The Role of Climate Budgeting in International Climate Finance

Asia-Pacific Regional Technical Workshop on Climate Responsive Budgeting
5-7 November 2016, Bangkok, Thailand
What drives climate finance?  
...climate actions

What drives climate actions?  
...climate science

What do scientists say...
We are certain of the following:
There is a natural greenhouse gas effect which already keeps the earth warmer than it would be otherwise be. Emissions resulting from human activities are substantially increasing the atmospheric concentrations of the greenhouse gases... (IPCC, SPM, 1990)

Human influence on the climate system is clear, and recent anthropogenic emissions of greenhouse gases are the highest in history. Recent climate changes have had widespread impacts on human and natural systems (IPCC, SPM, 2014).
The Role of Climate Budgeting in International Climate Finance

In the beginning...

The Convention established the Financial Mechanism (1992)...

It then designated the Global Environment Facility (1996) as an operating entity...

and the Green Climate Fund (2010)
The Role of Climate Budgeting in International Climate Finance

COP13, Bali, Indonesia (2007)
Enhanced action on resources and investment

COP 15, Copenhagen, Denmark (2009)
Goal of $100 billion per year by 2020 and Fast-start Finance of $30 billion in 2010-2012

COP 16, Cancun, Mexico (2010)
Established climate finance architecture

COP 17/CMP7, Durban, South Africa (2011)
Launched the Green Climate Fund, Standing Comm. on Finance and Long-term finance

COP 18, Doha, Qatar (2012)
Delivery of the initial work of the climate finance institutions

COP 19, Warsaw, Poland (2013)
Clarity in the delivery of climate finance

Climate Finance Sub-programme
UNFCCC Secretariat
Climate Finance Architecture of the Convention

Standing Committee on Finance

- Finance under the UNFCCC
- Oversight
- Mobilizing Finance for climate action
- Delivery mechanisms
- Global Environment Facility
- Adaptation Fund
- Green Climate Fund

Enhanced action on the provision of financial resources and investment for climate change

Fast-Start Finance: USD 30B (2010-2012)
Long-term Finance: USD 100B/year by 2020
Where’s climate finance flowing?
The Role of Climate Budgeting in International Climate Finance

Biennial Assessment and Overview of Financial Flows 2014

Standing Committee on Finance

Climate Finance Sub-programme
UNFCCC Secretariat
Climate finance flows (USD Billion)

Global total climate finance
$340 - 650

All financial flows from developed countries
$40 - 175
(Including both public and private flows of finance)

Flows to developing countries through public institutions
$35 - 50

Other official flows
$14 - 15

MDB finance
$15 - 23

Climate related ODA
$19.5 - 23

Multilateral climate funds
1.5

UNFCCC funds
0.5

Estimates of global total climate finance include both public and private in both developed and developing countries, and including adjusted estimates of energy efficiency investment. This estimate is highly uncertain.

MDB flows are adjusted to exclude national resources mobilized by MDBs and funding to economies in transition/non-developed countries.

Funds accountable to the UNFCCC COP including the GEF, LDCF, SGP, and the Adaptation Fund.

Figures represent total ranges of estimated climate finance (including sub-categories identified).

Quality of measurement and reporting:

- Relatively certain
- Medium certainty
- Relatively uncertain
Recommendations

Invite Parties to consider the following definitional elements of climate finance

“Climate finance aims at reducing emissions, and enhancing sinks, of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts.”
Recommendations

- Invite relevant international institutions, organisations, and experts from both developed and developing countries to explore options to strengthen tracking and reporting of domestic climate finance from public and private sources in developed and developing countries building on international experience and emerging practices.

- SCF to collaborate with relevant international financial institutions and organisations, to continue technical work on operational definitions.

- Invite climate finance providers to continue to deepen their engagement with recipient countries to strengthen alignment with national needs and priorities;

- Encourage climate finance providers to inform UNFCCC focal points of climate finance committed and reported to the Convention as directed to their country to the extent possible; and,

- Further work with regards to needs assessment processes is needed to inform future BAs of the SCF.
Linkages between international climate finance and national climate budgeting

- Mobilization and delivery of climate finance
- Strategic link of domestic public finance with other sources
- Tracking climate finance to guide policy-makers and to assess impacts and effectiveness.
Climate Finance Sub-programme

UNFCCC Secretariat

Biennial submissions on their updated strategies and approaches (developed countries)

2014 COP 20

In-session high level ministerial dialogue

2015 COP 21

In-session high level ministerial dialogue

2016 COP 22

In-session high level ministerial dialogue

Climate finance process pre-2020

New legal framework

ADP

In-session high level ministerial dialogue

Domestic preparations for their intended nationally determined contributions (all Parties)

Mobilization

LTF

In-session workshop

Biennial submissions on their updated strategies and approaches (developed countries)

Climate Summit by SG

Needs assessments

GEF

GEF-6 negotiations concluded

GEF-6 replenishment period starts

Delivery

GCF

Operationalization as soon as possible

Initial resource mobilization process launched

Adaptation Fund

Recommendations and guidance to the OEs

Conclusion of 2nd review of AF

First biennial assessment by the SCF

SCF: Ongoing technical work on operational definition of climate finance

Oversight

MRV

Second biennial assessment by the SCF

SCF: Increase of the work on MRV beyond the first biennial assessment

Forum of the SCF (adaptation finance in 2014 and financing for forests at a later stage), linkages between the SCF and other bodies (AC, L&D EC, CTCN-AB, REDD+ etc.)

SCF: Recommendations and draft guidance to the OEs

SCF: Expert input to the fifth review of the financial mechanism

Conclusion of 5th review of FM
Thank You

Climate Finance Sub-Programme
UNFCCC secretariat

http://unfccc.int/focus/climate_finance/items/7001.php