided for technology development and transfer and capacity building into financial amounts, which most BUR reports do not do.
- Definitions of what counts as climate finance can vary between a finance provider and the country receiving funds; the CRS database includes more flows than those reported to the UNFCCC as climate finance.

As a result, trying to compare figures can yield significant differences. For example, 18 BURs contained information that could, to some extent, be compared with information on climate finance reported in the CRS database (e.g. consistent years; type of flow). Due to the above reasons, finance figures in BURs varied significantly from the CRS figures, from 4% of the amount in the CRS database for Chile, to 235% for Montenegro.

Common guidance on what countries should report, and in some cases how they might do so, will need to strike a balance between information Parties and other stakeholders consider to be useful, and information that countries monitor domestically for their own purposes.

5. Review/consideration of information

Under the Paris Agreement transparency framework, information reported by developed or other Parties on support provided to developing countries will be considered as part of technical expert review (Articles 13.11, 13.12). In addition, Parties will also participate in a facilitative “multilateral consideration of progress” in relation to their “efforts” under Article 9. This could potentially cover the provision and mobilisation of support, as well as indicative information on support to be provided (Article 13.11). This section provides an overview of how climate finance information has been reviewed or considered to date, and how this could be strengthened in future.

5.1 Review of information from developed countries

Information reported to the UNFCCC on climate finance provided is subject to review via in-depth reviews of national communications and biennial reports. The focus of these reviews is whether countries report mandatory information in a complete and transparent manner. Since reporting climate finance information is currently only mandatory for Annex II Parties, such information reported by non-Annex II countries who
are also in Annex I is not assessed for either completeness or transparency in the UNFCCC technical reviews.

The technical reviews of BRs provide recommendations to Annex II countries in order to improve the completeness of their reporting (e.g. fill out all relevant tables in the common tabular format) on support provided, as well as its transparency (e.g. clarity on the national approach used for tracking provision of finance). As “consistency” is one of the aims of the Paris Agreement transparency framework, current review practices and guidelines may need to be revised in order for technical expert reviews under the Paris Agreement to assess progress in this area.

Reviews of information of climate support (finance, technology and capacity building) in the 24 Annex II countries’ first biennial reports indicated that for 17 countries, information was “complete” or “mostly complete”, and that for 19 countries information was “transparent” or “mostly transparent” (UNFCCC, 2016). Corresponding figures for the technical review of Annex II countries’ second biennial reports were that 19 countries reported “complete” or “mostly complete” information on climate support, and 18 countries reported information on climate support that was “transparent” or “mostly transparent”. Thus, several countries are still struggling to ensure full transparency of information communicated on climate support (UNFCCC, 2016).

Small changes in how the results of the technical reviews of BRs are presented could improve the usefulness of these technical reviews for the international community, particularly in the transition to implementing the Paris Agreement. For example, the summary tables of technical reviews are presented at a level that is too aggregated to determine whether countries’ reporting on climate finance is transparent and complete. Some countries reviewed (e.g. Austria) have provided complete and transparent information on climate finance, but have reporting gaps in the area of capacity building and technology – so their overall assessment is of reporting that is “mostly complete” (UNFCCC, 2016). Summary tables could therefore assess the completeness and transparency of information presented on climate finance, as well as for climate support more generally. Several non-Annex II countries, such as Poland, have reported on climate finance provided. While the technical review of the biennial report outlined the information reported, it did not assess whether this information was transparent and complete. These Parties will need to both report information on climate finance and have it subject to technical review under the Paris Agreement. As such, review guidelines for BRs could potentially be revised to encourage the review of this currently non-mandatory information if it is reported. In this way, technical reviews could provide suggestions to countries for improving the transparency and completeness of information that they will need to report under the Paris Agreement.

5.2 Consideration of information from developing countries

The technical analysis process for BURs focuses primarily on defining and prioritising capacity-building needs, and less on elucidating specific information, such as the source of funds, what types of financial flows the Party has included, and what sectors or activities they were used for. The summary reports of technical analysis provide an overview of the degree to which the BUR includes information listed in the reporting guidelines (Decision 2/CP.17), and include a description of the information reported (covering constraints and gaps, and related support needs; support received; technology needs and technology support received). Where information is not reported, the technical team of experts notes that doing so would improve transparency. Technical analysis of BURs does not include an analysis of support provided. If a country reports this information, as South Korea did, the expert team does not seek further clarification (for example on how flows are classified as “climate related” or “general”, or the difference between financial instruments listed as “grand aid” and “donation”). This is largely due to the remit of technical analysis and the role of the expert team.
Under the Paris Agreement (Article 13.11), information on support received falls outside the scope of technical expert review. This could make it difficult to a) encourage Parties to report this information; b) clarify information reported so it is more understandable to other Parties and stakeholders; and c) provide the reporting Party with feedback on how reporting could be made more transparent. Parties that do report on support received could perhaps also voluntarily indicate whether they would like this information to be reviewed. The expert review will cover information on support provided, and “efforts under Article 9” (Articles 13.11, 13.12). While reporting on support provided is voluntary for Parties that are not developed countries, those that choose to report this information could have it analysed as part of the technical expert review process. As with reporting, review of this information will need to account for the different nature of climate finance flows between developing countries, and the more limited experience with monitoring both overall flows and climate-relevant ones within them.

6. Conclusions

While information on climate finance flows is improving, they are still incomplete, and often established on different bases. An improved overview of climate finance flows, including in the context of developed countries’ USD 100bn goal in the context of the UNFCCC, could have both national and international benefits.

Existing agreements under the UNFCCC architecture include both individual and collective obligations relating to climate finance provided and mobilised, as well as individual obligations relating to climate finance received. These obligations have been enhanced under the Paris Agreement, and include: quantified commitments relating to the provision and mobilisation of financial resources from developed countries to assist developing countries; the leadership of developed countries in mobilising climate finance for developing countries; the reporting of transparent and consistent information on finance provided and mobilised by developed countries; and the review of climate finance provided.

There is already considerable experience with collecting, reporting and reviewing some information on climate finance in the UNFCCC context – particularly for information on bilateral climate finance from Annex II countries. However, gaps and inconsistencies remain in UNFCCC provisions for transparency of climate finance provided, mobilised and received. There are also gaps in data availability and reporting, and no agreed methods to attribute climate finance mobilised multilaterally, or for calculating climate finance mobilised from policy interventions. This means that information currently communicated by countries to the UNFCCC does not represent a complete picture of climate finance mobilised or received.

There are also current gaps in terms of the review or consideration of climate finance information. Existing reviews only encompass climate finance provided by Annex II countries. Thus, information on climate finance provided by other developed countries is not reviewed, and neither is information on climate finance mobilised. Information on climate finance, whether provided, mobilised or received, is not currently included in the scope of multilateral assessment or facilitative sharing of views (though finance provided and mobilised will be included “multilateral consideration” under the Paris Agreement). Recent reviews of the second biennial reports (BRs) from Annex I countries indicate that almost half of the 24 Annex II BR2s reviewed provided complete information on climate support. This is a significant improvement from BR1, where information from only four of these countries’ was assessed as complete. However, several countries still find reporting transparent information on climate support challenging, with only two of the technical reviews of BR2s available indicating that information on climate support was fully transparent.

Multiple systems are in place to collect information on climate finance provided and mobilised, including beyond the UNFCCC context. These include those at the level of individual developed countries, by the
multilateral development banks, by operating entities of the UNFCCC’s financial mechanism (e.g. the GEF), by the OECD, and by other organisations (e.g. IATI). Information collected by each individual system is not always consistent or comparable with that collected by another system, or with climate finance commitments under the UNFCCC. For example: individual country estimates of climate finance provided and mobilised vary significantly in their scopes and methods; MDB estimates of climate finance mobilised in “developing and emerging” economies includes finance provided to and mobilised in several Annex I countries; other systems (such as IATI) cannot be used to easily identify climate-relevant information. Thus, these different estimates make it challenging to establish an aggregate overview of climate finance provided and mobilised in the UNFCCC context. However in order to enable and enhance clarity and transparency in reporting on climate finance flows, support and effect thereof it is important to encourage information sharing from a relevant and verified sources, including those outside the UNFCCC context.

Systems are also missing in many countries to collect a complete picture of climate finance received, or to estimate climate finance mobilised. For systems still under development (e.g. TOSSD), it is too soon to assess whether they will be able to identify “climate” finance, or finance that has been mobilised by developed countries.

The Paris Agreement indicates that the purpose of the transparency framework of support is “to the extent possible, to provide a full aggregate overview of financial support provided, to inform the global stocktake…” The ability to produce a meaningful aggregate is, however, dependent on the accuracy, completeness, comparability and consistency of the underlying data. Encouraging “developed” and “other” countries to report disaggregated information on climate finance provided in a comparable format would facilitate this.

**Transition to the new transparency framework for climate finance: reporting**

The Paris Agreement indicates that the first Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA 1) “shall adopt common modalities, procedures and guidelines” (MPGs) for transparency of support. However, as the Paris Agreement’s entry into force is considerably earlier than originally anticipated, such MPGs are in practice unlikely to be adopted in 2016.

Nevertheless, certain actions taken now under the UNFCCC framework could facilitate the transition to the new transparency framework. These include encouraging reporting of items currently non-mandatory but that will become mandatory under the Paris Agreement (such as mobilised climate finance, or climate finance provided by non-Annex II Parties).

Under the new transparency framework, information on indicative (future) levels of climate finance “shall … as available” be reported by developed countries. Quantifying ex ante levels of climate finance is likely to be challenging for several countries. To date, forward-looking information on country programmable aid is requested by the OECD-DAC, but is only available for a subset of donors, one to three years in advance, and the climate-relevant portion of this is not always tagged. This means that available, quantitative forward-looking information on climate finance provides only an incomplete picture of likely climate finance flows.

Fulfilling the Paris Agreement’s mandatory reporting requirements on mobilised climate finance is a key challenge for developed countries, as few have much experience in this area to date. Individual reporting on climate finance mobilised at the multilateral or bilateral level is challenging for several reasons, including the risk of double counting. Collective reporting of climate finance mobilised bilaterally and/or of climate finance mobilised multilaterally would ensure consistency and avoid double counting – as long as there is consistency in the individual underlying data and definitions. Indeed, some developed country
BR2s have already indicated that collective reporting of climate finance mobilised by bilateral climate finance will be done in future. To date, there is very limited experience with collective reporting by countries or organisations to the UNFCCC. Thus, further work would be needed to outline how this could be taken forward: while collective reporting of climate finance mobilised bilaterally may entail relatively small process changes, collective reporting of climate finance mobilised multilaterally could entail large ones (e.g. reporting of information from non-Parties), as could any review of collectively-reported information.

There is some precedent of communicating climate finance information to the COP (not UNFCCC) by non-Parties who are operating entities of the UNFCCC’s financial mechanism (GCF and GEF). If the COP could provide detailed guidance regarding the information to be included in future reports, this could increase the utility of such reports in quantifying mobilised climate finance in the context of the UNFCCC. There is also some experience in collective estimation of climate finance in the UNFCCC context. In particular, the OECD (2015a) developed the first estimate of mobilised climate finance – which also entailed developing a methodology to ensure the avoidance of double-counting, as well as of attributing climate finance mobilised multilaterally to developed countries.

In order to encourage improved reporting of climate finance provided by “other” (developing) countries, non-mandatory reporting formats could be developed that use terminology less tied to the reporting of development assistance by developed countries. To accommodate different ways and types of providing finance, these reporting formats could encourage Parties to provide more contextual explanations. Reporting on climate finance provided to developing countries by other developing countries would help to increase recognition of this increasingly significant source of climate finance. It will also help to improve understanding about collective progress on making finance flows consistent with a low-carbon pathway, and thus with meeting Article 2.1c of the Paris Agreement, given this information is not systematically reported elsewhere.

The current coverage of reporting by developing countries on climate finance received is improving, but still patchy, for those countries that report it. Reporting on climate finance received is not currently mandatory, nor will it become so under the Paris Agreement. However, more countries are establishing or improving systems to better track inflows of climate finance for their own domestic purposes. Such tracking of inflows could also be used to report information to the UNFCCC. Given the variety of national systems and circumstances, it will be difficult to report in a standardised manner, but guidance could help countries determine what information is useful for other Parties and stakeholders. In the past, non-mandatory reporting requirements have been vague and therefore less helpful to reporting Parties (Ellis and Moarif, 2015). Any future MPGs established for reporting climate finance information internationally would ideally allow for information to be presented in a more consistent manner, even if this is not mandatory. Parties and other stakeholders should also be aware that, while greater information on climate finance received will enhance the transparency of overall financial, it is unlikely to ensure accurate “double book-keeping” with developed country reports of climate finance outflows.

In developing MPGs on the reporting of climate finance, Parties may also consider how they would like reported information to be used, as it is currently difficult to access. Quantitative climate finance information from BRs is available in the “Biennial Reports Data Interface”, but this information does not always accurately reflect information in the BRs itself. Encouraging systematic reporting on climate finance at a disaggregated level (such as activity-level information) could also help improve transparency, as well as accessibility of information. Reporting in the form of a standardised database with common variables and classifications (such as exchange rates) would also help to improve consistency. In this context, the UNFCCC could usefully draw on the experience from existing statistical systems on international flows, such as the OECD DAC. In addition, many Annex I Parties base their reporting to the
UNFCCC on their reporting to the OECD-DAC using Rio markers; making this link more explicit would enhance the level of transparency.

Transition to the new transparency framework for climate finance: review

In order to smooth the transition to the MPGs for the transparency framework under the Paris Agreement, some steps could be taken in forthcoming technical reviews of BRs under the current system:

- Disaggregate summary tables in BR technical reviews so that they include an assessment of the completeness and transparency of climate finance information provided (at present, although there are separate reporting tables for climate finance, technology and capacity building, the summary assessment in the technical review report is for “support”, which includes climate finance, technology and capacity building).

- Include summary information on the completeness and transparency of climate finance information in all technical reviews of BRs (not just Annex II countries). Several non-Annex II countries’ BRs do include this information, but it is not currently reviewed in the UNFCCC context.

While the Paris Agreement fills some of the gaps previously noted in the UNFCCC’s transparency framework, some other gaps remain. In particular, the Paris Agreement indicates that “the purpose of the framework for transparency of support is to provide clarity on support provided and received”, but does not mention clarity on mobilised climate finance – even though this is an important part of developed countries’ “aggregate financial support” to address mitigation and adaptation in developing countries. In addition, no explicit provision for review of mobilised climate finance is included in the Paris Agreement, although reporting this information is required under Article 9. Clarifying whether and how the Paris Agreement’s transparency framework covers financial support mobilised would be helpful when preparing modalities, procedures and guidelines.

Implications for systems, institutions and capacity building

Significant efforts are being made by countries and organisations to improve the systems and institutions needed to collect country-specific climate finance information. Nevertheless, both developed and developing countries face significant challenges in resolving the remaining gaps, particularly to be able to report in a consistent and transparent way on climate finance mobilised, climate finance received, and indicative future levels of climate finance. These challenges can be political and economic (e.g. if moving from single-year to multi-year budgets), and can also have significant resource and institutional implications (e.g. to expand the scope or frequency of data collection).

Support for capacity building is needed to help developing countries with their domestic systems to monitor climate finance received, track how it is being spent, and assess overall outcomes. International climate finance can be received through a variety of different channels, by several different actors both within and outside the national government. This leads to significant data, institutional and resource challenges in tracking inflows accurately. Though resource intensive, information collected by domestic finance monitoring systems can provide useful inputs for domestic policy development and implementation. The existence of such systems is currently in early stages in most developing countries, and will likely require support to be fully anchored in domestic institutions and processes.
References


IATI (2016b), Personal communication with Rory Scott, 12.8.2016


Philippines Department of Budget and Management (DoBM) and Philippines Climate Change Commission (CCC) (2016), National Climate Change Tagging Expenditure Tagging Typology Code Manual, Department of Budget and Management, Manila.


UNDP (2015), Budgeting for Climate Change: How Governments have used National Budgets to Articulate a Response to Climate Change, Governance of Climate Change Finance Team, UNDP Bangkok Regional Hub, UNDP, Bangkok.


UNFCCC (2016), Reports of technical reviews of second biennial reports of developed country Parties, http://unfccc.int/national_reports/biennial_reports_and_iar/technical_reviews/items/9534.php.


UNFCCC (2014), Compilation and Synthesis of Sixth National Communications and First Biennial Reports from Parties included in Annex I to the Convention, FCCC/SBI/2014/INF.20/Add.1, UNFCCC Secretariat, Bonn.


Annex A: Development Assistance Committee (DAC)

The OECD-DAC is a forum which discusses issues related to development co-operation; there are 29 DAC members constituting many of the largest providers of aid. DAC member countries must annually report on Official Development Assistance (ODA) and other resource flows using the DAC reporting instructions.

The DAC is committed to improving the coverage and transparency of development finance flows and therefore annually gathers statistics on aid and other resource flows to developing countries from bilateral and multilateral development finance providers. As a statistical system, the DAC uses standard, internationally agreed definitions and reporting categories, from currency conversion rates to types of financial instruments. Activity-level data on financial flows is available in the Creditor Reporting System (CRS) database. The CRS is a statistical database containing publicly-available disaggregated (project-level) information on development finance.

The CRS reports on commitments and disbursements. Commitments are firm obligations to provide finance. Disbursements are the actual release or payment of funds, which may take time to disburse. Examining the data on financial commitments reveals the allocation practices of provider countries, while data on disbursement better describes finance flows from the recipient’s perspective. The CRS allows for development finance to be analysed from the provider or recipient perspective (see figure below). When analysing climate-related development finance, the provider perspective includes Rio-marked bilateral flows and imputed multilateral contributions, whereas the recipient perspective includes Rio-marked bilateral flows and climate-related multilateral outflows.

![Provider and Recipient Perspective for Climate-Related Development Finance](image)

Source: Adapted from Treatment of Climate-Related Multilateral Flows in DAC Statistics & Status of Reporting

---

27 Members: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, European Union, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, The Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States. There are also 20 non-DAC member countries that report ODA to the DAC.

28 Official Development Assistance (ODA) refers to official flows to countries on the DAC List of ODA Recipients and to multilateral institutions which are administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character.
Rio Markers

The DAC monitors aid that targets environmental objectives through its Creditor Reporting System using “policy markers” to identify aid with specific policy objectives. The Rio markers are aimed at identifying development finance flows targeting the objectives of the Rio Conventions on biodiversity, desertification and climate change; aid providers are asked to indicate whether a given aid activity targets climate change mitigation and/or adaptation as a ‘principal’ objective, a ‘significant’ objective, or not at all. Reporting on the Rio markers is mandatory for ODA and voluntary for Other Official Flows (OOF).

The instructions for reporting on Rio markers provide descriptive definitions for which activities can be marked as mitigation and/or adaptation. The instructions also provide guidance on the difference between a ‘principal’ and a ‘significant’ score. Ultimately, the decision is made by the country providing the aid.

Although many Parties draw on Rio markers to report on climate finance to the UNFCCC, the figures that can be derived from Rio markers may not be identical to the figures reported to UNFCCC, in particular reflecting that the Rio markers were originally intended to track the mainstreaming of environmental considerations into development co-operation rather than providing a quantification of finance. For reporting to UNFCCC, majority of DAC members report 100% of finance marked “principal”, while only accounting for a certain share of finance marked as “significant”. These shares may range across members (from 0-100%) as there is no common reporting standard (see Annex B). Other differences in reporting to UNFCCC may also arise, for example, in the use of disbursement versus commitment data or differences in geographical scope (see Annex B for more differences in reporting).

Imputed multilateral contributions for climate

Financial contributions to multilateral organisations or funds are not marked with the Rio markers; those relevant to climate change are instead estimated through the calculation of “imputed multilateral contributions”. The methodology for imputing multilateral flows estimates the share of multilateral ODA contributions by DAC members in a given year that are climate related. Imputed multilateral contributions are the product of a country’s multilateral contribution to an organisation multiplied by the share of climate-related projects financed by that organisation. Added to Rio marked bilateral flows, the imputed multilateral contributions represent “the provider perspective” of climate-related development finance.

Climate-related multilateral outflows

Climate-related development finance data are reported by Multilateral Development Banks, either through three additional fields of data (on finance to mitigation, adaptation and overlapping objectives if any) reported as part of their overall reporting into the CRS (“standard” type of data), or in a stand-alone file only listing climate projects (“non-standard”). Added to Rio marked bilateral flows, the climate-related multilateral outflows represent “the recipient perspective” of climate-related development finance.

---

29 More information on Rio markers can be found at: http://oe.cd/RioMarkers
30 Other official flows (OOF) are official transactions which do not meet the conditions for eligibility as Official Development Assistance, either because the primary objective of the transaction is not development-oriented or the grant element of the transaction is insufficient.
## Annex B: Reporting coverage and approaches for public bilateral climate finance (2013-14)

<table>
<thead>
<tr>
<th>Country</th>
<th>Coverage</th>
<th>Point of Measurement</th>
<th>Climate Definition</th>
<th>Recipient Definition</th>
<th>Quantification</th>
<th>Valuation of Instrument</th>
<th>Format of data</th>
<th>Additional Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Australia</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td><strong>Activity-level coefficients used where feasible, where not, a 30% coefficient is applied.</strong></td>
</tr>
<tr>
<td><strong>Austria</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td><strong>Belgium</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td><strong>Significant</strong> activities screened and most climate-relevant are counted</td>
</tr>
<tr>
<td><strong>Canada</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td><strong>Significant</strong> activities screened and most climate-relevant are counted</td>
</tr>
<tr>
<td><strong>Czech Republic</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Approximated based on OECD DAC Rio marker data</td>
</tr>
<tr>
<td><strong>Denmark</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>2014 figures approximated based on provisional 2013 figures.</td>
</tr>
<tr>
<td><strong>EU Institutions</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td><strong>For Fasep/Rpe: a hybrid system is used based on theMDB/IFC positive list and the Rio markers (100% coefficient for “principal”, 40% for “significant”)</strong> <strong>ODA-eligible excl. Annex I.</strong></td>
</tr>
<tr>
<td><strong>Finland</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td><strong>France</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

Annex Table continued on next page
<table>
<thead>
<tr>
<th>Country</th>
<th>Coverage</th>
<th>Point of Measurement</th>
<th>Climate Definition</th>
<th>Recipient Definition</th>
<th>Quantification</th>
<th>Valourisation of Instrument</th>
<th>Format of data</th>
<th>Additional Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>100% 50%</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>*Figures provided for transparency for budgetary finance. The figures which fed into the aggregate are based on cash value</td>
</tr>
<tr>
<td>Greece</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>100% 100%</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>2014 figures approximated based on final 2013 figures</td>
</tr>
<tr>
<td>Iceland</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>100% 100%</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>* for loans and grants **for technical assistance</td>
</tr>
<tr>
<td>Ireland</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>100% 100%</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>100% 100%</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td></td>
</tr>
<tr>
<td>Luxembourg</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>100% 100%</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>100% 100%</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td></td>
</tr>
<tr>
<td>New Zealand</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>100% 100%</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td></td>
</tr>
<tr>
<td>Norway</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>100% 100%</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>100% 100%</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>100% 100%</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td></td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>100% 100%</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td></td>
</tr>
<tr>
<td>Slovenia</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>100% 100%</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>100% 20% - 40%*</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td></td>
</tr>
</tbody>
</table>

Annex Table continued on next page
<table>
<thead>
<tr>
<th></th>
<th>ODA</th>
<th>OOF</th>
<th>Commitment Disbursement (Provided)</th>
<th>Fiscal Year</th>
<th>OECD DAC Rio markers</th>
<th>MDB Adaptation 3-step approach</th>
<th>MDB Mitigation Positive list IDFC</th>
<th>ODA Eligible Countries</th>
<th>UNFCCC Non-Annex I Parties</th>
<th>Activity-level approach</th>
<th>Coefficient on Rio marker “Principal”</th>
<th>Coefficient on Rio marker “Significant”</th>
<th>Crash Value</th>
<th>Budgetary Finance / Grant Equivalent</th>
<th>Activity level</th>
<th>Aggregate or semi-aggregates</th>
<th>Additional Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sweden</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>100%</td>
<td>40%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Data used in this report reflects disbursements, as per Sweden’s expected UNFCCC CTF table 7b. In the narrative part of its reporting, Sweden however includes commitment and disbursement data.</td>
</tr>
<tr>
<td><strong>Switzerland</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>51-100%</td>
<td>1-50%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Uses own approach</td>
</tr>
<tr>
<td><strong>United Kingdom</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>n/a</td>
<td>n/a</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Uses own approach</td>
</tr>
<tr>
<td><strong>United States</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>n/a</td>
<td>n/a</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Uses own approach</td>
</tr>
</tbody>
</table>

Source: OECD, 2015a. Data drawn from a survey sent out to donors in the context of the DAC ENVIRNOET-WP-STAT Task Team as well as from bilateral exchanges with individual donors.
## List of Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AI</td>
<td>Countries listed in Annex I of the UNFCCC</td>
</tr>
<tr>
<td>BR</td>
<td>Biennial Report</td>
</tr>
<tr>
<td>BUR</td>
<td>Biennial Update Report</td>
</tr>
<tr>
<td>CCXG</td>
<td>Climate Change Expert Group</td>
</tr>
<tr>
<td>CGE</td>
<td>Consultative Group of Experts on National Communications from non-Annex I Parties</td>
</tr>
<tr>
<td>COP</td>
<td>Conference of the Parties to the UNFCCC</td>
</tr>
<tr>
<td>CPA</td>
<td>Country Programmable Aid</td>
</tr>
<tr>
<td>CPEIR</td>
<td>Climate change public expenditure and institutional reviews</td>
</tr>
<tr>
<td>CRS</td>
<td>The OECD-DAC’s Creditor Reporting System</td>
</tr>
<tr>
<td>CTF</td>
<td>Common Tabular Format</td>
</tr>
<tr>
<td>DAC</td>
<td>Development Assistance Committee</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>GCF</td>
<td>Green Climate Fund</td>
</tr>
<tr>
<td>GEF</td>
<td>Global Environment Facility</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse Gas</td>
</tr>
<tr>
<td>IAR</td>
<td>International Assessment and Review</td>
</tr>
<tr>
<td>IATI</td>
<td>International Aid Transparency Initiative</td>
</tr>
<tr>
<td>ICA</td>
<td>International Consultation and Analysis</td>
</tr>
<tr>
<td>IDFC</td>
<td>International Development Finance Club</td>
</tr>
<tr>
<td>IEA</td>
<td>International Energy Agency</td>
</tr>
<tr>
<td>LDC</td>
<td>Least Developed Country</td>
</tr>
<tr>
<td>LEG</td>
<td>Least Developed Countries Expert Group</td>
</tr>
<tr>
<td>MDB</td>
<td>Multilateral Development Bank</td>
</tr>
<tr>
<td>MPG</td>
<td>Modalities, procedures and guidelines</td>
</tr>
<tr>
<td>MRV</td>
<td>Measurement, Reporting and Verification</td>
</tr>
<tr>
<td>NC</td>
<td>National communications</td>
</tr>
<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OOF</td>
<td>Other Official Flows</td>
</tr>
<tr>
<td>SCF</td>
<td>Standing Committee on Finance</td>
</tr>
<tr>
<td>TOSSD</td>
<td>Total Official Support for Sustainable Development</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
</tr>
</tbody>
</table>