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Working Paper

Reporting on a series of three workshops

MONITORING CLIMATE FINANCE IN DEVELOPING COUNTRIES: CHALLENGES AND NEXT STEPS

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EXECUTIVE SUMMARY

At the 18th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC), the parties agreed to a standard format for developed countries to follow when reporting on the climate finance they provide to developing countries. Developed countries will use these formats for the first time when they submit their Biennial Reports to the UNFCCC in early 2014. Later in 2014, developing countries are expected to submit Biennial Update Reports showing the financial support that they have received. From initial attempts to measure and report climate finance by developed and developing countries, it is already apparent that information on finance provided is unlikely to match information on finance received.[1]

Aside from the reporting requirements of the UNFCCC, better financial data can help decision makers in developing countries identify gaps, improve coordination and management, and raise funds to mitigate and adapt to climate change. Better climate finance information can also enable countries to draw lessons from the use of different financial instruments and develop strategies and policies that aim to expand finance for climate change. Improved data will allow the information reported by developed countries to be cross-checked, thus promoting transparency, completeness, and accuracy. Finally, it can contribute to a more comprehensive picture of climate financial flows in relation to development assistance at the national and international levels.

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This working paper reports on three workshops in Asia, Africa, and Latin America, in which participants discussed some of the steps that developing countries and their international partners can take toward monitoring and tracking climate finance more effectively. More than 40 representatives from 20 developing countries, regional development banks, and national organizations attended the three workshops. Participants shared information on the limits of existing legislation and mandates, national planning and approval processes, financial management systems, efforts to coordinate among ministries and development partners, and many other unique challenges faced by the participating countries. WRI obtained additional information via a questionnaire, follow-up correspondence, and interviews with representatives of the countries.

The paper presents nine technical, political, and capacity challenges faced by developing countries that were discussed at the three workshops:

- Inconsistent definitions and criteria to define climate finance
- Inconsistent markers, indicators, and codes to characterize financial data (e.g., by sector and activity)
- Insufficient institutional arrangements, including unclear roles and responsibilities of different ministries
- Insufficient technical processes and systems to identify and record climate finance expenditures
- Lack of information on climate finance provided by nongovernmental actors
- Lack of capacity to monitor different financial instruments
- Limitations on the availability of private financial data
- Lack of transparency and predictability on the part of development partners contributing climate finance
- Limited use by development partners of developing country national systems and different administrative requirements by each development partner.

This paper explores each of the challenges, illustrated with country-specific examples. Based on conversations with workshop participants, it suggests steps through which developing countries (with the collaboration of developed countries) can address each of these challenges to develop more effective approaches to monitoring climate finance.

Although developing countries can take steps to improve the monitoring of climate finance, they need the support and cooperation of their developed country partners to build capacity to monitor the flow of financial information. Developed countries also need to make improvements in the transparency, predictability, and harmonization of their support and follow best practices in reporting their finance. Furthermore, developed countries should strive to make use of recipient countries' institutions and systems as far as possible to reduce the duplication of systems and relieve the administrative burden on countries.

INTRODUCTION

1.1 Background

In 2009, at the 15th Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) in Copenhagen, developed countries pledged to mobilize US$100 billion per year by 2020 to address the adaptation and mitigation needs of developing countries.[2] Monitoring the performance of developed countries in meeting this pledge has subsequently become a focus of attention. At the 18th COP in Doha, Parties agreed on a standard format for reporting on climate finance by developed countries, making some improvement in the type of information required by guidelines adopted at COP5.[3] Developed countries will use these new formats for the first time when they provide their Biennial Reports (BRs) in 2014.[4]

Developing countries encounter a number of challenges in verifying the information provided by developed countries. These challenges include a lack of appropriate institutional arrangements and insufficient capacity, procedures, and systems to register, monitor, and report on finance received. This paper presents ideas and suggestions raised during three workshops that can help developing countries address these challenges, provided that they have the resources to do so.

1.2 Benefits of Monitoring Climate Finance

Developing countries can reap multiple benefits from accurate information about climate finance. Better financial data can help decision makers in developing countries to identify gaps, improve coordination and management, and raise and allocate funds for climate change activities. Climate finance information can also help countries draw lessons from the use of different financial instruments and develop strategies and policies that aim to expand finance for climate change. It will allow for the cross-checking of information reported by developed countries, thus promoting transparency, completeness, and accuracy, and help build confidence among developing countries that their developed-country partners are meeting their commitments.

At the international level, better information will contribute to a more comprehensive picture of climate financial flows and build confidence among developed country partners that their funds are being used effectively and efficiently at a time when budgets are tight. If even some of the ideas presented in this paper are implemented, developing countries will be better prepared to report on the receipt of climate finance in their December 2014 Biennial Update Reports (BURs), as requested by the 17th COP in Durban.

1.3 Methodology

This paper reports on a series of workshops in Asia, Africa, and Latin America that brought together representatives of finance and climate-related government entities in each of the respective regions to exchange experiences and identify strengths and needs relating to monitoring the receipt of climate finance (see workshop agenda in Annex 2). It builds on and updates a previous working paper by Tirpak et al. (2012)[5] on the same topic, which focused on lessons gathered from the first workshop in Asia.

The first workshop was hosted by the World Resources Institute (WRI) with support from the Frankfurt School–United Nations Environment Programme (UNEP) Collaborating Centre's National Climate Finance Institutions Support Programme.[6] Participants from Indonesia, the Philippines, and Vietnam attended the workshop, which took place in Jakarta in March 2012.

The second workshop was held in collaboration with the Frankfurt School–UNEP Collaborating Centre in Nairobi, in November 2012, and included participants from Benin, Ghana, Kenya, Malawi, Mali, Namibia, Sierra Leone, Tanzania, and Zambia, as well as participation (by videoconference) of the African Development Bank.

The third workshop was held in Bogotá, in collaboration with the government of Colombia, in February 2013. It included participants from Chile, Colombia, Dominican Republic, El Salvador, Mexico, Panama, and Peru, as well as participation (by videoconference) of the Inter-American Development Bank. The government of Canada supported the African and Latin American workshops.

WRI obtained additional information via questionnaire, follow-up correspondence, and interviews with representatives of countries. It also obtained information on two additional Asian countries: Vietnam and Laos, through questionnaires and interviews. The paper was further informed by desk research and a literature review conducted by the authors.

1.4 Scope

Developing countries receive international climate finance from public and private sector sources through various financial instruments (including concessional and non-concessional loans, grants, carbon finance, equity, and guarantees) in addition to climate finance generated through domestic public sources (tax revenues) and private investors. This paper focuses primarily on international public financing for climate change. However, governments generally recognize that they should seek to obtain a comprehensive picture of both international and domestic, and both public and private, sources, if they are to develop a comprehensive strategy for climate change.

This paper explores how international finance, including official development assistance (ODA), for climate change is currently monitored in several developing countries that were represented at the three workshops. It also seeks to understand some of the challenges and capacity gaps in monitoring climate finance. Research by WRI and others has considered the issues around tracking and reporting of finance by developed countries.[7] Drawing on the experiences of developing countries that participated in the workshops, we developed insights about what can be done to improve the monitoring of climate finance at the national level.

1.5 Limitations of this Paper

This paper is based on a relatively small sample of information from 20 countries. While the countries face similar challenges, their capacities differ. Consequently, the relevance of the suggestions we make here may differ according to the country context.

The effectiveness of climate finance in achieving its ultimate purpose is captured through evaluating the results of climate programs—some methods for which have been explored in other WRI publications.[8] In contrast, this paper focuses only on monitoring the receipt of the finance, regardless of its ultimate use.

This paper does not attempt a comprehensive assessment of how climate change policy is translated into public expenditure and financial management, a task that the United Nations Development Programme (UNDP) and partners have undertaken in a number of countries through their Climate Public Expenditure and Institutional Review.[9] Nor does it attempt to capture the landscape of current international climate finance flows as other organizations have sought to do.[10] Developing countries cannot build monitoring capacity on their own: this is recognized in international climate agreements through the concept of common, but differentiated responsibilities.[11] Developed countries are obligated under the UNFCCC, and in particular in the 2011 Cancun Agreements, to provide support for developing countries' international reporting efforts and to increase the transparency of international climate finance in their capacity as contributors. However, estimating the scale of the support needed is beyond the scope of this paper.

CHALLENGES

Participants at the three workshops identified nine challenges to effectively monitoring climate finance:

- Inconsistent definitions and criteria to define climate finance
- Inconsistent markers, indicators, and codes to characterize different types of financial data (e.g., by sector and activity)
- Insufficient institutional arrangements, including unclear roles and responsibilities of different ministries
- Insufficient technical processes and systems to identify and record climate finance receipts and expenditures
- Lack of information on climate finance provided by nongovernment actors
- Lack of capacity to monitor different financial instruments
- Limitations on the availability of private financial data
- Lack of transparency and predictability on the part of development partners contributing climate finance
- Limited use by development partners of developing-country national systems and different administrative requirements by each development partner.

This section explores these challenges and considers approaches to addressing them.

2.1 Inconsistent Definitions and Criteria to Define Climate Finance

Context: Distinguishing climate finance from other forms of finance (such as official development assistance) is a challenge inherent in all climate finance monitoring efforts, whether by a contributor or a recipient. Countries and contributor institutions use a variety of definitions to identify climate finance, with significant implications for questions regarding the quantity and characteristics of this finance.[12] A narrow definition of climate finance might include finance that supports discrete climate activities, but excludes activities in which climate considerations are mainstreamed into traditional development assistance through a "climate-proofing" process. A broader definition might include some or all of the finance toward any development project that includes climate benefits.[13]

While the UNFCCC does not define or establish criteria for climate finance, the Organisation for Economic Co-operation and Development (OECD)'s Development Assistance Committee (DAC) has developed definitions and criteria in its climate change mitigation and adaptation "Rio Markers" – the coding system that the DAC uses to track the ODA that targets climate change adaptation and mitigation.[14] The multilateral development banks (MDBs)—including 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—have developed a joint approach to tracking adaptation[15] and mitigation[16] finance in which they identify a set of criteria for adaptation and categories for mitigation. The application of both the OECD DAC system and the MDB system is affected by limitations and complexities.[17]

Country experiences. Countries that participated in the three workshops unanimously noted that the lack of a common definition of climate finance is among the key challenges to monitoring finance received. In particular, countries raised concerns around whether and how to distinguish climate finance from ODA, and how to determine the proportion of climate finance that is additional to ODA.[18] This distinction is important in the context of the UNFCCC; developed countries have included in their climate finance pledges a commitment to provide funding that is new and additional to that already provided as ODA, but developing countries widely perceive that most climate finance to date does not meet this requirement.

The majority of countries that participated in the workshops had no definitive guidance on how to define climate finance, and no formal systems for tracking it. However, a number of countries have attempted to estimate how much climate finance they have received, which required a judgment on what counts as climate finance. For example, Kenya has undertaken an assessment to estimate the amount of climate finance received from development partners as part of the finance component of its National Climate Change Action Plan. The estimate of climate finance received, however, was inconsistent with OECD figures and with what contributor countries claimed as fast-start finance.[19]

Next steps. A number of countries noted the need for a clear definition of climate finance as an important prerequisite to developing indicators for tracking finance and systems to store information. Until the international community agrees to a definition of climate finance, countries should review the definitions used by international organizations and consider their national circumstances to decide on a definition that meets their needs. In most cases, using a broad definition of climate finance (that encompasses international and domestic, public and private sources and activities in which climate is a primary or secondary objective) would enable countries to track a wider range of climate-related funding flows for domestic monitoring purposes, even if their current capacity is limited and they wish to report internationally on a narrower subset of sources and activities.[20]

2.2 Inconsistent Markers, Indicators, and Codes to Characterize Financial Data (e.g., by Sector and Activity)

Context. Markers and indicators to identify climate finance vary among different entities tracking climate finance. For example, while each MDB has its own sector classification system, the OECD DAC requires its members to report using common and fairly detailed sector codes. Developing indicators for climate finance is especially challenging in the case of projects that have multiple objectives (e.g., contributing to both adaptation and mitigation). Indicators are also challenging for cross-sectoral projects that include climate-related benefits, but do not primarily focus on climate (for example, projects in the health or agriculture sectors that include an element of integrating climate resilience, but not as a primary objective). Developing indicators for adaptation finance can be particularly tricky, since many projects that enhance adaptive capacity or resilience to climate change may simply be development projects that account for potential climate change impacts in their design; much depends on the context and intent of the project.

Country experiences. All of the countries that participated in the workshops noted that developing indicators for climate-related spending is a key challenge, especially when finance is used for multiple objectives, raising a risk of double counting. The absence of an internationally agreed upon method for classifying climate finance requires countries to devise their own methods that make sense for their country contexts, but will limit comparability across countries.

Although none of the participating countries have a system for identifying and tracking climate finance, several have ODA tracking systems that include sector classifications and indicators for activity type and source. However, in all countries, these systems lacked a specific climate change indicator.[21] Colombia currently has two systems for tracking ODA and loans, which do not use the same criteria for classifying finance flows. In the Philippines, the sectoral classifications for its ODA monitoring system are not related to climate finance. For example, there is no specific energy-related indicator. In addition, the Philippines' sectoral classifications are fairly broad and overlapping. Potable water projects, for example, are included both in the Agriculture, Agrarian Reform and Natural Resources indicator and in the Social Reform and Community Development indicator.[22]

Next steps. To develop their national tracking systems, governments need to decide on the level of detail for a classification system. For example, a broad classification system may consider only whether an activity is identified as being an adaption or mitigation project. A second level of detail could consider mitigation activities by sector—for example, energy, forestry, transport, or manufacturing. A further layer of detail may look at subsectors. For example, energy-sector activities may be subdivided by technology: wind, solar, geothermal, nuclear, and so on. Countries will have to determine a level of detail that is practical and meets their internal policy needs. Moreover, they will need to consider how to identify climate, particularly adaptation projects, with respect to national development plans and programs and development assistance projects. As discussed earlier, this is a task that the international community, including the multilateral development banks and the UNFCCC, has yet to solve, though ongoing discussions may provide countries with a foundation on which to build their own classification decisions. The Philippines' National Economic and Development Authority decided in its 2010 Portfolio Review to apply the OECD DAC evaluation criteria at appraisal, mid-term, completion, and post-evaluation of projects. While this recommendation applied to ODA more generally, doing the same with climate finance could result in monitoring improvements.

2.3 Insufficient Institutional Arrangements, Including Unclear Roles and Responsibilities

Context. Effective institutional arrangements for managing, monitoring, and coordinating climate finance, including clear roles and responsibilities for different actors, can help countries determine where climate finance is flowing, and whether it is being used in line with its intended purpose. The multitude of institutions involved in the project cycle can make effective coordination a daunting challenge. While ministries of environment are often mandated to coordinate climate change-related activities, the activities of other sectoral ministries may also be affected by, or have the potential to impact, climate change. To add to the complexity of the challenge, many of these activities take place at a subnational level and fall within the jurisdiction of regional or local governments. Furthermore, ministries of finance and planning are generally in the driver's seat in defining national development priorities and formulating the national budget. Although a national budget may not include a specific allocation for climate change activities, in most countries it includes activities that are climate relevant. Ministries of finance, planning, or foreign affairs may also engage with development partners and help maintain records of ODA flowing to various sectors.

Country experiences. The countries that participated in the workshops emphasized that even where the appropriate institutions are in place to coordinate the various stages of climate change planning and implementation, difficulties arise in ensuring effective coordination and information sharing. Integrating climate change into development planning at national, sectoral, and subnational levels was also noted as a key challenge. In Namibia, for example, climate change policy development is the responsibility of the Ministry of Environment and it is largely viewed as an environmental issue, rather than a broader development issue. Consequently, climate change is not fully integrated into development planning. Similar findings have emerged from an ongoing initiative by WRI and partners to track finance for adaptation in developing countries.[23]

The participant countries are all taking steps to enhance institutional coordination and clarify roles and responsibilities by reforming institutional arrangements and creating coordinating committees for climate change. For example, El Salvador has introduced focal points or units for climate change in a number of ministries and established an Inter-institutional Committee for Climate Finance to coordinate climate finance (see Box 1). Colombia moved the authority for climate change policy development from the Ministry of Environment to the National Planning Department in order to more effectively mainstream climate change into development planning (See Box 2). Kenya created a multi-sectoral task force to oversee the development of its National Climate Change Action Plan, with multi-stakeholder working groups leading the work under each of the eight strategic subcomponents, and a ninth working group responsible for ensuring coordination among them. In Indonesia, the National Climate Change Council established a working group to coordinate finance, while in the Philippines the Investment Coordinating Committee has that responsibility.

Box 1 | Strengthening Coordination of Climate Finance in El Salvador

The Government of El Salvador has recognized the cross-cutting nature of the climate change challenge by integrating climate change into national development planning, in particular the Five Year Development Plan 2009–2014, and into sectoral programs that address the agriculture,[24] ecosystems,[25] public works,[26] education,[27] and energy[28] sectors. Additionally, it has strengthened institutional capacities and intra-governmental coordination by establishing a Climate Change Committee in 2012. A number of ministries, including Environment and Natural Resources, Agriculture, Finance, Public Works, and Foreign Affairs, have established or strengthened climate change units, which are responsible for including climate change in the planning and budgeting processes in their institutions and negotiating, managing, and tracking funding for climate change to the relevant sector.

The Inter-institutional Committee for Climate Finance (CIFCC), under the leadership of the Ministry of Foreign Affairs, jointly with the Ministry of Environment and Natural Resources, and the Technical Secretariat to the Presidency, is a means to coordinate climate finance at the national level. The CIFCC brings together the focal points for climate finance in the various government institutions to undertake analytical work, identify needs and options for capacity development, and coordinate initiatives to improve access to climate funds with a programmatic/sectoral approach. In 2011, this committee undertook an internal assessment of all the climate finance flowing through various channels—mainly international—to El Salvador, identifying and systematizing information provided by 15 government institutions on the projects and programs being implemented.[29]

Although El Salvador does not have a national tracking system for climate finance, improved coordination is an important step toward better tracking of climate finance flows. The Ministry of Finance recognizes the need to reflect climate change expenditures in the national budget. The Ministry of Foreign Affairs is currently coordinating efforts to create a climate finance tracking system that would monitor funds flowing both through and outside of government systems, with the participation of 20 government agencies, and representatives from civil society and academia.

Putting in place effective institutional arrangements and coordination mechanisms across different levels of government is a key challenge for the countries studied. Much of the planning and implementation of climate-related projects takes place at regional and local levels, where capacity and systems for monitoring climate finance tend to be limited. Kenya has attempted to overcome this challenge by actively involving county governments—which have expanded authority under its new constitution—in the planning process of its National Climate Change Action Plan. County governments will be required to develop their own strategies and budgets for implementation of the National Climate Change Action Plan at county level.

Next steps. Some of the participant countries have introduced multi-stakeholder and interagency committees for climate change, with subcommittees or working groups for climate finance. Including the full range of actors in such committees—such as relevant sectoral ministries, subnational levels of government, civil society, and the private sector—can ensure a more complete understanding of climate finance flows and facilitate holistic planning, implementation, and monitoring. Developing countries that have not already done so should consider putting in place effective and efficient institutional arrangements for coordinating climate finance. Doing this would involve assessing and revising existing institutional arrangements as needed, clarifying the roles of the main climate finance institutions, and putting in place coordination mechanisms to ensure effective communication among the relevant ministries.[30]

Also, mainstreaming climate change into the planning, budgeting, and monitoring processes of these government ministries is relatively new for many developing countries, but is recognized as an important step in strengthening systems for monitoring climate finance. Furthermore, sharing information between government ministries and nongovernmental actors, including private businesses and NGOs, is deemed essential if countries wish to have the full picture of climate finance flows.

Box 2 | Institutional Reform to Drive the Climate Change Response in Colombia

In 2011, the government of Colombia assigned responsibility for coordinating and responding to climate change to the National Planning Department (NPD), under the Presidency. The NPD coordinates a commission (National System for Climate Change) composed of ministers or vice-ministers of 11 Ministries, including the Ministries of Environment, Agriculture, Finance, Mines and Energy, Transport, Foreign Relations, and Social Protection.[31] A commission subcommittee is dedicated to financial management (see Figure B2.1). The Directorate of Climate Change in the Ministry of Environment acts as the Secretariat to the commission. Four subcommittees have been established to coordinate across sectors; between national and territorial levels; between national and international levels; and on informational issues. Nongovernmental actors participate in the work of the commission through advisory groups.

Like El Salvador, Colombia has no system for tracking climate finance. However, the institutional reforms have raised awareness of climate change as a cross-cutting issue and the government is currently considering a range of options for developing a system to track climate finance, either through adapting existing systems or by establishing something new. Colombia currently has a web-based system for tracking ODA managed by the Agency for Cooperation which codes projects by sector, contributor, and recipient Ministry. It includes a tag for environmental projects, but not a separate code for climate change. There are separate web-based systems that track loans and credit lines, but they also do not include climate change codes. The government is assessing the possibility of merging the existing tracking systems, or adapting one or more of them to include a climate change code.

Figure B2.1 | Organizational Structure of the National System for Climate Change in Colombia

Source: Comstock, M., I. Santelices, and A. Vanamali Case Study: Colombia's National Climate Change process. Center for Clean Air Policy. Available at: http://ccap.org/resource/colombias-national-climatechange-process/.

2.4 Insufficient Technical Processes and Systems to Identify and Record Climate Expenditures

Context: Technical processes and systems (such as reporting formats and software platforms for storing and sharing information) and mechanisms to integrate climate change into national systems for budgeting, monitoring, and reporting are necessary to systematically and consistently track climate finance flows. While most countries have domestic systems in place for budgeting, monitoring expenditures, and reporting, usually by sector, these systems are not designed with climate finance in mind.[32] To help fill this gap, UNEP and UNDP developed the Climate Public Expenditure and Institutional Review process—a methodology for developing countries to examine their policy, institutional, and financial management framework for climate change, and assess how policy objectives are reflected in public expenditures.[33]

Country experiences: Many of the countries that participated in the three workshops have systems to track ODA, either within a national public financial management system or as a separate system. However, none has a system with codes that explicitly identify climate-relevant projects. In Kenya, ODA is captured alongside domestic finance in the Integrated Financial Management Information System (see Box 3) which integrates financial planning and management for all government entities, and captures information by sector and activity. Although the system captures project information at a level of detail sufficient to identify all climate-related expenditures, there is no code for climate change in the system. Consequently, this information is not systematically monitored and reported. El Salvador has a separate system for recording and monitoring ODA, managed by the Ministry of Foreign Affairs. Colombia has three systems: an ODA management system, a separate system for managing loans, and a domestic financial management system; none of which has a specific code for climate expenditures.

Box 3 | Integrated Budgeting and Financial Management in Kenya

Kenya introduced the Medium-Term Expenditure Framework (MTEF)—a budgeting tool used to translate government policies and plans into expenditure programs within a coherent, multiyear macro framework—in 2000 following a 1997 public expenditure review. To track financial flows, Kenya uses an Integrated Financial Management Information System (IFMIS), which interlinks planning, budgeting, expenditure management and control, accounting, audit, and reporting. It integrates financial planning and management for all government ministries, departments, and agencies and strengthens transparency, accountability, and fiscal planning and reporting.[34] The current IFMIS does not have a specific code to track and report climate change budgets and expenditures. Instead, climate change budgets are bundled into overall ministerial expenditures,[35] hampering the government's capacity to monitor activities and financing for mitigation and adaptation.[36] Although there is no code to track climate change expenditures, the existing system can track external resources by sector and display how resources are allocated throughout the budget. The level of detail captured is sufficient to manually identify climate-related projects and obtain an estimate of how climate funding is flowing. However, the cross-cutting nature of climate change poses a challenge to the manual tracking process; consequently the government is grappling with how to define climate-relevant projects. [37]

Laos has developed an online aid management platform for tracking ODA, managed by the Department of International Cooperation in the Ministry of Planning and Investment (see Box 4). Malawi has developed a similar aid management platform for monitoring and reporting ODA, which is managed by the Debt and Aid Management Department in the Ministry of Finance. Neither Laos' nor Malawi's systems explicitly capture climate finance, but it would be feasible to add a climate change indicator or markers to the systems.

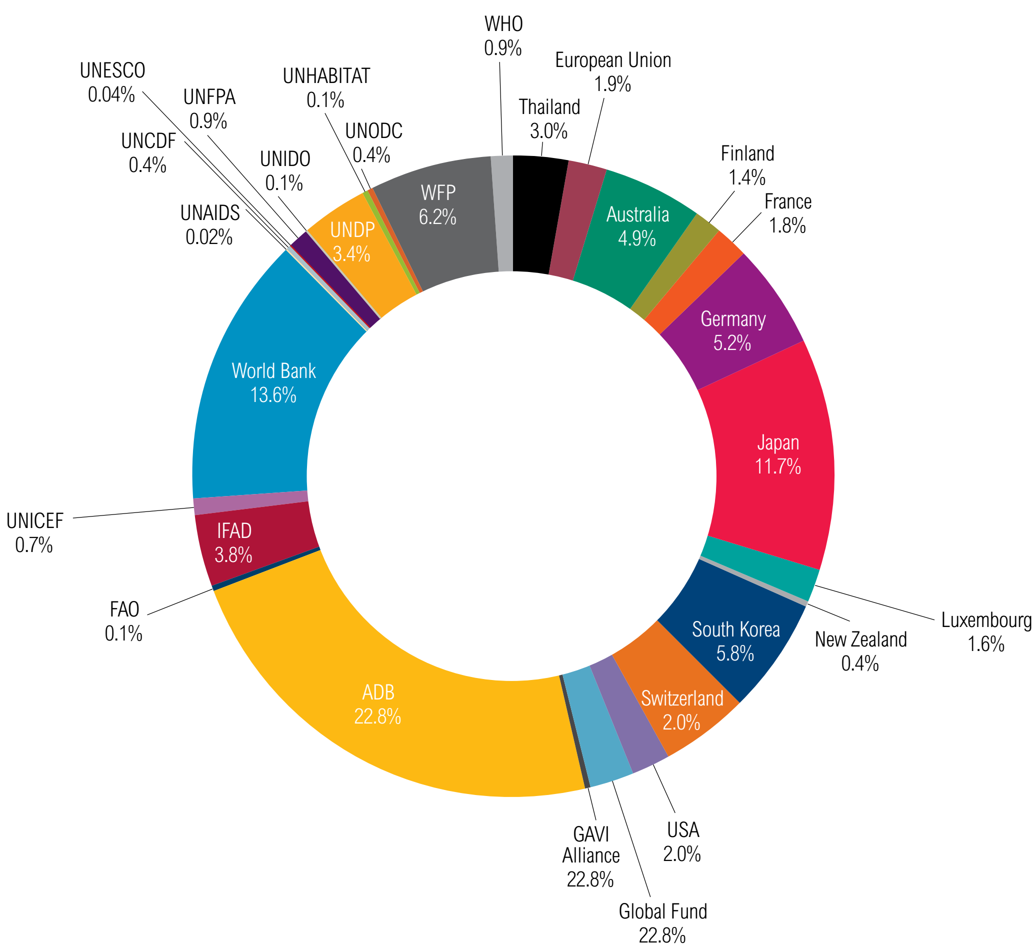
Box 4 | An Online ODA Management Platform in Laos

The Department of International Cooperation in the Ministry of Planning and Investment of Laos PDR put in place an Aid Management Platform (AMP) in 2011 for tracking ODA funds and registering project level information. The AMP system is a web-based tool that relies on the collaborative work between governments and development partners as the latter provide project data to the system and the former uses this information to enhance its capacity for managing ODA and aligning resources with national priorities.[38] A similar AMP system has been adopted by 25 countries including Malawi, with the financial support of UNDP, the World Bank, and OECD.[39]

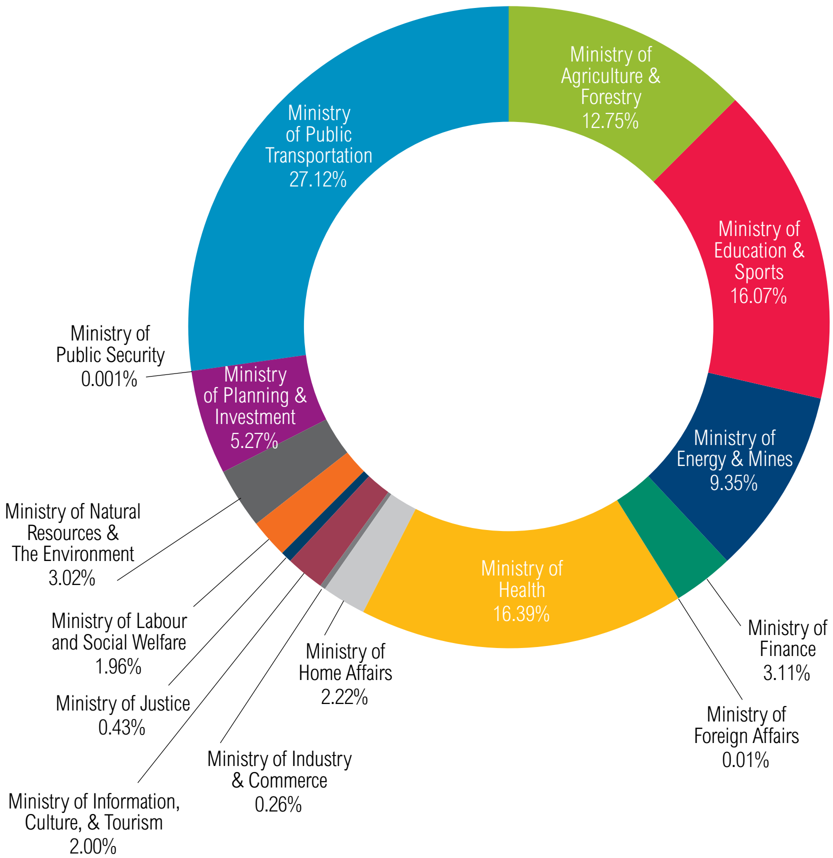
In the recent Foreign Aid Implementation Report (2011-2012), the government of Laos identified ODA commitments and the distribution to ministries based on the AMP mapping exercise. Figures B4.1 (a) and (b) below show the ODA commitments of development partners and the distribution of disbursements to ministries in Laos in percentage terms.[40] The AMP system has been instrumental in improving coordination between stakeholders and promoting improved standards for accountability in Laos. Further, it has strengthened capacities of government and development partner staff for tracking climate finance.

Figure B4. 1 | Commitments of Development Partners and Disbursements of Development Aid to Ministries in Laos

a. Commitments of Development Partners



b. Disbursements of Development Aid to Ministries



Source: Ministry of Planning and Investment, Laos. 2013. "Foreign Aid Implementation Report (FAIR), 2011-2012. 2011/12," Department of International Cooperation, Ministry of Planning and Investment, Vientiane, Laos.

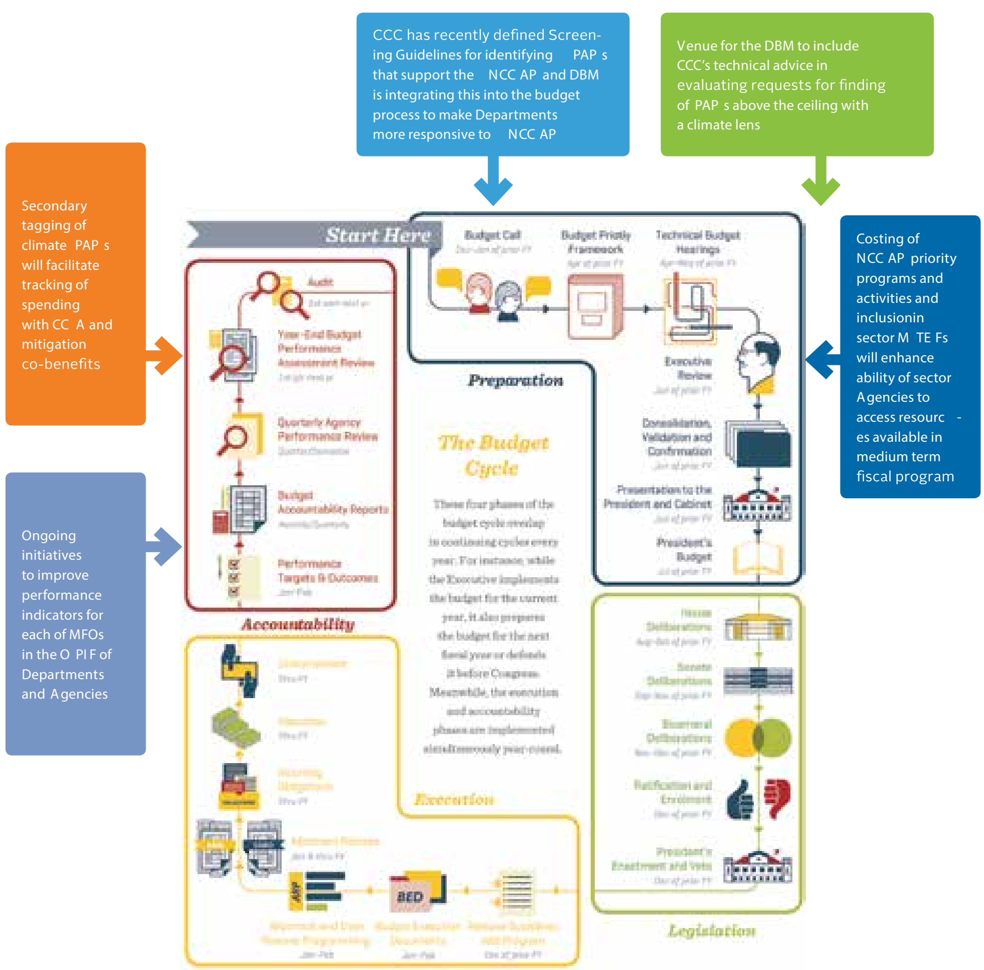
Several developing countries are grappling with the question of whether to integrate climate change codes into existing financial management systems or to develop new systems. The majority of countries that participated in the Africa workshop expressed a preference for integrating climate change codes into their existing ODA tracking systems, and integrating climate change into the national budgeting process. In Indonesia, participants noted that it would be difficult to modify existing computer systems in the Ministry of Finance and Ministry of National Development Planning to include climate change markers; new software would be needed to complement existing systems. In the Philippines, the National Economic and Development Authority has several databases for monitoring ODA, but none are publicly available (see Box 5). El Salvador appears to favor creating a system for tracking climate finance separate from the system that tracks ODA.[41]

Box 5 | Integrating Climate Change into the National Budget in the Philippines

The Philippines integrates climate change into planning and budgeting across all sectors and levels of government. The Climate Change Commission, the executive oversight body for climate change housed in the Office of the President, recently launched an initiative to review alignment between the National Climate Change Action Plan and the national budget.[42] Figure B5.1 describes the budgeting process and allocations of resources in the Philippines and highlights the instances where climate change could be mainstreamed. In 2011, the Philippines government undertook a number of public financial management reforms to more effectively prioritize and mainstream climate change into planning and budgeting at various levels and across sectors. It also introduced tools to enhance local communities' planning capabilities.

The Philippines does not have a system in place to track climate finance, although the National Economic and Development Authority (NEDA) maintains an ODA management information system (which has different systems for monitoring loans and grants) and reports annually to Congress on ODA-funded projects. The report presents portfolio profiles of ODA loans and grants including information by sector and subsector, magnitude, composition, donor, and fund or institution. It also assesses the financial and physical performance of ODA loan- and grant- projects by looking at projects' absorptive capacity and project implementation. The most recent report,[43] presented to Congress in June 2013, includes ODA figures as of 31 December 2012. Since 2010, these ODA portfolio reviews have also included an overview of all climate related loans and grants, following parameters set in the 2010–22 National Framework Strategy on Climate Change.

Figure B5.1 | The National Budgeting Process in the Philippines



Source: World Bank. 2013. "Getting a Grip on Climate Change in the Philippines: Contributing to the Foundation and Ensuring the Future for a Low-Carbon, Climate Resilient Society through the Philippine Climate Public Expenditure and Institutional Review." World Bank, Washington DC.

Next steps: Countries have two options for adapting or developing technical processes and systems (such as software and databases) for monitoring climate change. They can either modify existing financial management systems to explicitly capture climate-related expenditures, or they can develop—alone or together—a stand-alone or complementary standardized climate finance data system. Countries that opt for the latter approach could purchase or modify commercial software.

There are advantages and disadvantages to both of these options (see Table 1). Moreover, the most appropriate option may differ from one country to another.

2.5 Lack of Information on Climate Finance Provided by Nongovernmental Actors

Context: Some countries lack information on finance for projects undertaken by nongovernmental organizations (NGOs), hindering efforts to develop an accurate picture of climate finance received. The lack of information can hamper planning by government ministries and lead to duplicative efforts. For their part, some NGOs may have little interest in reporting because they fear government interference, a loss of funds channeled through the government, or excessive intrusions into their operations.[44]

Country experiences: The participant countries reported that in most cases, the scope and depth of NGO reporting on climate finance received is determined by the requirements of the international agencies that provide climate finance. NGOs report directly to their funders, and may not provide information to their country government. Several countries including Zambia and Malawi require NGOs to report on finance received, but others do not or have limited capacity to enforce reporting requirements. In some countries, for example Laos, NGOs can report on finance received through online ODA management systems. El Salvador's ODA management system is also online and publicly available. Nongovernmental stakeholders can access the system and input relevant information about finance received, although NGO reporting is voluntary. In Zambia and Malawi, NGOs are required to report to the government on finance received from development partners; however implementation of the requirement is limited. Workshop participants from Africa in particular expressed the view that development partners should report to the government all the climate finance that they provide to the country, including that which goes directly to NGOs.

Some NGOs have adopted voluntary disclosure measures. For example, WeAdapt[45] discloses information about projects through an online system. Oxfam publishes its

Table 1 | **Advantages and Disadvantages of Modifying Existing Financial Management Systems or Developing New Systems to Track Climate Expenditures**

	MODIFICATION OF EXISTING FINANCIAL MANAGEMENT SYSTEMS	CREATION OF A NEW ODA / LOAN TRACKING SYSTEM
Advantages	■ Would allow for effective integration of climate finance with other elements of financial planning and monitoring ■ Would not require substantive training and learning costs, as staff are already familiar with existing systems	■ Would allow for better comparison of data among countries
Disadvantages	■ Technically challenging, costly, and time consuming to alter existing systems ■ Could be met by bureaucratic resistance depending on the extent of the modifications needed	■ Would require new procedures and training, which would also be technically challenging, time consuming, and costly ■ Would be challenging to coordinate between various countries should they choose to design a system together ■ Would run the risk of being poorly coordinated with existing systems and poorly integrated into core financial monitoring

country data and data from other NGOs who have agreed to join its reporting. These examples suggest that there is some movement among the NGOs to be more transparent.[46]

Next Steps: There are several ways that countries could ensure that information on finance provided to NGOs is available to governments. For example, they could enact regulations that require NGOs to report the source and amount of finance received, or develop voluntary memoranda of understanding between governments and NGOs that outline how climate finance data should be reported. They could also invite development partners to voluntarily report on finance provided to NGOs or establish regulations to require them to report on finance provided to all ministries and NGOs. This could include a requirement that international development partners input data directly to national ODA or climate finance management systems.

2.6 Lack of Capacity to Monitor Different Financial Instruments

Context. A variety of financial instruments are used to channel and leverage climate finance: grants, concessional and non-concessional loans, equity, loan guarantees, insurance, and debt-for-nature swaps, among others.[47] Currently under the UNFCCC, there is no consensus on the scope of financial instruments that should be counted as climate finance. Many developing countries and NGOs hold that climate finance—especially adaptation finance—should be delivered primarily in the form of grants, in accordance with the letter and spirit of the Convention. However, developed countries have not committed to meet their fast-start pledges through grants alone. Indeed, while Norway, Switzerland, and Germany only count grants toward their fast-start finance, others, such as France, Japan,[48] and the United States,[49] also count loans, guarantees, and insurance.[50]

Country experiences. Some participant countries indicated that certain instruments are technically more difficult to track than others. For example, a few countries noted that although monitoring grants is challenging, their loan monitoring systems are fairly developed. In Vietnam and Indonesia, the relative ease of loan monitoring is largely attributable to a requirement that central agencies such as the Ministry of Finance approve and administer loans and loan repayment plans. The Indonesian officials consulted for this study cited various reasons for the differences in loan and grant reporting, including the manner in which development partners deliver grants and limitations in domestic policies governing the process for receiving grants. From a political standpoint, particularly in the Philippines, some agencies are unwilling to accept loans for adaptation.[51] This resistance may reflect the view in many developing countries that climate finance should be channeled “not as charity or aid but as compensation.”[52] At the direction of the President, Indonesia has also stopped accepting climate change policy loans as of 2012.[53]

Next steps. Developing countries need to decide what financial instruments they want to capture in their climate finance monitoring systems. This decision may be influenced by political considerations (which instruments a country wants to encourage), as well as technical considerations (which instruments a country can monitor effectively, given existing capacities and available information). Including a broad range of financial instruments in a monitoring system would give countries a more complete picture of climate finance flows; however, the informational requirements for tracking instruments other than loans and grants may be prohibitive for some countries. By developing monitoring systems with the flexibility to add additional information in the future, countries could begin by monitoring climate finance in the form of loans and grants, and later broaden the range of instruments. What countries choose to report internationally may differ from what they choose to monitor for domestic purposes.

2.7 Limitations on the Availability of Private Financial Data

Context. Collecting information on private sector climate finance investments is complicated. It requires data on capital expenditure for greenfield facilities and upgrades to existing facilities (such as energy-efficiency improvements) made off the balance sheets of private investors on an annual basis. Much of this information is confidential for competitive reasons. Ideally, private sector information would include data from all relevant sectors.

In the context of the UNFCCC, developed countries are required to report in their national communications the policies they have implemented to leverage private finance. Experience shows, however, that how countries meet this requirement varies considerably. While some countries have a few focused programs—such as export credits and trade policies—virtually all government policies can affect private investments. For example, education, labor, tax, environmental, and energy policies may all influence private investment. Moreover, the role of private sources in fulfilling developed countries' international climate finance commitments is not well defined.

Tracking private finance may eventually help developing countries as they design policies to encourage private investment in climate-friendly technologies. However, a private climate finance monitoring system may require governments to reconsider the roles and responsibilities of different institutions, as well as different procedures and potentially, additional indicators. A research collaborative recently formed by a number of countries and institutions, coordinated by the OECD, aims to improve information on private sources and associated methodologies.[54]

Country experiences. Substantive information on private finance is lacking in the countries that participated in the workshops, as are methodologies for monitoring private sector sources. For example, the Philippines tracks high-level information (investor and instrument) on foreign direct investment, but no other information is collected. A number of countries noted that it is challenging to obtain information on private sector climate investments because of confidentiality requirements[55] that prevent the disclosure of financial information. Furthermore, many private sector sources do not have a specific accounting indicator for climate finance, making it all the more difficult to track private sector climate finance.[56]

Next steps. Given the difficulties in tracking private sector finance, workshop participants generally agreed that countries should concentrate on monitoring public sector grants and loans pending further methodological work on private sector finance. However, countries may wish to build in flexibility as they develop or revise financial management systems to accommodate private financial sources in the future. Developing countries may want to ultimately monitor both public and private climate finance in order to inform better national policymaking, irrespective of what they report to the UNFCCC in the short term.

2.8 Lack of Transparency and Predictability on the Part of Development Partners Contributing Climate Finance

Context: While the Paris Declaration on Aid Effectiveness outlines donor obligations to harmonize support and be more predictable in their provision of aid, coordination and information sharing among development partners varies considerably at the national and international levels. This lack of coordination is explained by several factors, including limited incentives, competition among development partners, and transaction costs. When coordination among development partners works well, it is often because one organization is willing to lead in a particular area. In these cases, the lead organization may assign a person to collect and organize information from the active development partners, and host routine meetings.

Weak coordination among contributors and unpredictable aid flows can make it difficult for developing countries to track the finance they receive, including climate finance. Coordination and predictability are affected by shifts in contributor budgets; unaligned fiscal years and budget cycles; inconsistent conditions attached to funding; and poor understanding of developing country priorities, planning procedures, and evaluation measures. Shifting donor financing priorities from emerging middle-income countries to least-developed countries can leave a gap in the former countries at a time when key ministries still need support—even when these shifts are preceded by warnings and negotiations.

Country experiences: Participants in the workshops noted that effective coordination of climate finance can be undermined by the rotation of development partner personnel in and out of developing countries, typically on a two-to-three year schedule. Frequent turnover inhibits development partner personnel from acquiring the understanding and professional relationships crucial to climate coordination. In other cases, development partner personnel may not have sufficient information on climate change or may be stretched too thin to give proper attention to any given development assistance topic, including climate change. This may limit their ability to participate in in-depth discussions with government personnel responsible for implementing climate change programs.

The lack of transparent and regular communication about development partner funding can make it difficult for recipient country governments to stay informed about new opportunities to access international climate finance. Insufficient information can also inhibit a recipient country from developing a full picture of climate funding flowing to the country, especially flows outside government systems. In Kenya, there is a discrepancy between the OECD data, fast-start finance figures, and the data that the Kenyan government has collected on international climate finance received.[57] In El Salvador, the Ministry of Foreign Affairs is mapping all potential sources of international climate finance and maintaining a database that will enable national entities to keep abreast of opportunities to access climate finance.

Some developing countries have taken steps to promote coordination with their development partners. Ideally, improved coordination of ODA more generally would translate into the improved coordination of climate finance in particular. Mali, for instance, developed a national strategy on development assistance which was approved by the cabinet and prompted development partners to develop a common country assistance strategy that aligns ODA with the priorities identified in Mali's Poverty Reduction and Growth Strategic Framework. In Indonesia, the Planning Ministry has hosted meetings of a climate change policy forum to provide an opportunity for development partners and government officials to exchange information on climate-related policy initiatives and implementation. The Climate Change Working Group of the Philippines Development Forum provides a venue for sharing information among development partners, although it is yet to lead to any significant strategic harmonization.[58]

Next steps: Some issues can be addressed best at the country level while others may be better addressed by the OECD Development Assistance Committee or in other forums. However, every developed country should aim to empower its country-level representatives by providing a comprehensive list of all projects it has supported either by direct financing to government ministries and NGOs or through other mechanisms such as financial intermediaries or contractors that may be supporting the government.

Developed countries may also want to consider how they choose to support developing countries based on country needs and demand. Some development partners rely on external consulting companies, which by virtue of their location outside the recipient country does not facilitate coordination, while others embed personnel in developing country ministries and therefore have first-hand knowledge of the priorities and needs of the developing country.

Finally, developing countries can promote development partner coordination by establishing coordination committees, identifying focal points for development partner coordination, or requiring development partners to work together in developing a common country assistance strategy.

2.9 Limited Use of Developing Country National Systems for Reporting by Development Partners and Different Administrative Requirements by Each Development Partner

Context: The tendency of development partners to use their own systems for managing and monitoring ODA and climate finance, rather than recipient country systems, constrains the development of recipient country climate finance monitoring systems, despite commitments as part of the Paris Declaration to the contrary.[59] The result is that climate finance often flows outside of government systems—sometimes directly to sectoral ministries, subnational governments, non-governmental actors, or through parallel management units established for a particular project. Development partners often have complex and dissimilar administrative procedures and reporting requirements, which burdens the limited staff and capacity of developing country governments.

Country experiences: The countries that took part in the workshops described a variety of efforts to mainstream climate change into development planning and to institutionalize climate finance management and tracking within national planning, budgeting, and monitoring systems. However, workshop participants noted that the unwillingness of development partners to use national systems poses a challenge to developing the requisite systems and capacities.

Furthermore, a number of countries noted that there is a mismatch between funding provided and the priorities of the country. For example, Kenya received a large proportion of international support for mitigation, although its government places adaptation as a higher priority. Some countries are attempting to address these issues through closer dialogue with their development partners.

Next steps: Addressing this issue will require efforts by developed and developing countries to strengthen dialogue to build trust and promote collaboration. Development partners can avoid the use of parallel management units that create an additional administrative burden on government resources, and use country systems as far as possible. For their part, developing countries may need to train personnel from developed countries and international organizations on how to input information into domestic financial management or ODA tracking systems.[60]

CONCLUSIONS

3.1 Developing Initial Good Practice Guidance

Many of the countries that participated in the three workshops expressed interest in learning how to monitor and improve reporting on climate finance. In response, we have begun to develop an Initial Good Practice Guidance based on the experiences of the countries that participated in the workshops. It will be published as an online document and is expected to evolve and be updated as feedback from developing countries is obtained and as efforts to better define climate finance and reach agreement on common indicators, markers, criteria, and principles make progress. It is expected to help developing countries improve their monitoring of climate finance, particularly finance from international development partners, and will build on initiatives by the World Bank, UNDP, and others.

3.2 Reporting Formats

Ideally, it would be highly desirable for developing countries to report the support they receive using a common format that can be compared easily with information from development partners. While the Parties to the UNFCCC have not agreed to a common format, based on the suggestions that came out of the workshops, a next step could include an expanded dialogue between developed and developing countries to explore a tiered system of reporting. For example, there may be a minimum set of data that could be provided by developing countries at minimal cost and more comprehensive data provided at higher costs. The issue of reporting internationally should not prevent developed and developing countries from having bilateral or multilateral discussions on a common data format. Bilateral or multilateral discussions could build trust and inform new approaches that could be applied at the international level.

3.3 Capacity Building Support

Four issues, which would benefit most countries, emerged from the three workshops as meriting further work.

South-south learning: Workshop participants expressed appreciation for the opportunity to exchange information with their neighbors, and noted a desire to keep the channels of communication open. Additional workshops could provide a mechanism for ongoing learning. On a larger scale, the exchange of information on monitoring finance could be built into capacity development efforts targeting national communications and Biennial Update Reports.

Learning from experiences of developed countries: Some countries also raised questions around how developed countries are tracking their domestic investments in climate change mitigation and adaptation. These countries expressed interest in exploring this issue at meetings between developed and developing countries.

Piloting new approaches: A number of workshop participants expressed interest in moving forward quickly to improve their processes, systems, and institutional arrangements, if technical support and financial assistance were available. These pilot efforts could be documented in a series of case studies on how different developing countries addressed the challenges noted in this paper.

Reference material: Many countries that participated in the workshops noted the need to modify and integrate climate markers into their financial management systems. Some, however, expressed interest in new software, either from commercial vendors or a specially designed climate change system capable of supporting all sources, instruments, and other types of information. Steps in either direction would benefit from a simple reference guide that identified all OECD and MDB markers, those from other institutions, and any process guidelines used to identify adaptation projects.

ANNEX 1: Workshop Participant Lists

JAKARTA, INDONESIA MARCH 13-14, 2012

NAME	ORGANIZATION	COUNTRY
	Country Representatives	
Yvette Christine Herrerra	Department of Finance	Philippines
Suzanty Sitorus	National Council on Climate Change	Indonesia
Umi Hanik	GIZ	Indonesia
Augustin Yanna	GIZ	Indonesia
Ibu Purwana	Department of Finance	Indonesia
Amin Budiarjo	Indonesia Climate Change Trust Fund	Indonesia
Trita Katriana	GIZ	Indonesia
	Organizers	
Dennis Tirpak	World Resources Institute	
Kirsten Stasio	World Resources Institute	

NAIROBI, KENYA NOVEMBER 14-15, 2012

NAME	ORGANIZATION	COUNTRY
	Country Representatives	
Théophile Adje	National Environment Fund	Benin
Biaou Mathieu	National Environment Fund	Benin
Kwesi Asante	Ministry of Finance and Economic Planning	Ghana
Stephen King'uyu	Ministry of Environment and Mineral Resources	Kenya
Sarah Standley	Ministry of Environment and Mineral Resources	Kenya
John Nyangena	Kenya Institute of Public Policy Research and Analysis	Kenya
Erastus W. Wahome	Ministry of Finance	Kenya
Francis Gavin Kachule	Ministry of Finance	Malawi
Boubacar Dembele	Agency for Environment and Sustainable Development	Mali
Modibo Makalou	Office of the President	Mali
Frieda Amwaalwa	National Planning Commission	Namibia
Lavern Buya-Kamara	Environmental Protection Agency	Sierra Leone
Ngosi Mwihava	Vice President's Office	Tanzania
Peter Chilambwe	Ministry of Finance and National Planning	Zambia
Charles Mulenga	Zambia Institute of Environmental Management	Zambia

Organizers	
Dennis Tirpak	World Resources Institute
Louise Brown	World Resources Institute
Virginia Sonntag-O'Brien	Frankfurt School-UNEP Collaborating Centre
Christine Gruening	Frankfurt School-UNEP Collaborating Centre
Multilateral Development Banks	
Mafalda Duarte (by phone)	African Development Bank

BOGOTA, COLOMBIA FEBRUARY 21-22, 2013

NAME	ORGANIZATION	COUNTRY
Country Representatives		
Luis Gonzáles	Ministry of Finance	Chile
Andres Pirazzoli Pinochet	Ministry of Environment	Chile
Isabel Cavelier Adarve	Ministry of Foreign Affairs	Colombia
Catalina Quintero	Department of National Planning	Colombia
Diana Barba	Ministry of Environment	Colombia
Mauricio Umana	Ministry of Environment	Colombia
Luis Ortega Rincón	Ministry of Economy and Planning	Dominican Republic
Carmen Maria Arguello Lopez	Ministry of Foreign Affairs	El Salvador
Fausto D. Diaz	Ministry of Natural Resources and Environment	Honduras
Luis Alfonso Munozcano Alvarez	Ministry of Environment and Natural Resources	Mexico
Carolina Fuentes Castellanos	Ministry of Environment and Natural Resources	Mexico
Dilka Escobar	Ministry of Economy and Finance	Panama
Rosa Morales Saravia	Ministry of Environment	Peru
Organizers		
Pierre-Jonathan Teasdale	Environment Canada	
Dennis Tirpak	World Resources Institute	
Louise Brown	World Resources Institute	
Multilateral Development Banks		
Claudio Alatorre (by phone)	Inter-American Development Bank	

WARSAW, POLAND. DINNER DISCUSSION ON TRANSPARENCY OF CLIMATE FINANCE, 13 NOVEMBER 2013

NAME	ORGANIZATION
Invitees	
Stefan Agne	EU Commission
Sahara Juchiro	Japan International Cooperation Agency (JICA)
Annaka Carvalho	Oxfam
Jane Ellis	Organisation for Economic Co-operation and Development
Carolina Fuentes Castellanos	Ministry of Environment and Natural Resources, Mexico
Andrea Iro	GIZ
Stephanie Ockenden	OECD
Christa Clapp	Center for International Climate and Environmental Research (CICERO)
Liane Schalatek	Heinrich Boell Foundation
Prabin Man Singh	Oxfam Nepal
Yukichi Usui	JICA
Virginia Sonntag O'Brien	United Nations Environment Programme (UNEP)
Boubacar Dembele	Agency for Environment and Sustainable Development, Mali
Charles Mulenga	Zambia Institute of Environmental Management
Tuan Anh Nguyen	Ministry of Planning and Investment, Vietnam
Ari Hutala	Climate Development and Knowledge Network (CDKN)
Jonathan Hainez	Ministry of Natural Resources and Environment (SERNA), Honduras
Manuel Lopez Luna	SERNA, Honduras
Vanessa Membreño Canales	SERNA, Honduras
Richard Calland	Africa Climate Finance Hub (ACFH)
Nguyen Thi Dieu Trinh	Ministry of Planning and Investment, Vietnam
Theophile Adje	National Environment Fund, Benin
Vanessa Dick	World Wildlife Fund (WWF)
Organizers	
Dennis Tirpak	World Resources Institute (WRI)
Meg Burton	WRI
Smita Nahkooda	Overseas Development Institute (ODI)
Taryn Fransen	WRI
Shelagh Whitley	ODI
Sam Barnard	ODI

ANNEX 2 Workshop Agenda

DAY 1

WELCOME - Representatives of the World Resources Institute (WRI) will outline the agendas for the two days.

Introduction

Financing for climate change is an important issue in the context of national strategies and international negotiations, as is the monitoring and tracking of climate change finance. At the UNFCCC meeting in Durban, South Africa, developing country Parties to the UNFCCC agreed to report finance received for climate change in Biennial Update Reports by the end of 2014. Better financial data is also needed by decision makers in developing countries as they seek to develop strategies for financing NAMAs (nationally appropriate mitigation actions) and other activities. This session will focus on why robust procedures and systems for storing and reporting financial data on climate change projects and programs are needed.

BREAK

Indicators and Criteria

This session will explore the characteristics of an ideal climate finance tracking system, including criteria, definitions, and indicators. WRI staff will provide an overview of the strengths and limitations of existing international systems and options for categorizing climate finance.

Also, many developed countries report information on official development assistance to the OECD Development Assistance Committee (DAC) using a set of markers. This session will review the DAC marker system and other options for categorizing climate finance. A discussion will follow to determine the feasibility of agreeing on a harmonized set of criteria and indicators that could guide developing countries in monitoring climate change finance. This session may include presentations from international financial institutions.

LUNCH

Current Systems and Procedures

This session will consist of an exchange of information among the participants that will focus on current domestic systems and procedures for storing and reporting finance received. This will include legal mandates, directives and/or regulations, procedures and practices, categories and indicators, data storage systems, institutional issues, national reporting requirements, and future plans. Participants should come prepared to make a brief presentation on the above topics to the extent that their roles and expertise allow.

CLOSING DAY 1

DAY 2

WELCOME - WRI will summarize key takeaways from Day 1, recall the objectives of the workshop, and outline the agenda for the day.

Other Reporting Issues

A complete system would be able to address a number of special issues, for example:

- Scope, including:
  - Financial Instrument: Grants, loans, and guarantees
  - Public and/or private flows, including equity investments
  - North-South and/or South-South flows
- Institutional arrangements, including interaction with the budgetary and decision-making processes

This session will explore the need to address these issues and the feasibility of doing so.

BREAK

Moving Forward - What will it take to make something happen?

The aim of this session will be to explore the operational issues and priorities of developing countries relating to their systems and procedures for climate change finance. We will explore issues such as: What would be necessary to gain institutional agreement on improved procedures? What would be needed to ensure the integration of improved procedures and systems with current practices? Would generic guidelines or simple software be of use to developing countries, and, if so, what might be their characteristics?

CLOSING

ENDNOTES

1. See Clapp, C., J. Ellis, J. Benn, J. Corfee-Morlot, 2012, Tracking climate finance: what and how? OECD, for a more detailed discussion of some of the challenges to tracking climate finance at the international level that could lead to inconsistencies in what countries report. Available at: http://www.oecd.org/env/cc/50293494.pdf.
2. Specifically, the Copenhagen Accord says "In the context of meaningful mitigation actions and transparency on implementation, developed countries commit to a goal of mobilizing jointly US$100 billion dollars a year by 2020 to address the needs of developing countries. This funding will come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance ... "
3. See FCCC FCCC/CP/1999/7, available at http://unfccc.int/resource/docs/cop5/07.pdf for the guidelines adopted at COP5.
4. Biennial Reports by developed country parties must include a section describing the financial support provided to developing (non-Annex 1) countries. For more information on biennial reports see UNFCCC 2011, FCCC/CP/2011/9/Add.1, available at http://unfccc.int/resource/docs/2011/cop17/eng/09a01.pdf.
5. Tirpak, D., K. Stasio, and L. Tawney. 2012. "Monitoring the Receipt of International Climate Finance by Developing Countries." World Resources Institute, Washington DC.
6. National Climate Finance Institutions Support Programme—Fit for the Funds—a joint initiative by UNEP and the Frankfurt School-UNEP Collaborating Centre for Climate and Sustainable Energy Finance, and supported by the German Federal Ministry for Environment under its International Climate Initiative.
7. Nakhooda, S., T. Fransen, T. Kuramochi, A. Caravani, A. Prizzon, N. Shimizu, H. Tilley, A. Halimanjaya, and B. Welham. 2013. Mobilising International Climate Finance: Lessons from the Fast-Start Finance Period. Open Climate Network. Available at: http://www.wri.org/sites/default/files/mobilising_international_climate_finance.pdf.
8. Spearman, M. and H. McGray, 2011. "Making Adaptation Count: Concepts and Options for Monitoring and Evaluation of Climate Change Adaptation." World Resources Institute, Washington DC.
9. Asia-Pacific Aid Effectiveness Portal. http://www.aideffectiveness.org/CPEIR
10. See for example Climate Policy Initiative's Landscape of Climate Finance (http://climatepolicyinitiative.org/publication/the-landscape-of-climate-finance/), Overseas Development Institute and Heinrich Boell Foundation's Climate Funds Update (http://www.climatefundsupdate.org/), Transparency International's work on monitoring climate finance (http://www.transparency.org/whatwedo/activity/making_sure_climate_money_gets_to_where_its_needed), and the Open Climate Network's work on tracking fast-start finance (http://insights.wri.org/open-climate-network/2012/12/fast-start-finance-where-do-we-stand-end-2012).
11. UNFCCC. http://unfccc.int/essential_background/convention/background/items/1355.php
12. Nakhooda, S., T. Fransen, T. Kuramochi, A. Caravani, A. Prizzon, N. Shimizu, H. Tilley, A.Halimanjaya, and B. Welham. 2013. Mobilising International Climate Finance: Lessons from the Fast-Start Finance Period. Open Climate Network. Available at: http://www.wri.org/sites/default/files/mobilising_international_climate_finance.pdf.
13. See for example, Climate Policy Initiative, "Landscape of Climate Finance," which takes a broad definition of what counts as climate finance, http://climatepolicyinitiative.org/publication/the-landscape-of-climate-finance/.
14. OECD (Organisation for Economic Co-operation and Development), 2011. Handbook on the OECD-DAC Climate Markers. Available at: http://www.oecd.org/dac/stats/48785310.pdf.
15. Joint MDB report on Adaptation Finance 2011. Available at: http://climatechange.worldbank.org/sites/default/files/Joint%20MDB%20Report%20on%20Adaptation%20Finance%202011.pdf.
16. Joint MDB report on Mitigation Finance 2011. Available at: http://climatechange.worldbank.org/sites/default/files/MMF_2011_version_21.pdf.
17. The IPCC (Inter-governmental Panel on Climate Change) is also considering, but had not yet approved as of the date of this report, definitions in its fifth assessment report.
18. Approaches for estimating this are being explored by WRI and others through the Open Climate Network. See Nakhooda, S., T. Fransen, T. Kuramochi, A. Caravani, A. Prizzon, N. Shimizu, H. Tilley, A. Halimanjaya, and B. Welham. 2013. Mobilising International Climate Finance: Lessons from the Fast-Start Finance Period. Open Climate Network. Available at: http://www.wri.org/sites/default/files/mobilising_international_climate_finance.pdf.
19. At the 15th COP to the UNFCCC in Copenhagen in 2009, developed countries made a collective commitment to provide new and additional resources approaching USD 30 billion for the period 2010 – 2012 to support adaptation and mitigation in developing countries. This funding became known as "fast-start finance". See UNFCCC. Decision 1/CP.15 Paragraph 8, available at http://unfccc.int/resource/docs/2009/cop15/eng/11a01.pdf#page=3
20. Countries should aim to document financial information as completely as possible so that, if in the future they find it necessary to reconstruct climate change finance data according to a particular definition, they will be able to do so easily.
21. There are several reasons including a lack of recognition of the importance of climate change, bureaucratic resistance to any modifications of systems and procedures, legislative restrictions preventing the use of certain indicators, and competing requests to monitor various revenues separately and distinctly.
22. National Economic and Development Authority. 2012. ODA Portfolio Review 2012. National Economic and Development Authority, Manila, Philippines. Available at: http://w3.neda.gov.ph/progs_prj/21stODA/CY2012%20ODA%20Portfolio%20Review%20Full%20Report.pdf
23. Terpstra, P., A. Carvalho, and E. Wilkinson. 2014 "Uncovering the Plumbing of Adaptation Finance Flows – Issues and Challenges." World Resources Institute, Oxfam, and Overseas Development Institute working paper.
24. The Ministry of Agriculture created the Climate Change Unit and, in June 2012, launched an Environmental Strategy for Climate Change Adaptation and Mitigation in the Farming and Livestock Sector.
25. The five-year Ecosystem and Landscape Restoration Program was launched as an inter-sectoral program involving the Ministries of Environment, Finance, Public Works, and Agriculture.
26. The Ministry of Public Works, Transportation and Urban Housing, created in 2010 the Adaptation to Climate Change and Strategic Risk Management Direction and has worked in a Strategy for Shielding Infrastructure.
27. The Ministry of Education has developed the National Adaptation to Climate Change Plan in the Education Sector.

28. The National Energy Council launched the Master Plan for Renewable Energy, which is part of the National Energy Policy for 2010–24.
29. Information provided during the Bogota workshop by country representative.
30. To be most effective, coordination must be with a ministry that has convening power and it must be clear that climate change is a high-level objective that transcends sectoral policy.
31. Comstock, M., I. Santelices, and A. Vanamali Case Study: Colombia's National Climate Change process. Center for Clean Air Policy. Available at: http://ccap.org/resource/colombias-national-climate-change-process/
32. Climate finance tracking, unlike development finance tracking, is relatively new to countries.
33. See http://www.aideffectiveness.org/CPEIR for more information.
34. Ministry of Finance. 2012. "IFMIS Re-Engineering: From Modular to Full Cycle End-to-End Processes." Fact Sheet. Available at http://www.ifmis.go.ke/index.php/blog/2012-11-05-15-29-02/finish/7-fact-sheets/3-ifmis-fact-sheet/0.
35. Government of Kenya 2012. "Kenya Climate Change Action Plan." Subcomponent 8: Finance. Final report and annexes. Ministry of Environment and Natural Resources and Ministry of Finance. Available at: https://www.kccap.info/index.php?option=com_content&view=article&id=26
36. Ibid.
37. Personal communication with Nairobi workshop participants.
38. Aid Management Platform Laos Public Portal. Available at: http://ppamp.mpi.gov.la/about-amp
39. Development Gateway: Aid Management Platform. Available at: http://www.developmentgateway.org/programs/aid-management-program/aid-management-platform
40. Ministry of Planning and Investment, Laos. 2013. "Foreign Aid Implementation Report (FAIR), 2011-2012. 2011/12," Department of International Cooperation, Ministry of Planning and Investment, Vientiane, Laos.
41. Personal communication with participants at Bogota workshop.
42. World Bank. 2013. "Getting a Grip on Climate Change in the Philippines: Contributing to the Foundation and Ensuring the Future for a Low-Carbon, Climate Resilient Society through the Philippine Climate Public Expenditure and Institutional Review." World Bank, Washington DC.
43. National Economic and Development Authority. 2012. ODA Portfolio Review 2012. National Economic and Development Authority, Manila, Philippines. Available at: http://w3.neda.gov.ph/progs_prj/21stODA/CY2012%20ODA%20Portfolio%20Review%20Full%20Report.pdf
44. Personal communication with participants in the African regional workshop based on their experience of working with NGOs.
45. An online knowledge platform by the Stockholm Environment Institute and partners, dealing with climate adaptation issues, http://weadapt.org/
46. WRI, in partnership with Oxfam and the Overseas Development Institute, is engaged in the Adaptation Finance Accountability Initiative which works with civil society organizations in four countries (Nepal, Philippines, Uganda, and Zambia) to strengthen transparency and tracking of climate finance for adaptation. A working paper, "Uncovering the Plumbing of Adaptation Finance Flows – Issues and Challenges," by Pieter Terpstra, Annaka Peterson Carvalho, and Emily Wilkinson is forthcoming.
47. For an overview of the range of financial instruments available to the public sector, See Venugopal, S. and A. Srivastava. 2012. "Moving the Fulcrum: A Primer on Public Climate Financing Instruments Used to Leverage Private Capital." World Resources Institute, Washington DC.
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54. OECD (Organisation for Economic Co-operation and Development) http://www.oecd.org/env/researchcollaborative/
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56. See Stadelmann, Martin and Axel Michaelowa. 2013. "Contribution of the Private Sector to Climate Change Long-Term-Finance: An Assessment of Private Climate Finance Mobilized by Switzerland." Final report, commissioned by the Federal Office for the Environment (FOEN).
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58. World Bank. 2013. "Getting a Grip on Climate Change in the Philippines."
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60. For example, Laos held two workshops to train development partners and international organizations. (Personal communication with Diego Angemi.)

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ABOUT WRI

WRI is a global research organization that works closely with leaders to turn big ideas into action to sustain a healthy environment—the foundation of economic opportunity and human well-being.

Our Challenge
Natural resources are at the foundation of economic opportunity and human well-being. But today, we are depleting Earth's resources at rates that are not sustainable, endangering economies and people's lives. People depend on clean water, fertile land, healthy forests, and a stable climate. Livable cities and clean energy are essential for a sustainable planet. We must address these urgent, global challenges this decade.

Our Vision
We envision an equitable and prosperous planet driven by the wise management of natural resources. We aspire to create a world where the actions of government, business, and communities combine to eliminate poverty and sustain the natural environment for all people.

Our Approach

COUNT IT
We start with data. We conduct independent research and draw on the latest technology to develop new insights and recommendations. Our rigorous analysis identifies risks, unveils opportunities, and informs smart strategies. We focus our efforts on influential and emerging economies where the future of sustainability will be determined.

CHANGE IT
We use our research to influence government policies, business strategies, and civil society action. We test projects with communities, companies, and government agencies to build a strong evidence base. Then, we work with partners to deliver change on the ground that alleviates poverty and strengthens society. We hold ourselves accountable to ensure our outcomes will be bold and enduring.

SCALE IT
We don't think small. Once tested, we work with partners to adopt and expand our efforts regionally and globally. We engage with decision-makers to carry out our ideas and elevate our impact. We measure success through government and business actions that improve people's lives and sustain a healthy environment.