



CLIMATE  
POLICY  
INITIATIVE

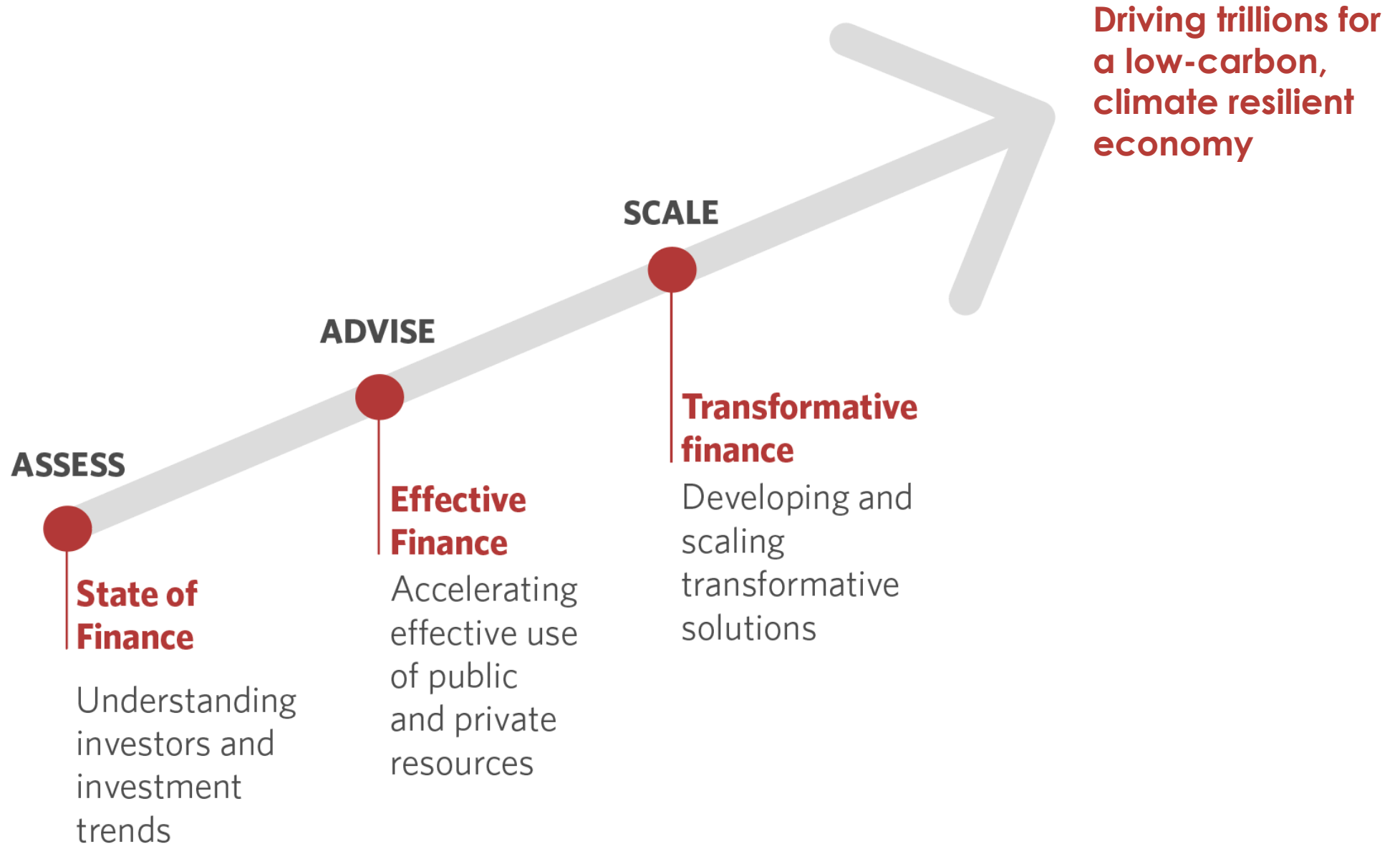
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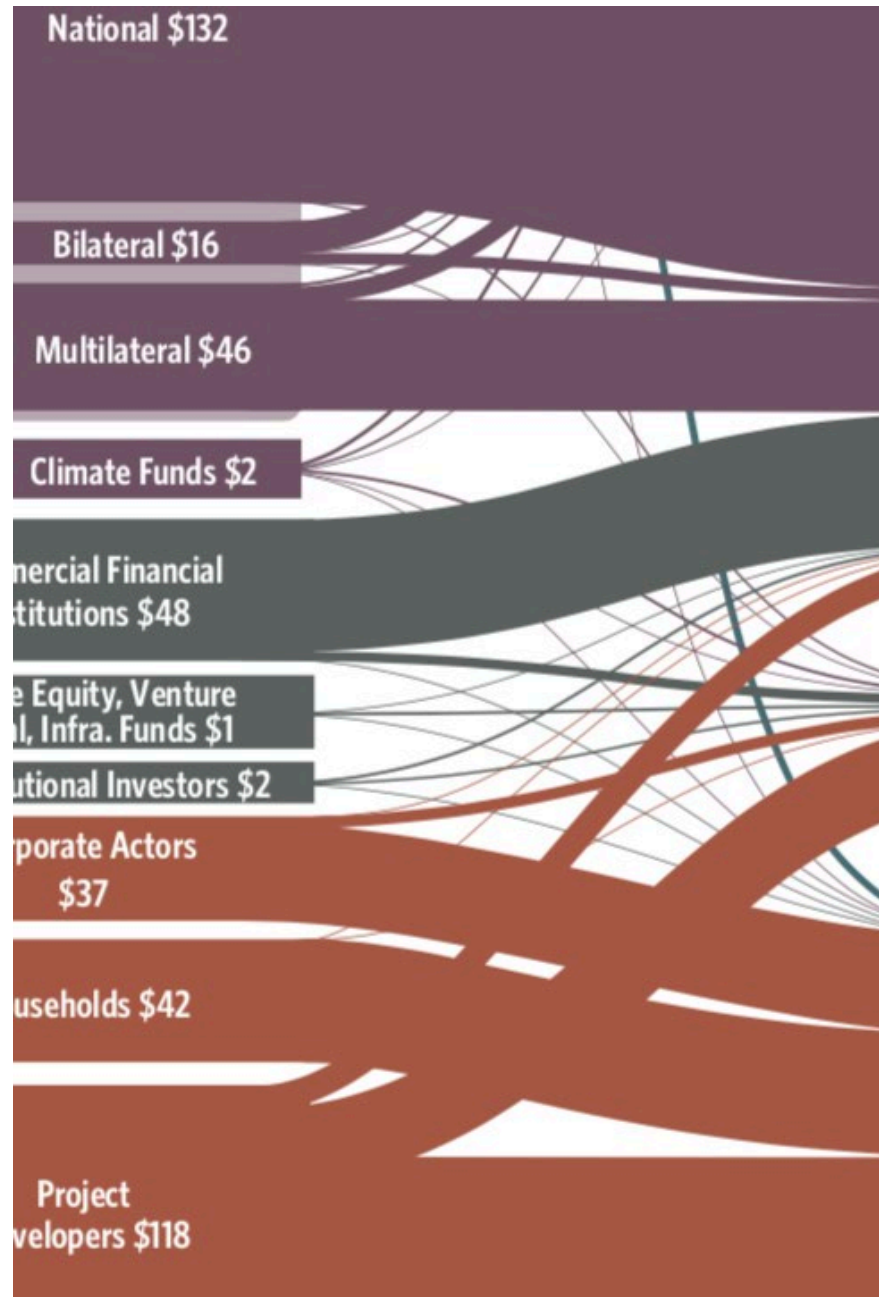
# Monitoring and tracking climate finance

Chavi Meattle

May 22<sup>nd</sup> -23<sup>rd</sup>, Rome

# Tracking finance flows is a foundation of CPI's strategy





## CPI Tracking workstream at Global, Sectoral and National levels

**Global Landscape of Climate Finance,**  
since 2012

**Energizing Finance** – Landscape for energy  
access finance for SE4ALL, since 2017

**Landscape of Renewable Energy Finance** with  
IRENA

**National Landscapes** in [Germany](#), [Indonesia](#)  
and [Ivory Coast](#)

**International Development Finance Club  
(IDFC)** – Green Finance Mapping since 2015





The Lab identifies, develops, and launches innovative finance instruments that can drive billions in private investment to action on climate change and sustainable development.

**35** instruments launched

**60+** public and private Lab Member institutions

**300+** supporting experts, nearly half from developing regions

# Agenda

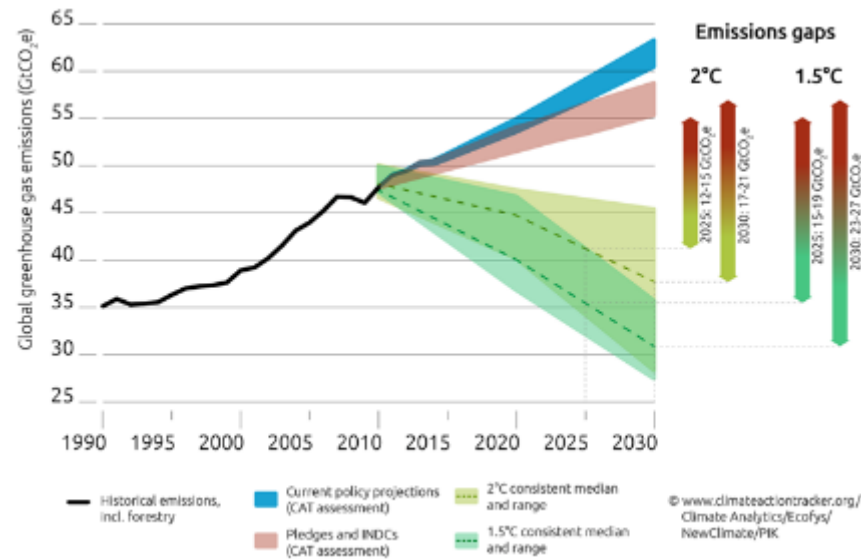
- Current state of global and national climate finance
- Need for tracking national climate finance
- Overview on how and what to track

# The role of climate finance in a global context

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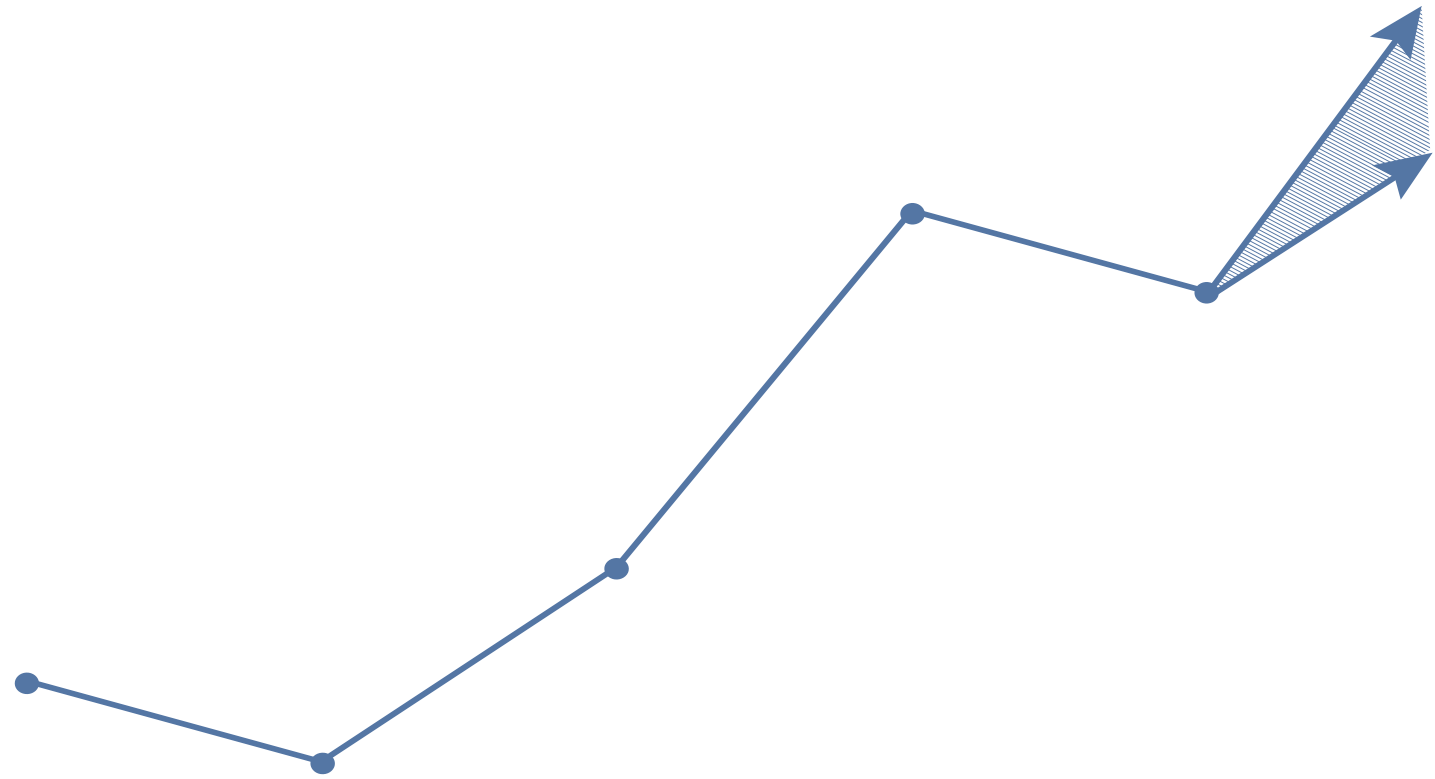
# Sustainable investment is critical to tackle the key global challenges of the 21st century

**Climate Change** – Meeting the Paris Agreement goals and ramping up ambition in emissions reductions



**Sustainable Development** – Meeting the Sustainable Development Goals







# LANDSCAPE OF CLIMATE FINANCE IN 2015/2016

Global climate finance flows along their life cycle in 2015 and 2016. Values are average of two years' data, in USD billions.

**463** BN USD ANNUAL AVERAGE

## SOURCES AND INTERMEDIARIES

Which type of organizations are sources or intermediaries of capital for climate finance?

## INSTRUMENTS

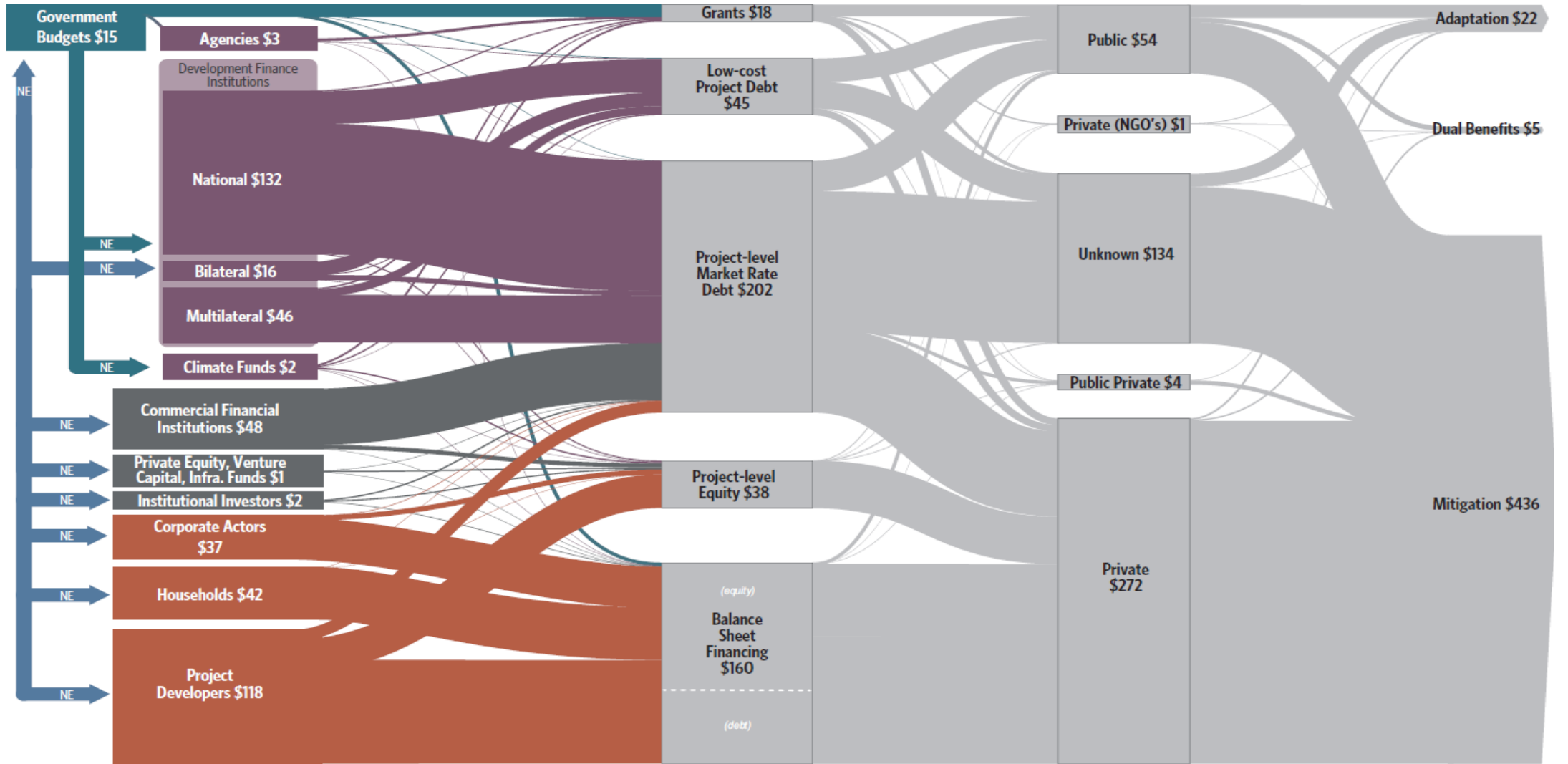
What mix of financial instruments are used?

## RECIPIENTS

Does climate finance go through public or private channels?

## USES

What types of activities are financed?

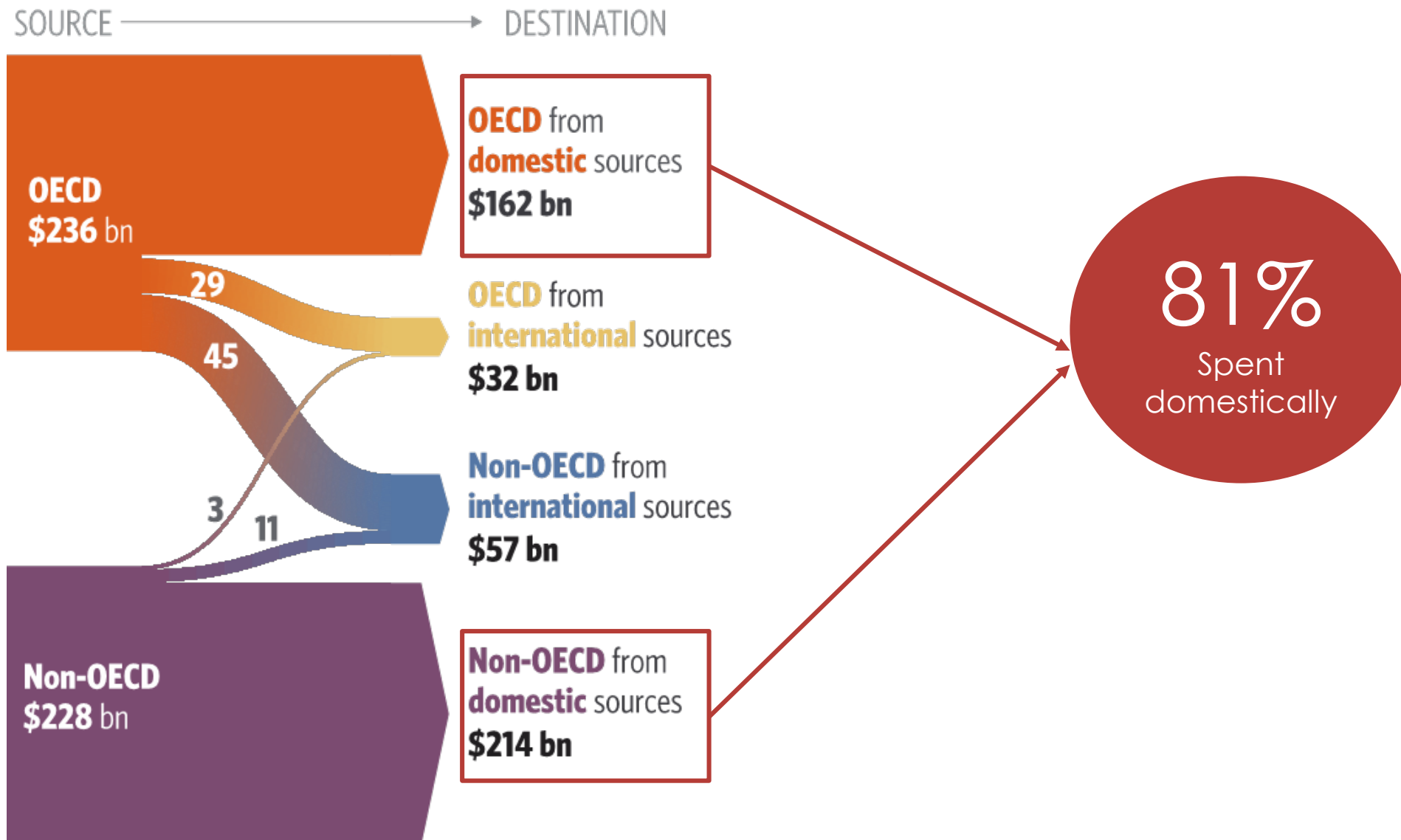


**KEY**

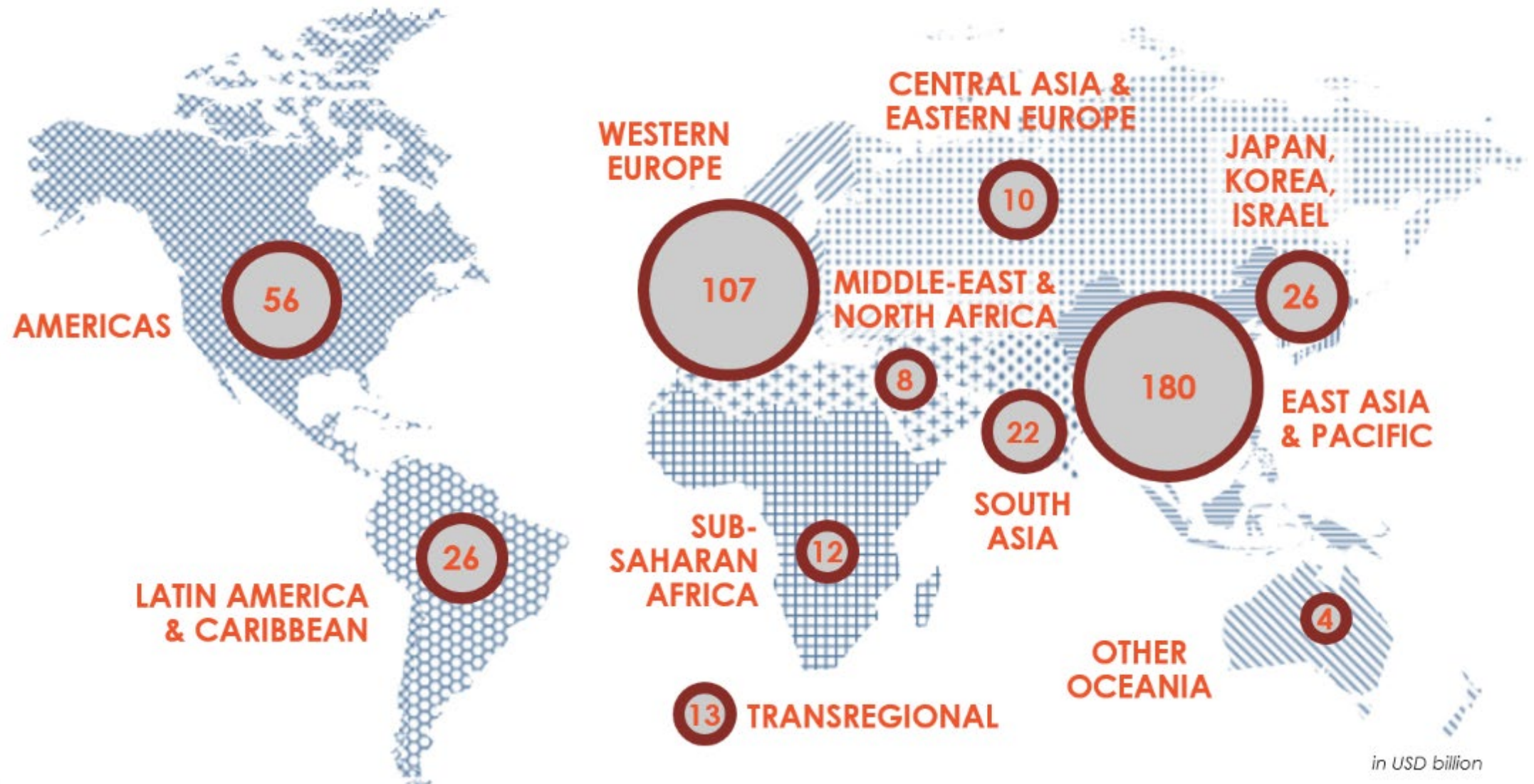
- PUBLIC MONEY
- PRIVATE MONEY
- PUBLIC FINANCIAL INTERMEDIARIES
- PRIVATE FINANCIAL INTERMEDIARIES
- FINANCE FOR INVESTORS & LENDERS

NE: NOT ESTIMATED

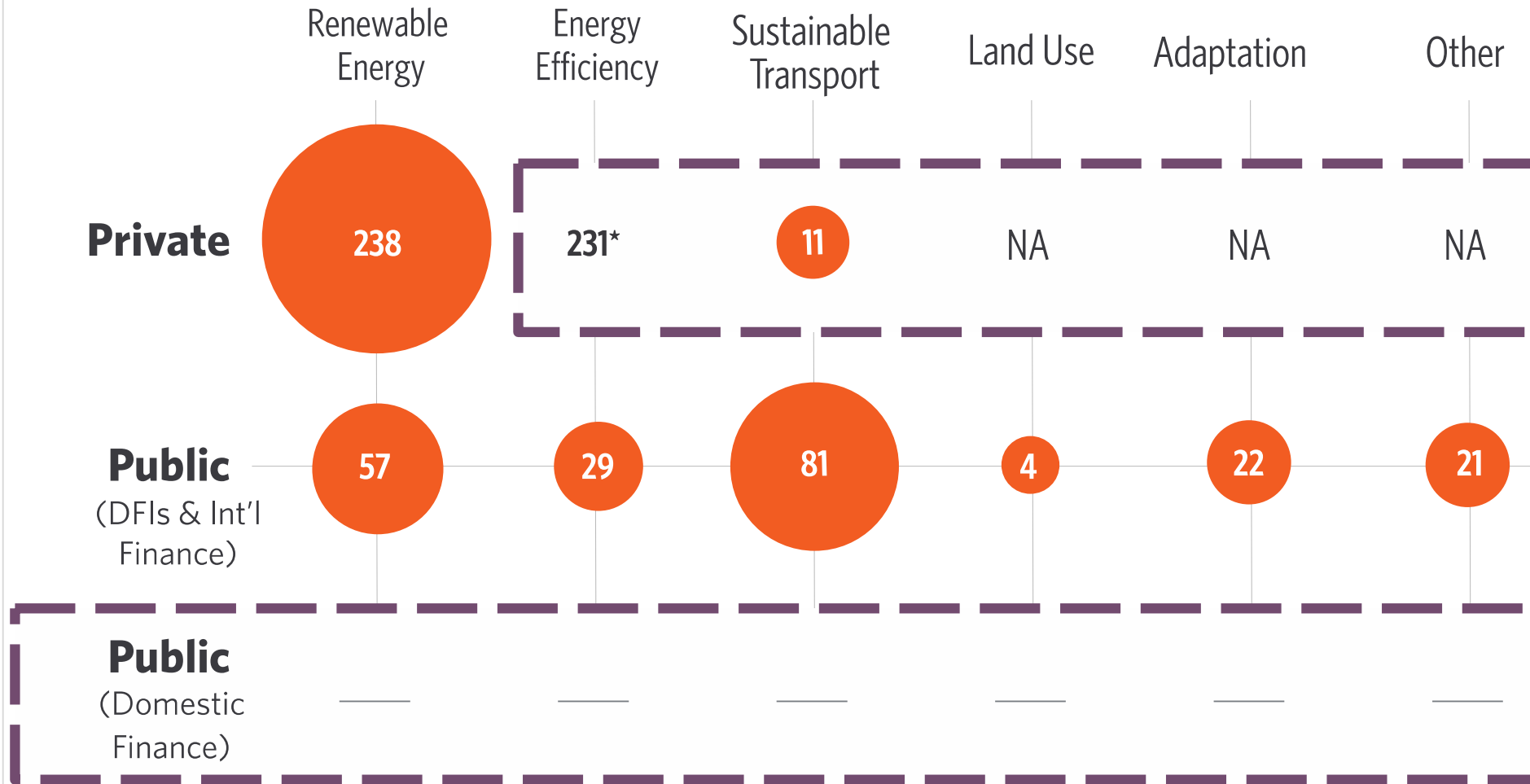
# The vast majority of finance is spent domestically



## In non-OECD regions, East Asia and Pacific are the largest destination for climate finance



## More work needs to be done in tracking climate finance



All figures in USD Billions

 Tracked

 Not tracked

\* Source: IEA WEIO 2017

## Domestic climate expenditure by national and subnational governments are not readily available

Data is not collected regularly or with consistent methodology over time within or across countries

Source	No. of Reporting Countries	Amount (USD mn) 2015-2016
Biennial Update Reports (BURs)	5 (Developing)	335
Climate Public Expenditure and Invst. Reviews (CPEIRs)	14 (Developing)	16,500
EC budget France (I4CE)	1	49,045
<i>Source: UNFCCC BA, 2018</i>		<b>67,111</b>



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## What are we missing?

- Lack of harmonisation/standardisation and common understanding of climate related terms and methodologies
- Methodologies for identifying climate related expenditures and classification of climate change components of the project
- No requirement of reporting domestic public and private climate finance – encouraged but optional

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## How to address the issue?

- **Capacity-building** – sector ministries require support to develop climate responsive budgets.
- **Public finance management reforms** – performance based budgeting to tie budget expenditure to outcome
- **National tracking of climate finance flows** – clear mandate for collecting or collating data
- **Estimation of financing needs** - Quantifying the climate finance gap in relation to their climate change strategies

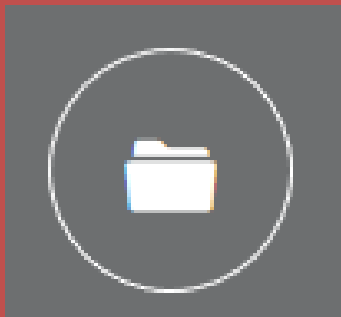
# Why track national climate finance?

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## What are the main financing gaps, opportunities and priorities?

# Planning



- Understand the nature and volume of climate finance, main sources, actors and sectors
- Identify financial gaps and barriers to investment to prioritise action and mobilize resources

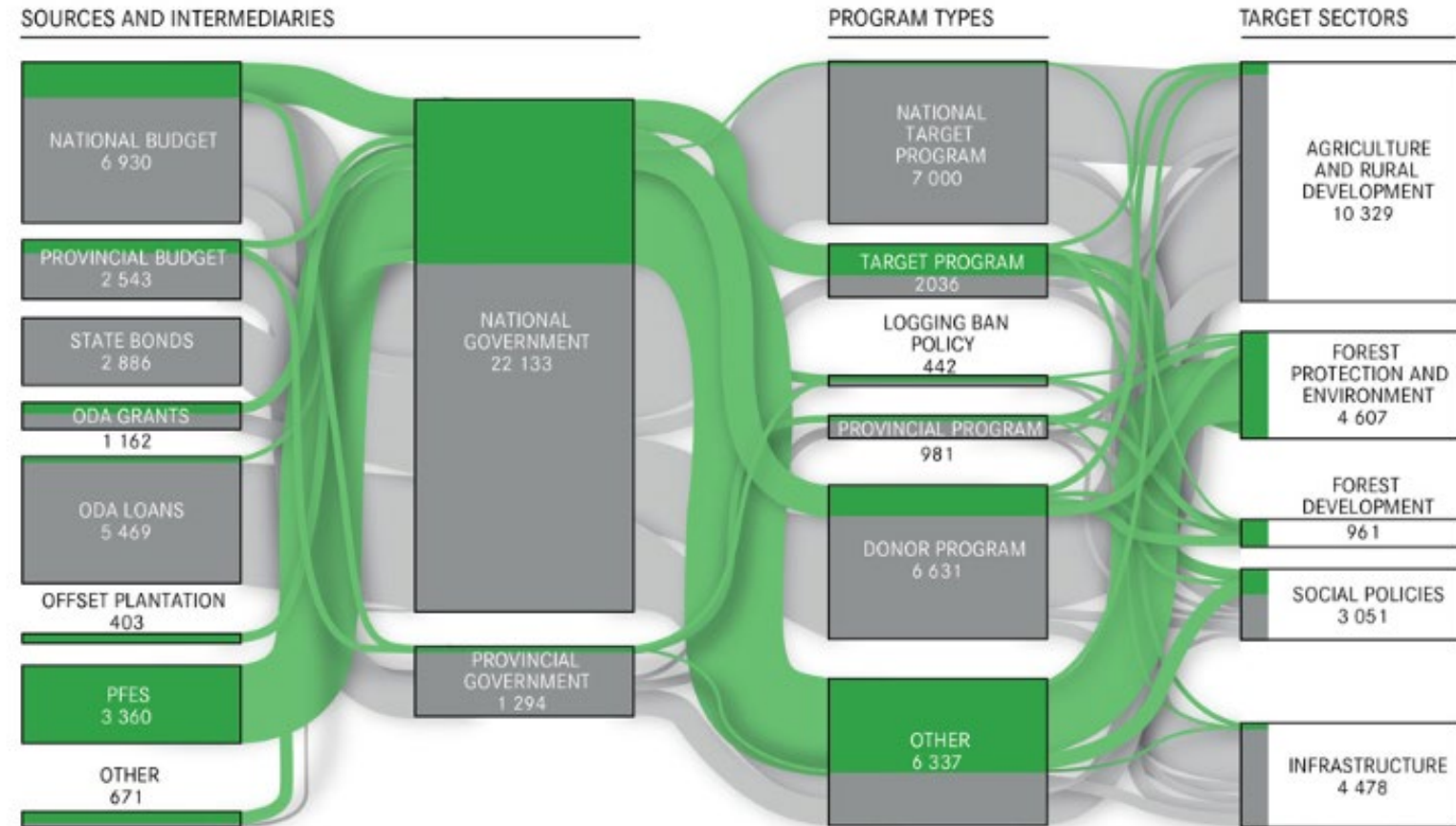
# Example: Planning REDD+ at sub-national level in Vietnam

## PLANNING

- ✓ Quantified the volume of planned financing for REDD+
- ✓ Identified key financing gaps for the implementation of REDD+ Action Plan 2020
- ✓ Integrate forest safeguards in new Planning Law

### OVERVIEW OF PLANNED PUBLIC INVESTMENTS IN LAND-USE IN THE CENTRAL HIGHLAND REGION, VIET NAM, 2016-2020

VND 7.2 Trillion  
ALIGNED to NRAP objectives  
VND 16.2 Trillion NON ALIGNED



#### KEY

Aligned to NRAP

Planned activities which contribute to reducing deforestation drivers and to enhancing and protecting forests, in coherence with policies and measures promoted by the National REDD+ Action Plan (NRAP - Decision 419)

Non-aligned

Planned activities whose impact on the forest cover is unknown. These planned activities are not aligned with the objectives of the NRAP, but could be if certain enabling conditions were in place.

All figures in VND billion

NRAP: National REDD+ Action Plan

ODA: Official Development Assistance

PFES: Payments for Forest Environmental Services



EUREDD  
Facility



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## How to align investments to climate objectives?

# Aligning



- Identify options to redirect brown flows to sustainable activities and climate objectives.
- Inform national/jurisdictional cross-sectoral discussion on coherence and coordination of climate investments

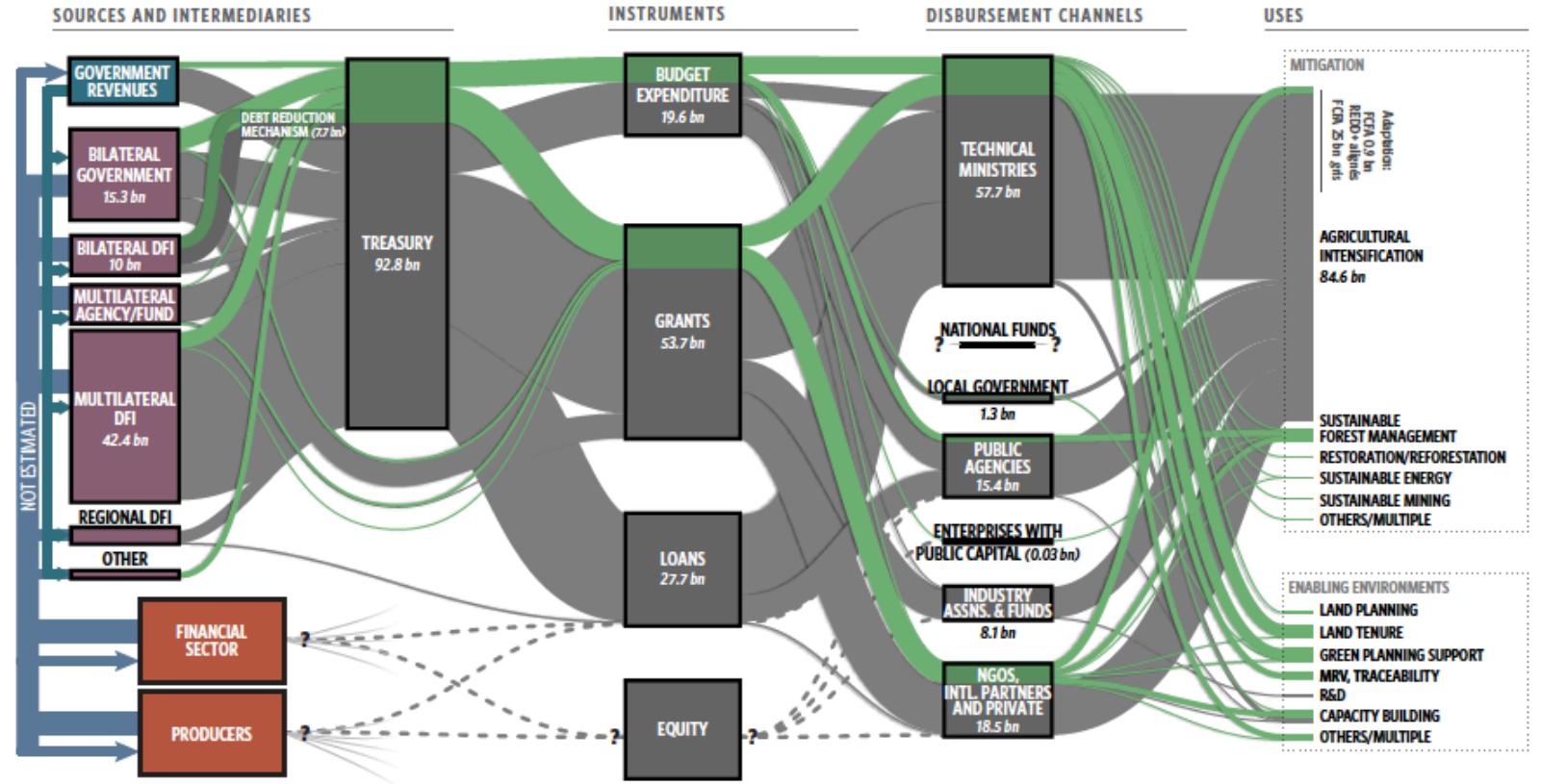
# Example: Redirecting forest-risk investments in Côte d'Ivoire

## ALIGNING

- ✓ Identified and quantified public investments potentially increasing the pressure on forests
- ✓ Informed cross-sectoral dialogue on the coherence of spending
- ✓ Mainstreaming of forests in the planning process

## THE LANDSCAPE OF REDD+ ALIGNED FINANCE IN CÔTE D'IVOIRE IN 2015

**FCFA 16.8** BN REDD+ ALIGNED  
FCFA 84.2 BN TOTAL GREY FLOWS



**KEY**

<b>PUBLIC MONEY</b>	<b>PRIVATE MONEY</b>	<b>? UNKNOWN</b>	<b>REDD+ ALIGNED FLOWS</b>
<b>PUBLIC FINANCIAL INTERMEDIARIES</b>	<b>UPSTREAM SOURCES OF FINANCE AND TRANSFERS BETWEEN ACTORS</b>		<b>GREY FLOWS</b>

REDD+ aligned activities are those that clearly contribute to reducing deforestation drivers and to enhancing and protecting forest cover.  
Grey activities are those that could contribute to maintaining and enhancing Côte d'Ivoire's forests if certain enabling conditions were in place.

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## How much finance is flowing to climate aligned activities?

# Monitoring



- Baseline for implementation of national strategy or program
- Periodic assessments
- Increase transparency & accountability

# Example: Tracking climate finance in Indonesia

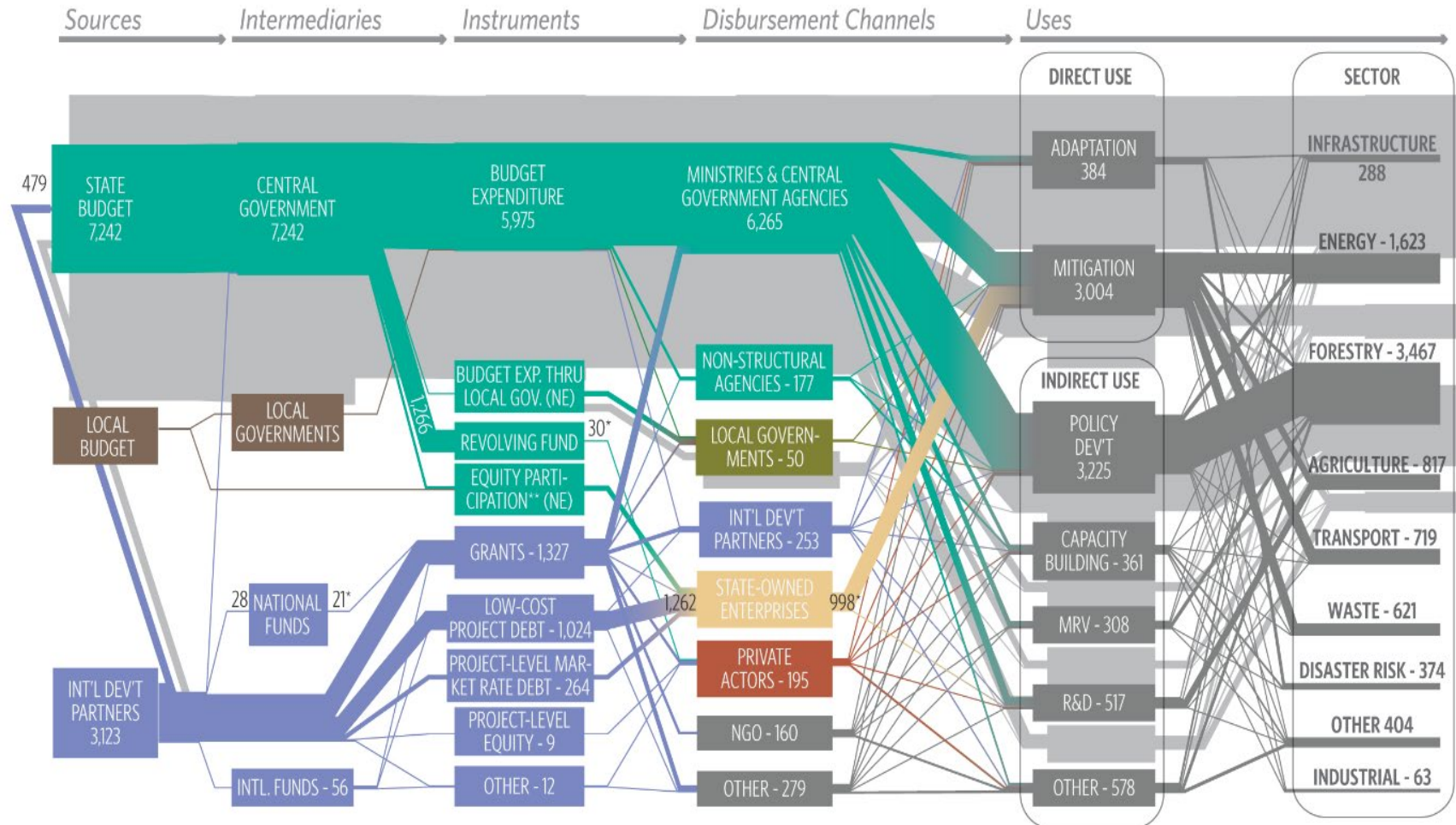
## Results

- ✓ Baseline of public spending for climate action to inform investment planning and track resource mobilisation
- ✓ Led to budget tagging for climate change

## THE LANDSCAPE OF PUBLIC CLIMATE FINANCE IN INDONESIA IN 2011 - IDR 8,377 BN TOTAL



CLIMATE POLICY INITIATIVE

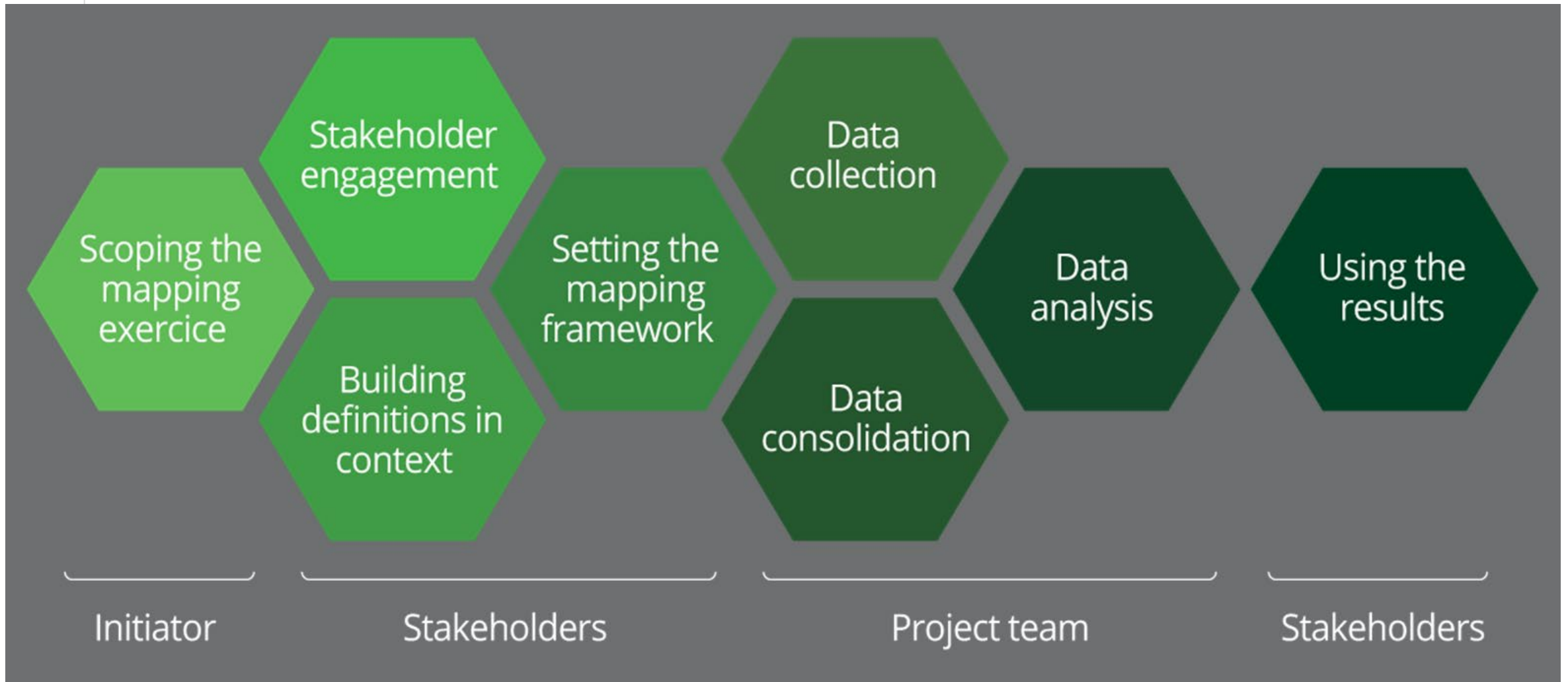


# How and what to track?

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## Steps in Climate Finance Tracking



## Scoping the mapping exercise – Key Questions

**Develop a  
'vision' for the  
project and set  
a clear  
purpose**

- What is your reference policy framework to base definitions and analysis on?
- Should map both green and brown flows?
- What geographical scope/scale?
- Which sectors are of interest?
- What sources of finance will be included? Private or public? Domestic or international?

## Developing a stakeholder engagement strategy

**Develop an idea about who to involve and consult, why and how often**

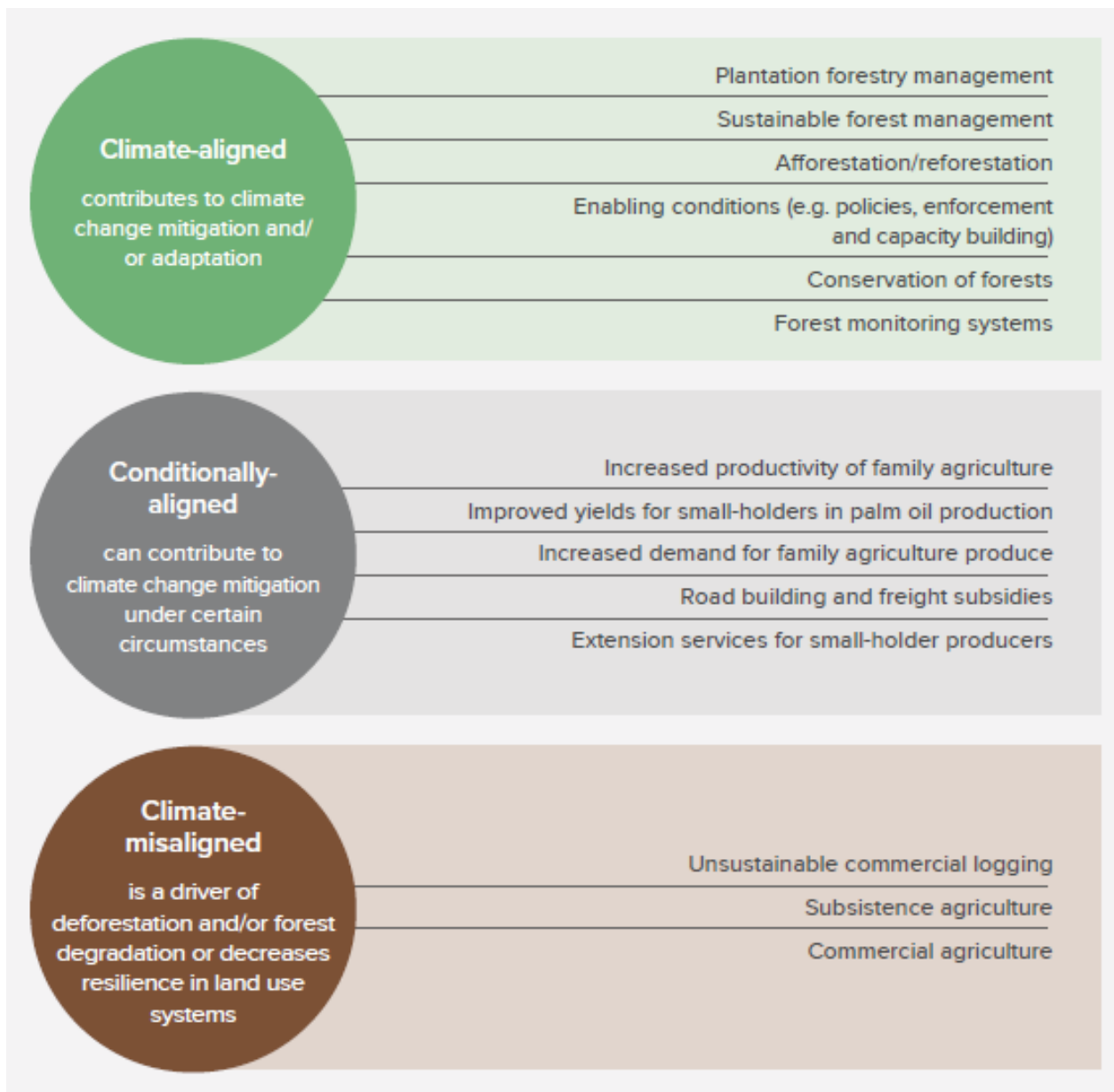
- Who should be involved & what will their role be?
- What challenges are foreseen in engaging stakeholders?
- What are the benefits/ incentives for each stakeholder to engage and share information/data?
- How and when should stakeholders be engaged

## Developing a climate finance definition

**Assess options  
for building a  
climate  
finance  
definition and  
typology in the  
national  
context**

- What steps should be followed to develop a detailed national/jurisdictional level definition of climate-relevant finance?
- Which sectors and activities might be considered misaligned / aligned / conditionally-aligned?

# Cote D'Ivoire REDD+ Finance Landscape - definitions





# Example of Differences in Definitions

Nuclear ?

Electric vehicle  
and hybrids?

Fossil fuel-based  
lower-carbon and  
energy-efficient  
generation (e.g.,  
efficient coal plants)

EV Charging  
infrastructure

Primary and secondary  
market transactions?

Policy-induced  
revenue support  
mechanisms?

Brown flows all or  
same sources?

## Setting the mapping framework

Identify elements of the climate finance mapping framework

SOURCES/ INTERMEDIARIES	INSTRUMENTS	DISBURSEMENT CHANNELS	USES
Central Government	Budget Transfer Mechanisms	Central Government	Mitigation & Adaptation
Local Government		Local Government	Direct & Indirect
International Development Partners	Grants	International Development Partners	
	Loans		
Funds	Equity	State-owned Enterprises	
		Private & NGO	

- Which dimensions of flows are to be mapped?
- How do flows relate to each other?
- What format should the output have?

**MODULE 5**

## Data Collection

- Where to find data?
- How to assess its quality?
- How to identify gaps in data and fill them?
- How to assess supporting information?

**MODULE 6**

## Data Consolidation & Categorisation

- How to check quality of consolidated data?
- How to categorise data to support objectives of mapping?

**MODULE 7**

## Data Analysis & Presentation

- What are the key quantitative and qualitative analytical questions to consider?
- What to do if results are inconsistent with other sources, controversial or limited?

## Using the results

**Interpret results  
and inform  
policy or  
project  
processes**

- How can results be used for monitoring and reporting?
- How can results be used to align finance to climate objectives?
- How can results be used for resource mobilization?

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## In summary

- National climate finance tracking helps to
  - identify financing gaps and opportunities,
  - align flows and instruments for maximum impact and scale,
  - measure progress,
  - effective and efficient use to public finance to mobilise private investment
- Scoping of mapping exercise is crucial – ask as many questions at this point.
- A solid and well- thought off stakeholder engagement is a pre-requisite for climate finance mapping









## Contact –

**CPI:** [climatepolicyinitiative.org](http://climatepolicyinitiative.org)

**The Lab:** [climatefinancelab.org](http://climatefinancelab.org)

**USICEF:** [usicef.org](http://usicef.org)

**Global Landscape of Climate Finance:**  
[climatefinancelandscape.org](http://climatefinancelandscape.org)

 [@climatepolicy](https://twitter.com/climatepolicy)

 [@climatepolicyinitiative](https://www.linkedin.com/company/climatepolicyinitiative)



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# Thank You

Please contact:

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