

Key methodological issues for transparency of climate support

Jane Ellis, OECD (jane.ellis@oecd.org)

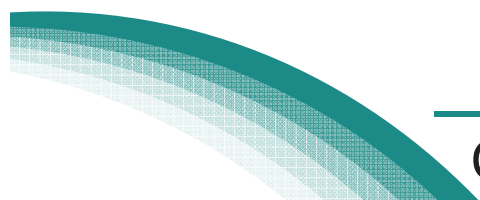
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Presentation outline

- Why do we need to track climate support?

Key methodological issues:

- What is climate support?
- Where/how/when to estimate it?
- Challenges
- Technical methodological choices are needed ...
and have political implications
- Conclusions



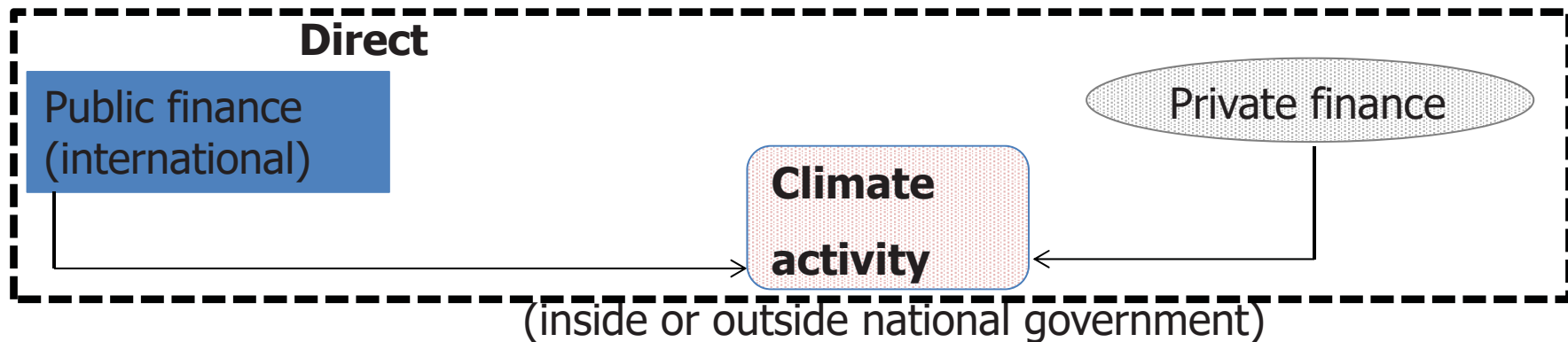
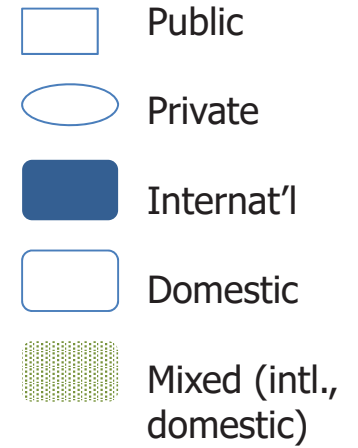
Why do we need to estimate climate support?

- National (support needed):
 - ◆ To quantify needs, identify gaps, facilitate their funding
- National (support received, climate expenditure):
 - ◆ To improve decision-making, prioritise allocation, increase stakeholder dialogue, assess effectiveness, increase accountability
- International commitments:
 - ◆ Reporting: Nat'l Coms, Biennial (update) Reports
 - ◆ Mobilising: \$100bn commitment (developed countries)

Climate support encompasses many items

- Takes different forms
 - ◆ Climate finance (CF), technology, capacity building
- Support comes from different sources
 - ◆ In UNFCCC context, focuses on international aspects (e.g. mobilised by developed for dev'g countries)
- Support is provided via different channels
 - ◆ Bilateral/multilateral; direct/indirect
- Calculated in different ways (incremental vs total; domestic vs international) and time periods
- Different aims: climate-specific, climate-relevant; mitigation/adaptation/reporting

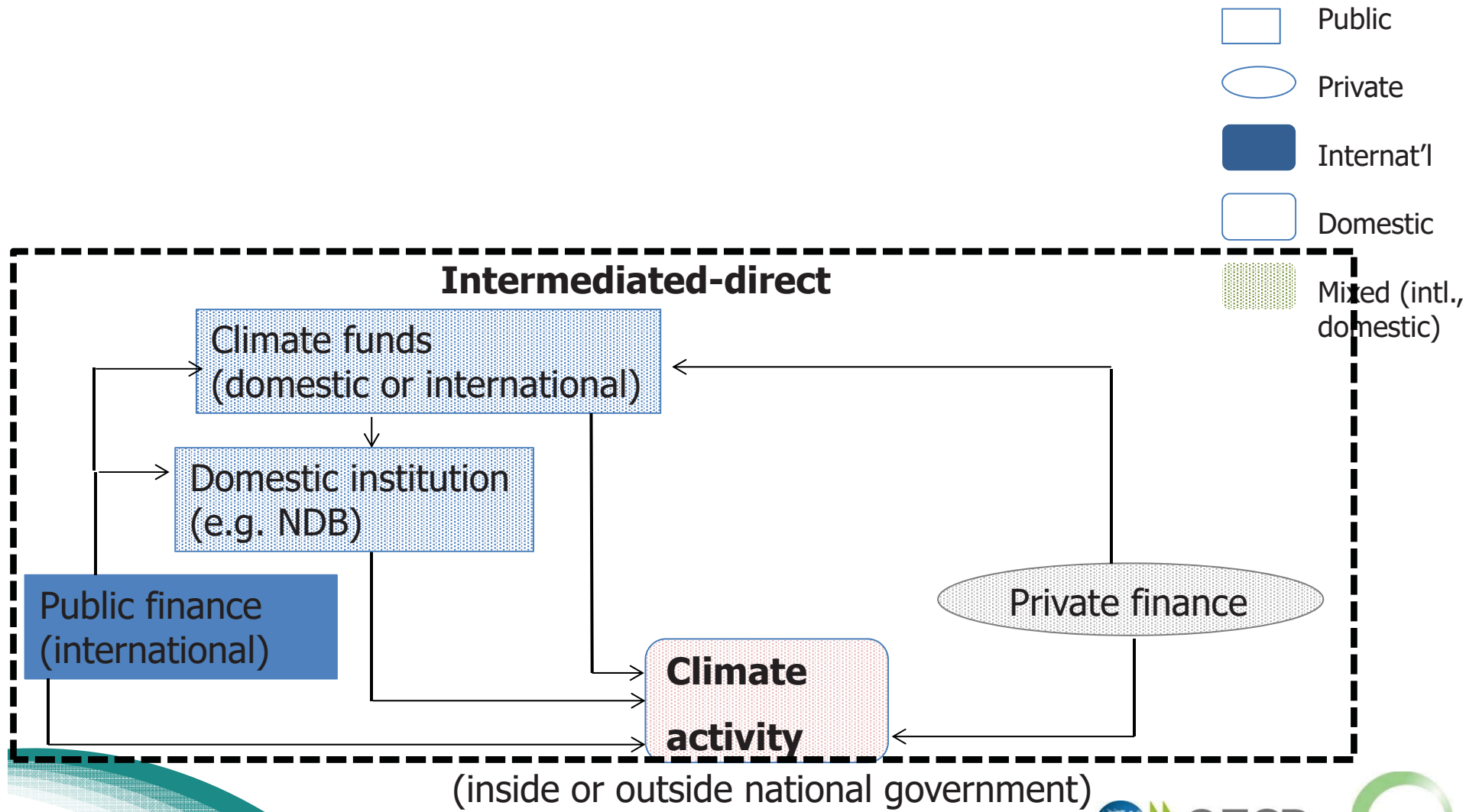
Mobilised climate finance: theory



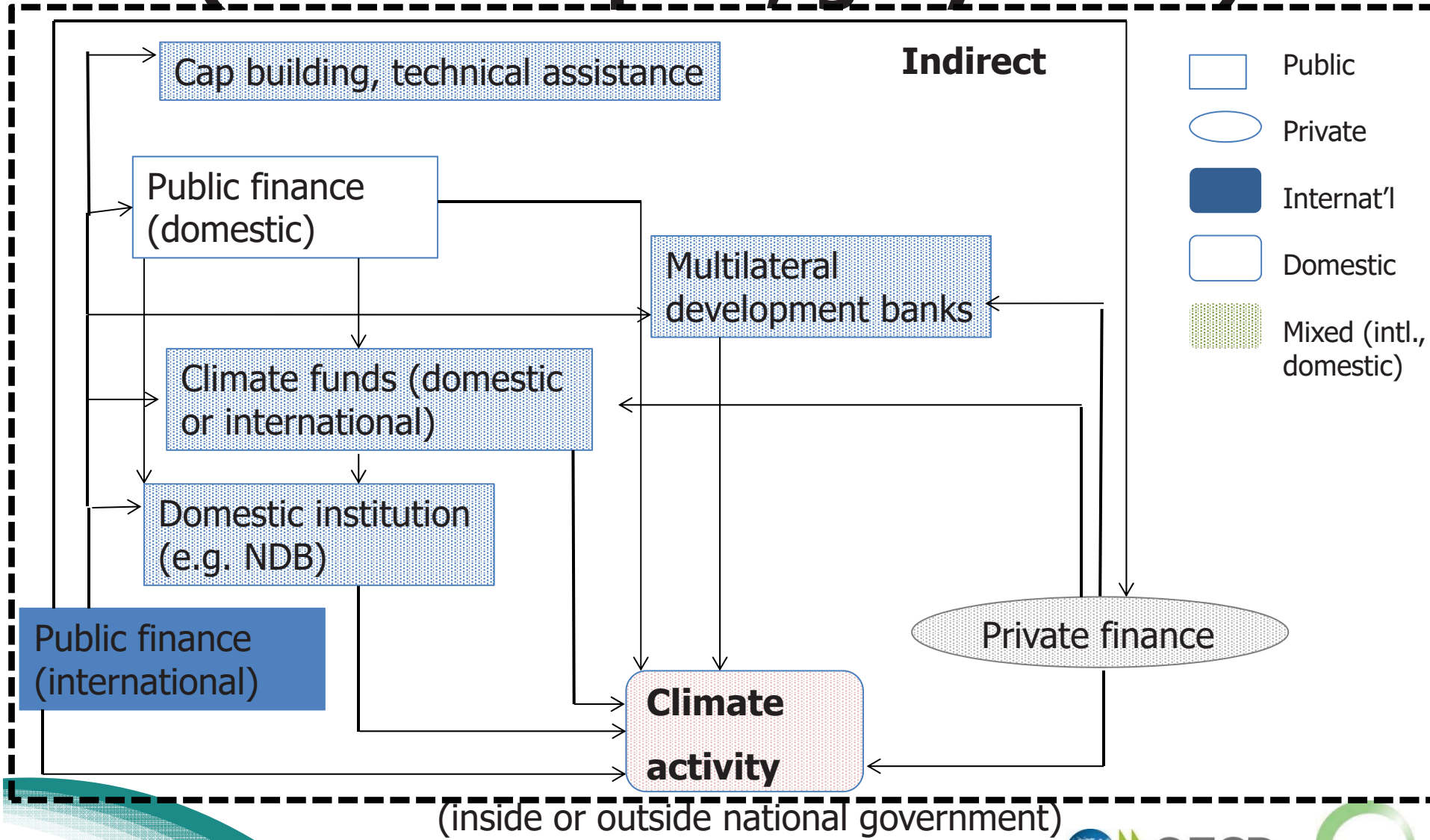
(Adapted from Brown et al 2015: <https://climatepolicyinitiative.org/wp-content/uploads/2015/11/Estimating-mobilized-private-finance-for-adaptation-Exploring-data-and-methods.pdf>)



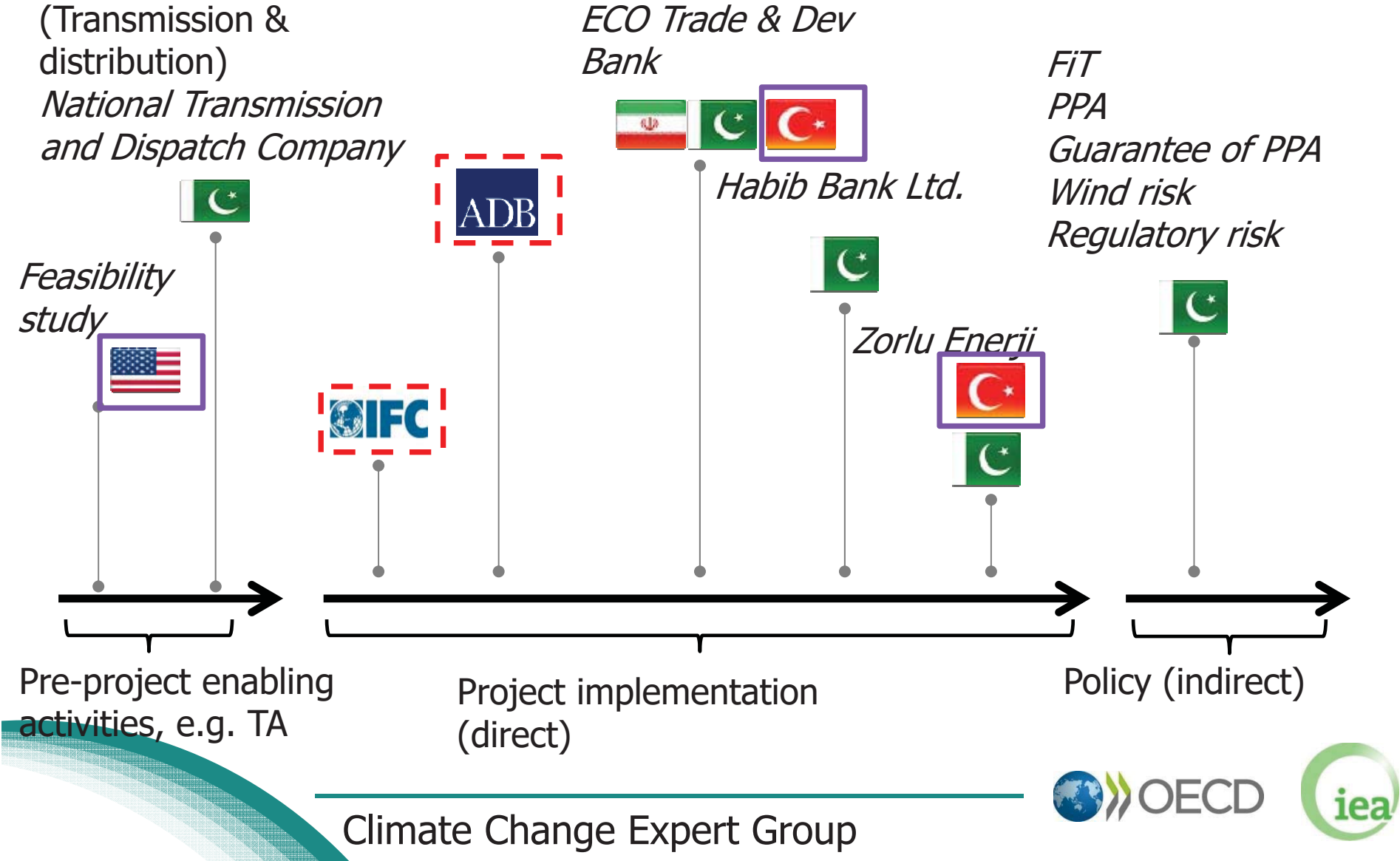
Mobilised climate finance: practice (more complex, grey areas)



MSI4 **Mobilised climate finance: practice
(more complex, grey areas)**



Case study (Zorlu Enerji) illustrating time, geographical boundary, attribution issues



Data collection patchy of possible components for CF

	Annex II	Other developed	Other
Public (provided), bilateral	✓ ✓	✓	✓
Public, multilateral	✓ ✓	✓ ✓	✓
Export credits	✓	✓	✓
Mobilised private, bilateral	✓	x	x
Mobilised private, multilateral	x	x	x
Mobilised private, (indirect)	x	x	x

MDBs also report on CF they provide, mobilise

Challenges in reporting CF mobilised

- Methodological questions: definitions (scope, flows, coefficients), attribution
 - Reporting not always transparent
- Data not readily available (manual process), capacity limitations, confidentiality concerns
- Large variation between countries in relative importance of multilateral and bilateral channels, types of interventions mobilising CF
- Can only report what is measured/estimated... and mobilised CF reporting patchy, mostly limited to direct mobilisation by bilateral climate finance

Challenges in monitoring and reporting support received

- No definition of climate finance
- Risk of double-counting (CF, T, CB)
- Intertwined CF flows: public/private; developed/developing
- Lack of data, disparate and overlapping sources
- Reporting mandates – national vs international
- Aggregation of different flow types
- Timing of measurement
- Capacity to track flows, especially to non-federal government recipients => difficult to estimate national aggregate
- Effect (and effectiveness) of support

Challenges in estimating and reporting support needed

- Need capacity to develop long-term strategies, prioritise actions, identify associated support needs
 - Depending on mandates for sub-national governments, may include resource needs at sub-national level
 - Need for increased co-ordination and communication
- Methodological questions:
 - Report in terms of CF, CB and/or T (fungible)
 - Total needs, total international needs, incremental costs?

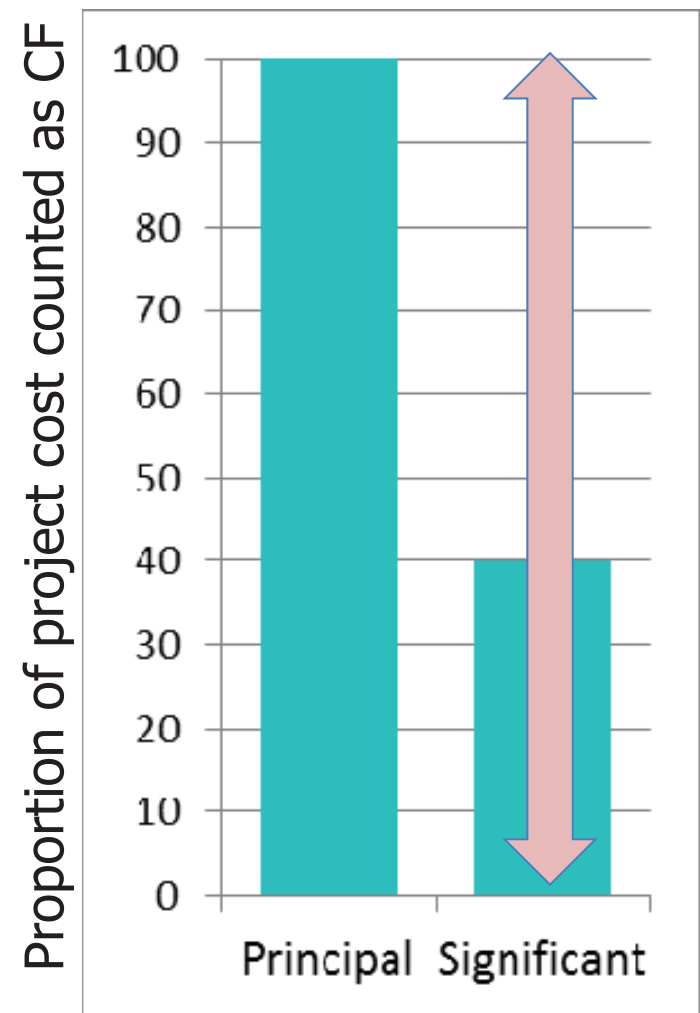
Technical aspects have political implications ... (1/2)

- Scope of international climate finance:
 - Concessional finance only ... or broader?
 - Flows only ... or also guarantees?
 - Received by national government only ... or also sub-national government, NDBs, NGOs etc
 - Timing: commitment vs disbursement; individual project vs broader (e.g. feasibility study)

Technical aspects have political implications ... (2/2)

CF provided and mobilised

- Rio Markers. How to count “principal” vs “significant”
- Geographical origin of CF can be difficult to determine (especially for private climate finance)
- How to determine causality?
- How to attribute mobilisation?
- How to estimate indicative CF, if budgets are annual?



Technical aspects have political implications ... (3/3)

CF received

- Different countries have different definitions as to what “counts” as CF (instruments, recipients, timeline)
- Capacity needed to track inflows
- Challenging to obtain data from non-state actors

CF needed

- Capacity needed to develop estimates
- Can be in varying metrics (\$, personnel, specific tool)
- Likely effect of support needed not always clear

Addressing challenges

Institutional

- Develop/enhance domestic MRV system to include reporting on CF received (ideally all sources, actors), mobilised
- Improve dialogue among relevant stakeholders, e.g. via pilot study
- Document/archive support received in a centralised database, reporting at disaggregated levels

Technical

- Make methodological choices on what “counts” as CF, and how to report T, CB ... and report on these choices
- Report disaggregated information
- Harmonise tools used to report information

Conclusions (1)

- Climate support important ... but can be complex, overlapping ... and often not defined at national level
- Climate finance particularly complex: many sources & channels; types of flows - sometimes indirect/intertwined
- Methodological choices needed to determine boundary for support...
- ... and these choices significantly influence results

Definition: a hot potato (*informal*) - something ^{MSI7} that is difficult or dangerous to deal with



Conclusions (2)

- Despite improvements, there are considerable data gaps (especially for CF mobilised, received; CB and T)
- There are also inconsistencies in reporting between countries, reflecting different methodological choices
- ... so “double book keeping” not likely to be feasible
- There are also risks of double counting
- Improved tracking has considerable benefits at national level, and countries increasingly working to improve their view
- More detailed guidance on what needs to be reported and how to do so can help

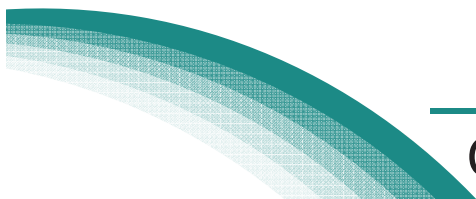
Thank you!

For more information:

www.oecd.org/env/cc/ccxg.htm

www.oecd.org/env/researchcollaborative

www.oecd.org/dac/stats/rioconventions.htm



Climate Change Expert Group



Selected bibliography

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