The Role of Climate Budgeting in International Climate Finance

Asia-Pacific Regional Technical Workshop on Climate Responsive Budgeting
5-7 November 2016, Bangkok
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).
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)**
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, 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

Evolution of Climate Finance Architecture
Finance under the UNFCCC

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

Standing Committee on Finance

Oversight

Mobilizing Finance for climate action

Global Environment Facility
Adaptation Fund
Green Climate Fund

Fast-Start Finance:
USD 30B (2010-2012)

Long-term Finance:
USD 100B/year by 2020

Delivery mechanisms
Where’s climate finance flowing?
Biennial Assessment and Overview of Financial Flows 2014

Standing Committee on Finance
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 external resources managed by MDBs and funding to economies in transition/non-developed countries.

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

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

Quality of measurement and reporting:

- Relatively certain
- Medium certainty
- Relatively uncertain
Challenges associated with collecting, aggregating and analysing information from diverse sources. Each of the sources uses its own definition of climate finance and its own systems and methodologies for reporting.

The challenge in quantifying and assessing finance from a wide range of delivery channels and instruments used for climate finance.
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.”
- 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.
Mobilization and delivery of climate finance

Strategic link of domestic public finance with other sources

Track climate finance...

to guide policy-makers
to assess impacts and effectiveness
**Climate finance process pre-2020**

**New legal framework**
- Biennial submissions on their updated strategies and approaches (developed countries)
- Domestic preparations for their intended nationally determined contributions (all Parties)

**Mobilization**
- LTF: In-session high level ministerial dialogue
- Biennial submissions on their updated strategies and approaches (developed countries)

**Delivery**
- GEF: Recommendations and guidance to the OEs
- Operationalization as soon as possible
- GCF: Initial resource mobilization process to be launched
- Adaptation Fund: Conclusion of 2nd review of AF

**Oversight**
- MR V: First biennial assessment by the SCF
- Second biennial assessment by the SCF
- SCF: Ongoing technical work on operational definition of climate finance
- 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: Increase of the work on MRV beyond the first biennial assessment
- 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