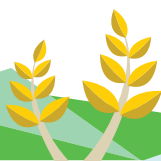
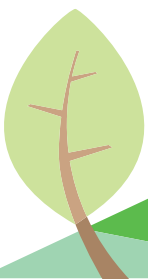




A REVIEW OF DOMESTIC DATA SOURCES FOR CLIMATE FINANCE FLOWS IN RECIPIENT COUNTRIES



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Acronyms

b	billion
BAU	Business as Usual scenario
BRs	Biennial Reports
BURs	Biennial Update Reports (BURs)
CBIT	Capacity Building Initiative for Transparency
CRI	Climate Risk Index
CTF	Common Tabular Format
FSV	Facilitative Sharing of Views
GDP	Gross Domestic Product
GHG	Greenhouse Gasses
HDI	Human Development Index
IAR	International Assessment and Review
ICA	International Consultation and Analysis
IIMCCS	Interim Inter-Ministerial Climate Change Secretariat
INDC	Intended Nationally Determined Contribution
m	million
NAMA	Nationally Appropriate Mitigation Action
NAP	National Adaptation Plan
NAPA	National Adaptation Programme of Action
NAPA	National Adaptation Programme of Action (NAPA)
NatComms	National Communications to the United National Convention on Climate Change
NDC	Nationally Determined Contribution
SCF	Standing Committee on Finance
SIGEACI	Management, implementation and analysis of international cooperation system (Guatemala)
UNFCCC	United Nations Convention on Climate Change



I. Executive summary

I. Introduction

In recent years, increasing attention and efforts have been put towards monitoring climate related financial support for developing countries. The Biannual Assessment and Overview of Climate Finance Flows Report (2016) of the Standing Committee on Finance (SFC) of the United Nations Framework Convention on Climate Change (UNFCCC) identified that financial support from developed countries to developing countries increased 15% in the period 2013-2014. However the allocation of such support is unbalanced with 70% going towards mitigation efforts and only 25% to adaptation, even though the number of vulnerable countries and the costs of climate change impacts are already producing significant social and economic losses.

Measuring, reporting on, and verifying climate finance effectively increases accountability and trust between parties. However, many developing countries have limited experience with these topics. This is particularly the case for the analysis of finance for adaptation. As such, few developing countries have included this information in reporting tools submitted to the UNFCCC.

In an effort to identify the limitations of climate finance reporting and provide key recommendations to improve this within the context of compliance with the Paris Agreement, this research analyzes the status of reporting mechanisms that exist under the UNFCCC.

The study focuses on six countries as case studies – Colombia, Guatemala, Kenya, Nepal, Philippines and Zambia - and documents their experiences in these activities.

This study intended to focus on the reporting of climate finance for adaptation, but due to limited information, the scope of the work was modified and extended to climate finance in general and, where possible, for adaptation in particular.

Through analysing these case studies challenges can be identified and lessons learned. The analysis can also provide recommendations to strengthen work on climate finance reporting to comply with articles 2, 9 and 13 of the Paris Agreement.

II. Methodological note

The Climate Finance Group for Latin- America and the Caribbean (GFLAC) was commissioned by the United Nations Development Programme (UNDP) to develop a “Review of Domestic Data Sources for Climate Finance Flows in Recipient Countries”. This report is focuses on case studies of: Colombia, Guatemala, Kenya, Nepal, Philippines and Zambia.

These countries were selected on a number of criteria including: regional balance, presence of National Adaptation Plans (NAPs), (intended) Nationally Determined Contributions (i)NDCs, Climate Public Expenditure and Institutional Review (CPEIR) studies, participation in the Integrating Agriculture in National Adaptation Plans (NAP-Ag) Programme², and progress in climate finance agenda.

For the development of the study deskwork was done, along with interviews which primarily focused on representatives of ministries of finance, environment, climate-related institutions and non-governmental representatives.

III. General context

The countries selected for this study represent different contexts, locations, economic situations, levels of vulnerability to climate change and climate variability. Table A presents key characteristics of the selected countries.



Table A Overview of climate policies and targets in selected countries

Country	Region	Population ⁱ	GDP/pp	CRI	HDI / Rank	Territory (km ²)
Colombia	South America	47,220,85	6,056.1	47	0.727 / 95	1,138,910
Guatemala	Central America	15,189,958	3,903.5	9	0.640 / 125	108,889
Kenya	Eastern Africa	46,790,758	1,376.7	85	0.555 / 146	580,367
Nepal	Southern Asia	29,033,914	743.3	24	0.558 / 144	147,181
Philippines	South Eastern Asia	102,624,20 9	2,904.2	5	0.682 / 116	300,000
Zambia	Southern Africa	15,510,711	1,304.9	143	0.579 / 139	752,618

Sources: Elaborated by authors based on:

Population and territory: CIA World Factbook (2017) (<https://www.cia.gov/library/publications/the-world-factbook/geos/co.html>)

GDP: World Bank (2017) (<http://data.worldbank.org/indicator/NY.GDP.PCAP.CD?view=map>)

CRI: Global Climate Risk Index (CRI) 2017 (Kreft et al 2016)

HDI: Human Development Index (HDI) - UNDP (2016 with data of 2015) (<http://hdr.undp.org/sites/default/files/rankings.pdf>)

Source: Elaborated by the authors

Table B provides a brief overview of the main climate policies and strategies in place in each country along with the mitigation and adaptation targets included in their National Determined Contributions (NDCs).

Table B Overview of climate policies and targets in selected countries

Country Approach	Key climate policies & strategies in place	NDC Mitigation targets	NDC Adaptation targets
Colombia	<ul style="list-style-type: none"> • Low Carbon Development Strategy • Green Growth Strategy • REDD+ Strategy • National Plan for Adaptation (PNACC) 	20-30% of GHG emissions reduced by 2030 with respect to BAU ³	10 prioritized actions
Guatemala	<ul style="list-style-type: none"> • General Law on Climate Change • National Climate Change Action Plan 	11.2 – 22.6% by 2030 with respect to BAU	10 prioritized sectors
Kenya	<ul style="list-style-type: none"> • Kenya National Adaptation Plan (2015-2030) • National Climate Change Action Plan (2013-2017) 	30% by 2030 with respect to BAU	17 sectorial Medium Term Plans
Nepal	<ul style="list-style-type: none"> • Climate change policy • Local Adaptation Plans for Action (LAPA) • National Adaptation Programme of Action (NAPA) 	80% of electrification through renewable sources by 2050 Fossil fuels dependency reduce by 50% by 2050 40% forest cover maintenance	To be determined in its National Adaptation Plan (under construction: 7 major prioritized themes, 2 cross-cutting themes)
Philippines	<ul style="list-style-type: none"> • People's Survival Fund Act • National Climate Change Action Plan 	70% by 2030 with respect to BAU	6 prioritized measures
Zambia	<ul style="list-style-type: none"> • National Policy on Climate Change (NPCC) • National Adaptation Programme of Action (NAPA) 	Between 25% and 47% by 2030 by 2030 (when considering 38,000 Gt CO ₂ eq compared to 20,000 Gt CO ₂ eq)	7 prioritized sectors

Source: Elaborated by the authors

³ BAU: Business as Usual

IV. Current reporting framework under the UNFCCC

Existing transparency requirements under the UNFCCC differ for developed and developing countries. The main reporting tools under the UNFCCC are the National Communications (NatComms) (to be presented every four years), and Biennial Update Reports (BURs).

Table C Status of reporting schemes in selected countries

Reporting tool	Colombia	Guatemala	Kenya	Nepal	Philippines	Zambia
National communications						
1	2001	2001	2002	2004	2000	2004
2	2010	2016	2015	2016	2014	2014
3	UD	UD	UD	UD	UD	UD
Biennial Update Reports						
1	2015	NA	NA	NA	NA	NA
Technical revision	2016	NA	NA	NA	NA	NA
Content guidance: <ul style="list-style-type: none"> • NA –Not applicable because countries have not presented the instruments. • UD- Under Development. Source: Elaborated by the authors, based in UNFCCC portals related to National Communications and BURs.						

V. Climate finance in selected countries

Countries have been progressing in terms of climate policies, however major challenges have been identified in regards to climate finance analysis and reporting.

As shown in table D, countries have been working on the identification of climate finance information, regarding costs of climate change actions, needs, and losses; financial support received and financial support allocated through national expenditures. Nevertheless, the information presented by countries is not comparable and consistent.



Table D Overview of climate finance information in selected countries

Country Estimations	Colombia	Guatemala	Kenya	Nepal	Philippines	Zambia
Losses due to climate change/ climate variability	Less 0,49% GDP per year due economic losses projected by 2011-2100. Around 1.26 mill USD (DNP, 2014)** La Niña cost 0.38% of GDP in losses and 2% in damaged in 2010-2011 (DNP, 2016)	USD 1.85 billion (1998-2010) (Gobierno de Guatemala, 2015)	3% of GDP by 2030 (SEI, 2009) USD 12.1 billion lost due the drought in the period 2008-2011 (OECD, 2011)	2% to 3% of GDP 62.4 (2013 by 2050 (IDS- Nepal, PAC and GCAP, 2014)	USD 1.576 billion (2003 – 2008) (RECCS, 2010)	USD 4,3-5,4 billion (10-20 years) (Government of Zambia, 2016)
Climate finance needs	USD 5,440 million to achieve the 20% goal of the NDC (DNP, 2017)	NI	Climate Change Action Plan will cost USD 2.75 billion per year (IIED, 2014) Total climate actions will cost USD 500 millions per year for 2012 onwards (Adaptation costs by 2030 1 to 2 billions per year) (SEI, 2009)	USD2.4 billion by 2050 (IDS- Nepal, PAC and GCAP, 2014) NAPA: USD 350 million (Government of Nepal, 2010)	USD 265 – 565 billion/ year (mitigation) (CCC, 2011) USD 75 – 100 billion/ year (adaptation) (CCC, 2011)	USD 50 billion (Government of Zambia, 2015)
Climate finance flows (CFU)	USD 190.1 million	USD 13.3 million	USD 100.3 million	USD 183.8 million	USD 263.4 million	USD 122.6 million
Adaptation finance (CFU)	USD 16.8 million	USD 9.4 million	USD 29.1 million	USD 134.6 million	USD 14.02 million	USD 99.9 million
Climate finance flows (OECD)	USD 236.6 million	USD 43.5 million	USD 360 million	USD 167.6 million	USD 714.7 million	USD 206.6 million
Adaptation finance (OECD)	USD 85.5 million	USD 29 million	USD 101.5 million	USD 56.6 million	USD 596.6 million	USD 40.7 million
Public expenditures of climate finance	USD 480 million per year (UNDP-CPEIR, 2016)*	USD 381 m (2013-2014), Fundación Solar, FEDES, GFLAC USD 87,980 per year (2014-2017) UNDP*	USD 3.2 billion (IIED, 2014 includes public and private information)	NI	USD 3.5 billion (2016)	USD 221 million – USD 377 million (2013-2015)

VI. Climate finance and finance for adaptation definitions in reporting tools

Regarding the definitions used in the reporting tools, it was identified that only Colombia and the Philippines have been progressing towards a definition of what counts as climate finance. However, in the latest reporting tools, most of the countries include information related to climate finance. These references vary, representing sometimes statements of needs and sometimes including specific figures. Some countries identify the cost of actions, others identify finance received from international mechanisms and recently some countries have included information about the amount of money allocated through their national budgets to deal with the problem nationally.

Identification of sources for reporting on climate finance and finance for adaptation

The analysis of climate finance is complex due the lack of information. However, it was identified that some countries have developed systems with financial information that reflects the status of national public expenditure. Others reflect information about international finance received. Not all these systems have included specific information on climate change but some countries are working on the creation of specific labels to identify climate activities, such as the Colombia, Kenya, Philippines and Zambia.

Developing countries do not always rely on approaches created by donor countries, instead developing their own monitoring systems. Colombia is the only country that has a methodology to classify and measure climate finance that uses both national and international approaches, which is the base of the MRV system on climate finance.

Identification of complementary data sets

Interest in monitoring climate finance has increased not only within governments but also in other international, national and nongovernmental bodies. For instance, the CPEIR methodology, created and applied by UNDP, has been applied in 17 countries around the world and presented important lessons supporting the analysis of public expenditures in governments. While other initiatives such as the GFLAC have been supporting the analysis of climate finance from a non-governmental perspective. Both experiences have identified important lessons that aim to support the work of both governmental and non-governmental actors.

Country Estimations	Colombia	Guatemala	Kenya	Nepal	Philippines	Zambia
Expenditures of adaptation finance	Approx. USD 196,80 per year (41% of the total expenditure) (UNDP-CPEIR, 2016)*	USD 255 million (2013-2014), Fundación Solar, FEDES, GFLAC USD 59,790 per year (2014-2017), UNDP*	48% out of the USD 3.2 billion go to adaptation (IIED, 2014 includes public and private information)	NI	USD 3,1 billion (2016)	USD 15.5 million to over 100 million (2010-2012)
Content guidance: <ul style="list-style-type: none"> • NI –Not identified during the research • Information in USD converted by the authors when not presented in USD (Philippines: 1PHP= USD 0.02; 1 USD =11 ZMW) • *Preliminary estimation • ** The study included subsectors that together represent 4.3% of the National GDP (Forest, Fisheries, Transport, agriculture and farms). 						

Source: Elaborated by authors

National measuring, reporting and verifying (MRV) systems

Some countries have developed MRV systems for mitigation that have been extended to adaptation and finance measures. However, it was identified that only two of the countries included in this study presented an integral vision about the necessity to create a measuring, reporting and verifying system on climate finance. Those countries are Colombia and the Philippines.

Colombia is actually building an MRV system on climate finance that is a public system which will be hosted on a website of the National Department of Planning. In this system people will be able to track resources received from international sources, as well as climate finance allocated through public expenditure and climate finance from private sources. The system is in construction and will be launched in 2017.

Colombia is also developing a “map of investments”, which is a public site where all information about financial flows from public investments will be reported. This information will feed the MRV on climate finance.

The Philippines has also made progress on the establishment of the National Integrated Climate Change Database Information and Exchange System (NICCDIES), which functions as a domestic MRV system. It is more developed for mitigation, but currently they are expanding it to cover adaptation actions, including means of implementation.

Assessment of data sets, which support national and international reporting processes

At the national level, some ministries of finance have developed information systems aimed at tracking public expenditure, as well as international cooperation. The quality, disaggregation and transparency of the systems vary considerably among countries. Some are very accessible since they are part of the finance ministry’s website, which are public, however in general the disaggregation of information is not always as adequate as needed. Additionally, the information presented refers mainly to the national level or central government, excluding subnational levels, which makes it difficult to track the allocation of resources at the local level.

There are systems, institutions and platforms that have been increasing the level of transparency in terms of information related to climate finance flows. The main international sources of information are represented by data sets of multilateral and regional banks and international organizations such as the OECD and multilateral banks that have been improving the presentation of climate finance although they are still not comparable, due the methods to measure climate finance varies.

As mentioned before, efforts to make climate finance information more accessible and transparent have been made not only by governments from recipient countries and donors, but also by non-governmental (international, regional and local) organizations. These include: the Climate Funds Update (CFU), Climate Policy Initiative’s Global Landscape of Climate Finance, the Latin American and Caribbean Group on Climate Finance (GFLAC), and the Adaptation Finance Accountability Initiative (AFAI), among others.

VII. Common challenges

The common (at national and international levels) challenge identified is related to a common definition or understanding of what can be accounted as climate finance and finance for adaptation.

At the national level, the main common challenges are: the limited institutional arrangements and internal capacities on climate finance; the lack of unified systematized information on climate finance at the different levels of government; limited access to information from different sources (from donors, the public and private sector), but also from different sectors where the resources are allocated; and, the lack of capacities to quantify adaptation costs and needs, including the access and analysis of climate information.

Colombia is the country that has more progress in the creation of an integral MRV system for climate finance that reflects, public expenditure, international public finance and private finance. Zambia has established the Interim Inter-Ministerial Climate Change Secretariat which functions as the hub of information related to climate finance.

There are other challenges with the understanding and the systematization of information related to climate finance at the international level, such as: information is not presented in a detailed (country or project) manner which makes it difficult to track financial resources; there is lack of global reporting systems and guidelines; and there are no indicators which help identify the effectiveness of the allocated resources.

VIII. Recommendations

In general, there is a need to improve national financial monitoring systems to capture data systematically and to increase its comparability and accuracy.

At the national level, the main recommendations identified are: address climate finance through integrated approaches for planning and budgeting, creating national strategies on climate finance that can include a comprehensive understanding of national financial necessities to connect them to financial opportunities; enhance institutional arrangements and internal capacities on climate finance periodically and creating an specific unit or committee to coordinate the topic; adopt harmonized guidance to measure and classify climate finance; establish clear institutional arrangements for monitoring and tracking means of implementation, specially on climate finance, and build national mechanisms to measure, report and verify climate finance, this can be done base in existent tools in the countries.

Nepal is currently in the very initial stages of producing a climate finance strategy and Kenya has included reference to the needs of having one in its Climate Change Act.

At the international level, the main recommendations identified are: balance the allocation of climate finance between adaptation and mitigation; make available all details related to climate funding and how it is allocated at the national and local level (including transaction costs).

This information should be available in a global platform (perhaps facilitated by the UNFCCC), including information from all the countries, but should also be included in national platforms on climate finance.

Work to be done under the UNFCCC

New modalities for accounting climate finance have to be defined and applied. This does not only apply to developed countries but developing countries may also apply them according to their capacities. The analysis of this research suggests that the new modalities should include: guidance about the sectors and activities that count as climate finance; the type of instruments that should be counted as climate finance; a definition of how and when climate finance flows are counted and the type of receptor that should be included.

Standing Committee on Finance (SCF):

The results of the last Biennia Report presented in 2016 identified three major activities to be undertaken in the context of the SCF: improve guidelines for the preparation and reporting of financial information, including modalities, guidelines and procedures for transparency of support; enhance the availability of country-level data; and, practical options for estimating and collecting data for private climate finance.

Conclusions

In general, reporting on climate finance has been limited in developing countries mainly due the lack of capacities in the different related-institutions, lack of funding and due the lack of methodologies and guidelines to define what constitutes climate finance, besides overall capacity constraints in the countries which limits the collection of climate finance information.

The main results of this research suggest that:

- The absence of clear definitions of climate finance at national or international levels hinders tracking and reporting processes. Despite the absence of a clear definition there are pluralities of data sets that can be used to do such exercises in the countries, besides that many of them have already systems that can be adapted to track climate change related activities without generating extreme charges of work. Reporting systems are still at early stages but countries like Colombia and the Philippines are leading examples that can be a reference for others.
- There is a need for capacity building related to measuring, reporting and verifying climate finance at different governmental levels and among different stakeholders. Programs such as the Capacity Building Initiative for Transparency (CBIT) are in place, but periodic and systematic capacity process are needed.
- Modalities for accounting climate finance will be defined in the context of the UNFCCC and their adoption should also guide the work of developing countries, according to their capacities and their national circumstances.

- It is necessary to track climate finance domestically to identify financial gaps, improve accountability of donors and the international community, and improve the national planning processes. The creation of MRV systems nationally is an opportunity for developing countries to improve this and increase the effectiveness of climate finance.
- Climate finance tracking has been undertaken in the context of governmental activities, along with other private and nongovernmental and international actors that aim to identify climate finance gaps and make climate finance information more accessible, transparent and efficient. A compilation of these exercises and a creation of a global MRV on climate finance could support the comparability of the data. Besides that, these efforts can drive a more efficient identification of needs and use of the financial resources to tackle climate change in an effective way, attending the actual necessities of developing countries.





II. Introduction

Climate change is one of the biggest threats that humanity is facing. According to the Intergovernmental Panel on Climate Change (IPCC) the changes in the climate system are closely related to human activity (IPCC, 2014) and its impacts have been producing economic and social losses around the world. The United Nations Framework Convention on Climate Change (UNFCCC) has provided the forum for global consensus building and negotiations about the world's climate change response over the past 21 years. In the context of these international negotiations there is stronger recognition of the importance of increasing financial resources to support mitigation and adaptation actions, especially for developing countries. Article 2 of the Paris Agreement states that a major goal of the Agreement is “to make financial flows consistent with the low greenhouse gases and resilient development” (UNFCCC, 2015).

To achieve this and other goals of the UNFCCC there is growing demand to increase information related to climate relevant financial flows to enable a better understanding of the gaps and opportunities to deal with climate change. These demands are coming from both, donor and recipient countries with donor countries calling for better understanding on where climate finance is being spent in recipient countries. At the same time, developing countries are demanding more clarity in tracking the amount of money that has been reported as transferred to them to assess and verify international commitments but also to better connect international financial opportunities with national realities and needs.

In many developing countries, where adaptation to climate change remains the top priority to reduce vulnerability and enhance resilience of social and bio-physical systems, especially for vulnerable communities and groups; recent studies have estimated that climate finance flows being transferred from developed to developing countries is less than adequate. For example, the Standing Committee on Finance (SCF) of the UNFCCC notes in its most recent Biennial Assessment of Climate Finance Flows report (BA 2016), that ‘despite global funding increases of 5% from USD 650 billion in the period of 2011-2012 to USD 687 for 2013 and then to

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The Paris Agreement recognizes this gap and had declared that ‘parties should create modalities for accounting for climate finance’. This is now part of the work plan for the Subsidiary Body of Technology and Scientific Advisory (SBSTA) that should be done by 2018. Progress towards this has begun and amongst donor countries through various initiatives such as the work guided by the OECD and multilateral development banks who have supported the COP to develop a common tabular format (CTF) for reporting on climate finance flows for developed countries in their biennial reports (BRs). However recently under the banner of common but differentiated responsibilities, (CBDR) there is an increased interest in identifying the role of developing countries in the tracking process. According to the Paris Agreement “other parties” including developing countries, are invited to provide information about financial support provided and received (Article 9 and 13).

The first exercise to accounting these contributions under the UNFCCC were included in the SCF BA 2014 which made a major contribution to the climate finance studies as it incorporated information related to financial flows from developing countries. This information was not only related to the amount of international support received in these countries, but also included information about public expenditure related to climate change finance allocated nationally through domestic budgets.

With support from organizations such as the United Nations Development Programme (UNDP), The World Bank (WB) and the Overseas Development Institute (ODI), there is an increasing number of developing countries that are beginning to focus on climate finance tracking tools, however, the number of countries (specially developing countries) reporting on climate finance is still limited for several reasons including the unclear definitions about what counts as climate finance, limited capacities and unclear institutional mandates to report on climate finance flows, fragmented reporting systems and a lack of data, among others.

This paper seeks to go further to identify the limitations of climate finance reporting for developing countries and to proposes some recommendations to improve such exercises in the context of the compliance of the articles 2, 9 and 13 of the Paris Agreement. Using six country case studies from different regions across the globe (Colombia, Guatemala, Kenya, Nepal, Philippines and Zambia); the report analyzes the status of the reporting mechanisms that exist under the UNFCCC to assess to what extent information on climate finance has been included and how to improve these exercises. In seeking to understand the status of information on finance for adaptation and mitigation actions, it was found that the topic of climate finance is still considered new in most of the countries and that repositories for national information on climate change and climate finance are limited. . For this reason it was necessary to review the general context of general climate change reporting, to identify to what extent countries have been working on the analysis of the financial aspects of adaptation and mitigation actions. Even though the topic is in the early stages of development, analysis in these countries provides lessons and recommendations to improve the provision of information in the context of the UNFCCC.



III. A note on methodology

The Climate Finance Group for Latin-American and the Caribbean (GFLAC for its name in Spanish) was commissioned by the UNDP to develop “A Review of Domestic Data Sources for Climate Finance Flows in Recipient Countries”. The GFLAC, together with UNDP selected six recipient countries located in different regions.

The scope of the study: The study aimed to understand the status of information on climate finance (particularly for adaptation). It was necessary to use a more general approach about climate finance, because it was identified that limited information was available for the specific analysis of adaptation finance. Therefore, the analysis was made for climate finance in general and, when possible, for adaptation in particular.

The selection of Colombia, Guatemala, Kenya, Nepal, Philippines and Zambia, was based on criteria including:

1. Countries with National Adaptation Plans (NAPs),
2. (intended) Nationally Determined Contributions (i)NDCs,
3. Countries that have conducted CPEIR studies,
4. Participation in the NAP-Ag Programme,
5. Maintaining a regional balance, as well as
6. Progress in climate finance agenda.

The countries selected for this study represent different regional contexts, considering their geographical location, their economic situation and their levels of vulnerability to climate change and climate variability. According to the Long-term Climate Risk Index (1996-2015), the selected countries have different levels of vulnerability with the Philippines in the 5th position (being the most vulnerable of the group), Guatemala 9th, Nepal ranked 24th, Colombia 47th, Kenya 85th and Zambia ranked 143rd.

Table 1 Overview of countries selected as case studies

Country	Region	Population	GDP/pp	CRI	HDI / Rank	Territory (km ²)
Colombia	South America	47,220,85	6,05 6.1	47	0.727 / 95	1,138,91
Guatemala	Central America	15,189,958	3,903.5	9	0.640 / 125	108,889
Kenya	Eastern Africa	46,790,758	1,376.7	85	0.555 / 146	580,367
Nepal	Southern Asia	29,033,914	743.3	24	0.558 / 144	147,181
Philippines	South Eastern Asia	102,624,209	2,904.2	5	0.682 / 116	300,000
Zambia	Southern Africa	15,510,711	1,304.9	143	0.579 / 139	752,618

Sources:
Population and territory: CIA World Fact book (Population and territory: CIA World Fact book (2017) (<https://www.cia.gov/library/publications/the-world-factbook/geos/co.html>)
GDP: World Bank (2017) (<http://data.worldbank.org/indicator/NY.GDP.PCAP.CD?view=map>)
CRI: Global Climate Risk Index (CRI) 2017 (Kreft et al 2016)
HDI: Human Development Index (HDI) - UNDP (2016 with data of 2015) (<http://hdr.undp.org/sites/default/files/rankings.pdf>)

his general report captures key elements of the climate finance reporting landscape out of all six countries studied. The report is divided in five main sections: the first is related to general country context in relation to climate policies; the second describes the current reporting system that exists under the UNFCCC and progress in relation to climate finance; the third focuses on the status of climate finance reporting processes within the case studies; the fourth includes analysis about the common challenges; and, the fifth and final section includes a number of recommendations for different stakeholders based on the lessons learned regarding climate finance reporting practices. Country specific case studies were also prepared as stand- alone reports and can be accessed at: <https://www.climatefinance-developmenteffectiveness.org/publications> and

The first part of the research was based on analysis of secondary data, taking as the database the National Communications to the United Nations Framework Convention on Climate Change (NatComms), Biennial Update Reports (BURs) and Nationally Determined Contribution (NDCs) submitted by the parties. National Adaptation Plans, were also used as well as other relevant data sources related to climate finance tracking in the countries. An initial analysis to understand the status of these, analyze the content and identify common elements and existing gaps regarding climate finance information was performed.

Once this deskwork was done, the second stage of the research was based on a qualitative method, using interviews with key informants and stakeholders in each country. The number of interviews varied between 2-5 per country⁴.

⁴ A list of interviewees can be found at Annex II



IV. General context

3.1 Overview of climate change policies in selected recipient countries

Due to the different degrees of vulnerability to climate change and climate variability and the current impacts of climate change in their territories, the countries have developed different institutional arrangements, different regulatory instruments such as climate change laws, policies, plans, programs/projects, and other types of regulations which help them to mitigate the emission of greenhouse gases (GHG), adapt and build resilience to the expected changes. Table 2 shows an overview of the main policies and plans that the countries have developed to address climate change in general and for adaptation in particular.

Table 2 Main climate policies and plans in selected countries

Policy	Colombia	Guatemala	Kenya	Nepal	Philippines	Zambia
Specific offices on climate change	X	X	X	X	X	X
Climate Change Law	*	X	X		X	
Climate change policies and strategies	X	X	X	X	X	X
Climate change policies and strategies on mitigation	X	X	X	*	X	X
National policies on climate Change adaptation	X					X
National Adaptation Plan (NAP)	X	*	X	*		
National Adaptation Programme of Action (NAPA)				X		X
Intended Nationally Determined Contribution	X	X	X	X	X	X
Content guidance: This table refers in general to climate policies and climate mitigation policies, but it focuses in climate in adaptation policies, in particular. In each case study report information about the rest of the policies is included. At the same time, it makes reference to the plans at the national level, does not include policies at the local level. * Refers to ongoing processes (At the moment of preparation of this report, Colombia has a draft of a Climate Change Law; regarding National Adaptation Plans, Nepal and Guatemala NAPs are in the process to prepare one); Nepal has a draft of low carbon economic development strategy "X" refers to the policies in place in each country						

The case studies analyzed show that there is some progress in terms of the climate policies across the countries, all of them have institutional arrangements and climate policies, and three of them have been progressing on the regulation of climate change actions.

All the analyzed countries have developed (intended) Nationally Determined Contribution (iNDC), which represents the contribution of each country towards global mitigation and adaptation targets under the Paris Agreement, adopted in 2015 during COP21 of the UNFCCC. Once the countries ratified the Paris Agreement, the contributions become known as National Determined Contribution (NDC)⁵. Table 3 shows how the countries presented their mitigation and adaptation targets. In the case of the NDCs as shown in table 3, the mitigation targets vary between the countries. In the case of Colombia and Guatemala, the range represents the ambition between the unconditional and conditional targets. Nepal was the only country which did not present a general target. In the case of adaptation, how the target is presented also varies. Mostly, countries prioritized actions or sectors which are important for them. Also, the work on adaptation will depend on the plans (national, regional or local) that are currently being developed. In both cases, for the implementation of mitigation and adaptation targets, external finance resources are expected to be available.

According to interviewees, the different type of information presented in Table 3 and the level of detail included in the INDCs reflects the lack or limited guidance the Parties had for the preparation of their contributions. In addition, the limited time given to present the INDCs affected the quality of the information and the process followed for the preparation of this important tool. All six countries mentioned the need for financial resources for the implementation of their NDCs, but only Zambia presented a figure in relation to the cost of the NDCs (which is the result of a consultation process, but is not based on climate projections). However in recent months Colombia has made a first estimated the cost of the NDCs at USD 5,440 million to achieve the 20% mitigation goal (DNP, 2016).

Table 3 Mitigation and adaptation goals in NDCs

Country	Mitigation targets	Adaptation targets
Colombia	20-30% by 203	10 prioritized actions
Guatemala	11.2 – 22.6% by 20300	10 prioritized sectors
Kenya	30% by 2030	17 sectorial Medium Term Plans
Nepal	80% of electrification through renewable sources by 2050 Fossil fuels dependency reduce by 50% by 2050 40% of forest cover maintenance	To be determine in its National Adaptation Plan (under construction: 7 major prioritized themes, 2 cross-cutting themes)
Philippines	70% by 2030	6 prioritized measures
Zambia	47% by 2030	7 prioritized sectors
Note: <ul style="list-style-type: none"> - The table shows the information presented by every Party to the UNFCCC. It reflects the different ways the countries choose to present their commitments in relation to mitigation and adaptation. In the case of mitigation, Colombia (base year 2010), Guatemala (base year 2005), Kenya (relative to the BAU scenario of 143 MtCO₂eq), Philippines (base year 2000) and Zambia (base year 2010) used a Business as Usual (BAU) scenario. - Guatemala: Actions determined in the Climate Change National Action Plan - Based in UNFCCC information presented in INDCs portal (http://unfccc.int/focus/indc_portal/items/8766.php). 		

Source: Elaborated by the authors

⁴ A list of interviewees can be found at Annex II

⁵ At the date of preparation of this report, the countries that had ratified are: Guatemala, Kenya, Nepal, Philippines and Zambia.

In relation to Adaptation, there are two different key instruments: National Adaptation Plans (NAPs), which were one of the main results of the COP16 (Cancun, 2010) as part of the Cancun Adaptation Framework (CAF). The NAPs are a “means of identifying medium and long-term adaptation needs and developing and implementing strategies and programs to address those needs”⁶. Therefore, NAPs should present information on the financial resources needed in the country to address climate change adaptation in the mid to long term. From the sample countries, only Colombia and Kenya have approved a National Adaptation Plan. Nepal is at a very early stage of building its National Adaptation Plan, but has over the past few years been developing and implementing Local Adaptation Plans for Action (LAPAs) and trying to integrate them into the national planning and budgeting systems. In some cases, for example in the Philippines, adaptation action is guided by National Climate Change Plans, which include adaptation considerations. Table 4 below, presents the information related to the goals, sectors and costing included in the National Adaptation Plans of Kenya and Colombia.

Table 4 Finance information in the National Adaptation Plans

Country	Goals	Sectors	Costing
Colombia	“To build an integral vision of adaptation in Colombia, making use of the available tools to achieve the resilience of socio-economic and ecological systems, with the aim of guaranteeing sustainable development”	Biodiversity and ecosystem services; water resources and marine, coastal, island and ocean areas; basic infrastructure; food security; and, human habitat.	NI
Kenya	“Enhanced climate resilience towards the attainment of Vision 2030”	20 planning sectors: Devolution; Energy; Science technology and innovations; Public sector reforms; Human resources development, labor and employment; Infrastructure; Land reforms; Education and training; Health, Environment; Water and Sanitation; Population, urbanization and housing; Gender, vulnerable groups and youth; Tourism; Agriculture; Livestock development; Fisheries; Private sector/ trade; Manufacturing; Business process outsourcing; Financial services; Oil and mineral resources; and, Common Programme Framework for Ending Drought Emergencies 2012-2022 (Cross cutting)	USD 38.25 billion ⁷ till year 2030
Note: <ul style="list-style-type: none"> - Analysis made for countries where NAPs are in place, which at the moment is only Kenya - The Kenya Vision 2030 is the national long-term development policy that aims to transform Kenya into a newly industrializing, middle-income country providing a high quality of life to all its citizens by 2030 in a clean and secure environment. - NI: Not identified 			

Source: Elaborated by the authors

⁶ UNFCCC (http://unfccc.int/adaptation/workstreams/national_adaptation_plans/items/6057.php)

Other instruments related to adaptation established under the UNFCCC are the National Adaptation Programmes of Action (NAPAs). Established at COP 7 (Marrakesh, 2001) the NAPA was designed for Least Developed Countries (LDCs) and aimed to support the identification of priority activities that respond to their urgent needs to adapt to climate change. From the sample countries, Nepal and Zambia as LDCs developed their NAPAs in 2010 and 2007, respectively. Both NAPAs identified projects that should be funded to solve their needs on adaptation.

Zambia's NAPA (MTENR 2007) includes information on climate baselines and projections, identifies key adaptation needs and it defines a list of recommended projects and programs to be implemented, each of which includes an estimation of the financial resources. There are 38 adaptation measures identified for 4 different sectors. However, Van Rooij et al. (2013) reports that from the 10 projects/programs identified in the NAPA, by the year 2013 only one had been implemented. In Nepal, the NAPA identified and prioritised nine profile projects whose costs were estimated at USD 350 million. The NAPA implementation framework also mentions that 80% of climate finance will be spent at the local level. The NAPA is broken down into the Local Adaptation Plans for Action (LAPA) which provide a planning framework designed to undertake climate adaptation plans at the local level in a participatory and integrated manner. It is a flexible planning tool to address the needs of the climate vulnerable community.

There are other specific policies which have been created in some of the countries and that are worth mentioning. For example, the "Institutional Strategy for the Articulation of Policies and Actions on Climate Change" (2011) and the creation of the "National System on Climate Change" (2016) in Colombia, both instruments aim to coordinate the work of the different institutions related to climate change in the country.

The Philippines also created specific regulations to improve the coordination between the different governmental institutions through the Executive Order No. 43, which created the Cabinet Cluster on Climate Adaptation and Mitigation. Also, the Climate Change Act of 2009 established the Climate Change Commission, which nowadays, for example, is responsible for the preparation of the National Communications to the UNFCCC.

Kenya has a National Climate Change Action Plan (NCCAP), a National Climate Change Framework Policy and a Climate Change Act approved in 2016.

Zambia, created the Interim Inter-Ministerial Climate Change Secretariat (IIMCCS), which functions as the hub of information related to climate finance.

3.2 Climate finance in selected countries

Climate finance, as a whole, involves several factors including:

- The existence of specific policies and financial institutions dedicated to resourcing the climate change response;
- The flow of, and access, to international financial resources dedicated to financing prioritized mitigation and adaptation actions;
- The analysis and allocation of public expenditures to address the problem domestically - recently climate finance has been also raising new debates in the context of fiscal policies;
- Instruments to trigger domestic and international private sector finance.

At the international level, there are studies that have been trying to understand the different dimensions of climate finance. On one hand trying to understand the cost of the impacts of climate change (e.g. The Cost of Adaptation studies done by the World Bank, UNDP and others), while on the other, trying to identify the amount of financial flows received from international sources (e.g. the Climate Policy Initiative (CPI) Climate Finance Landscape studies). In recent years, there have also been attempts to identify the amount of money allocated through national public expenditures (e.g. through Climate Public Expenditure and Institutional Review (CPEIR) reports).

The countries studied show progress in the development of policies and institutions to deal with climate change, for example, the Climate Change Secretariat in Zambia, the Climate Change Act in Kenya and Guatemala, and the Climate Change System in Colombia. However, very little has been done to link this policy and planning with capturing or tracking the flows of climate finance. Some countries such as Colombia, Kenya and the Philippines have developed specific policies with regards to climate finance, however, implementation is weak and climate finance is considered as a new area of work in most of the countries.

For most countries in the study, institutions in charge of climate finance were initially located within the ministry of environment, which is normally the focal point of the UNFCCC in each country. In recent years, this has begun to shift as the involvement of the ministries of finance or the planning entities becomes more prominent. This trend is as a result of country responses to different factors such as the cost that climate change is already creating in the countries which need to be addressed using domestic public and private finance and the necessity to prepare to access global financial mechanisms such as the Green Climate Fund and others. In Colombia for instance, due to the impacts of “La Niña” in 2011 where the country lost 11,2 billion Colombian pesos (around, USD 3.7 million⁸) there were economic and social costs that motivated the creation of climate policies and accompanying budgets. In response to that crisis, Colombia has created SISCLIMA, which is the space for the multi-sectorial dialogue about climate change in the country.

It is within this system that the committee for the financial management (Comité de Gestión Financiera) that is coordinated by the National Department of Planning (Departamento Nacional de Planeación, DNP), was created. For Colombia the debates around climate finance are getting highly relevant, however in the rest of the countries, climate finance and finance for adaptation in particular, are new topics and they are in different stages of development. In Colombia also, a carbon tax that will be connected to a fund that will finance climate activities was recently approved. In the case of Guatemala, the Ministries of Finance and Environment, advised by the Economic Commission for Latin America and the Caribbean (CEPAL) and other international organizations, are currently designing a Green Fiscal Policy that includes the reduction of emissions of greenhouse gases.

Despite these advances (mostly in Latin America), for many different stakeholders and particularly government officials, there remain many challenges in relation to understanding and managing climate finance, starting from the lack of definition about what climate finance means in practice through to the lack of capacity to design and implement comprehensive national architectures (systems and processes) to deploy and manage climate finance.

3.2.1 The cost of climate change

Arriving at a reasonable cost estimate for climate change actions (both mitigation and adaptation) is a difficult exercise and most countries in the study have only rough estimates. In particular, for adaptation, there is little in the policies and NDCs that indicate an assessment of the costs of adaptation actions. Table 5 below shows estimates of the losses due to the impacts of climate change, as well as the costs of the actions to deal with it. In the case of losses, most of the estimates are related to losses of the Gross Domestic Product (GDP) of the countries produced by extreme weather events (floods, droughts, etc.).

Table 5 Identification of estimations of losses, needs and costs and loss related to climate finance.

Country Estimations	Colombia	Guatemala	Kenya	Nepal	Philippines	Zambia
Losses due to climate change/ climate variability	Less 0,49% GDP per year due economic losses projected by 2011-2100. Around 1.26 mill USD (DNP, 2014)** La Niña cost 0.38% of GDP in losses and 2% in damaged in 2010-2011 (DNP, 2016)	USD 1.85 billion (1998- 2010) (Gobierno de Guatemala, 2015)	3% of GDP by 2030 (SEI, 2009) USD 12.1 billion lost due the drought in the period 2008-2011 (OECD, 2011) Economic costs of malaria could be USD 45 to 99 millions and USD 144-185 millions full costs (SEI, 2009)	2% to 3% of GDP [USD 62.4 billion (2013 est)] by 2050 (IDS-Nepal, PAC and GCAP, 2014)	USD 1.576 billion (2003 – 2008) (RECCS, 2010)	USD 4.3-5.4 billion (10-20 years) (NCCP, 2016)
Climate finance needs	USD 5,440 million to achieve the 20% goal of the NDC (DNP, 2017)	NI	The Climate Change Action Plan cost USD 2.75 billion per year (IIED, 2014) USD 500 millions per year for 2012 onwards (Adaptation costs by 2030 1 to 2 billion per year) (SEI; 2009)	USD 2.4 billion by 2050 (IDS- Nepal, PAC and GCAP, 2014) NAPA: USD 350 m	USD 265 – 565 billion/year (mitigation) USD 75 – 100 b/year (adaptation)	USD 50 billion (Government of Zambia, 2015)
Content guidance: <ul style="list-style-type: none"> NI –Not identified during the research Information in USD converted by the authors when not presented in USD (Philippines: 1PHP= USD 0.02; 1 USD = 11 ZMW) <p>** The study included subsectors that together represent 4.3% of the National GDP (Forest, fisheries, transport, agriculture and livestock farms).</p>						

Source: Elaborated by the authors

3.2.2 Sources of data on climate finance support received to deal with climate change

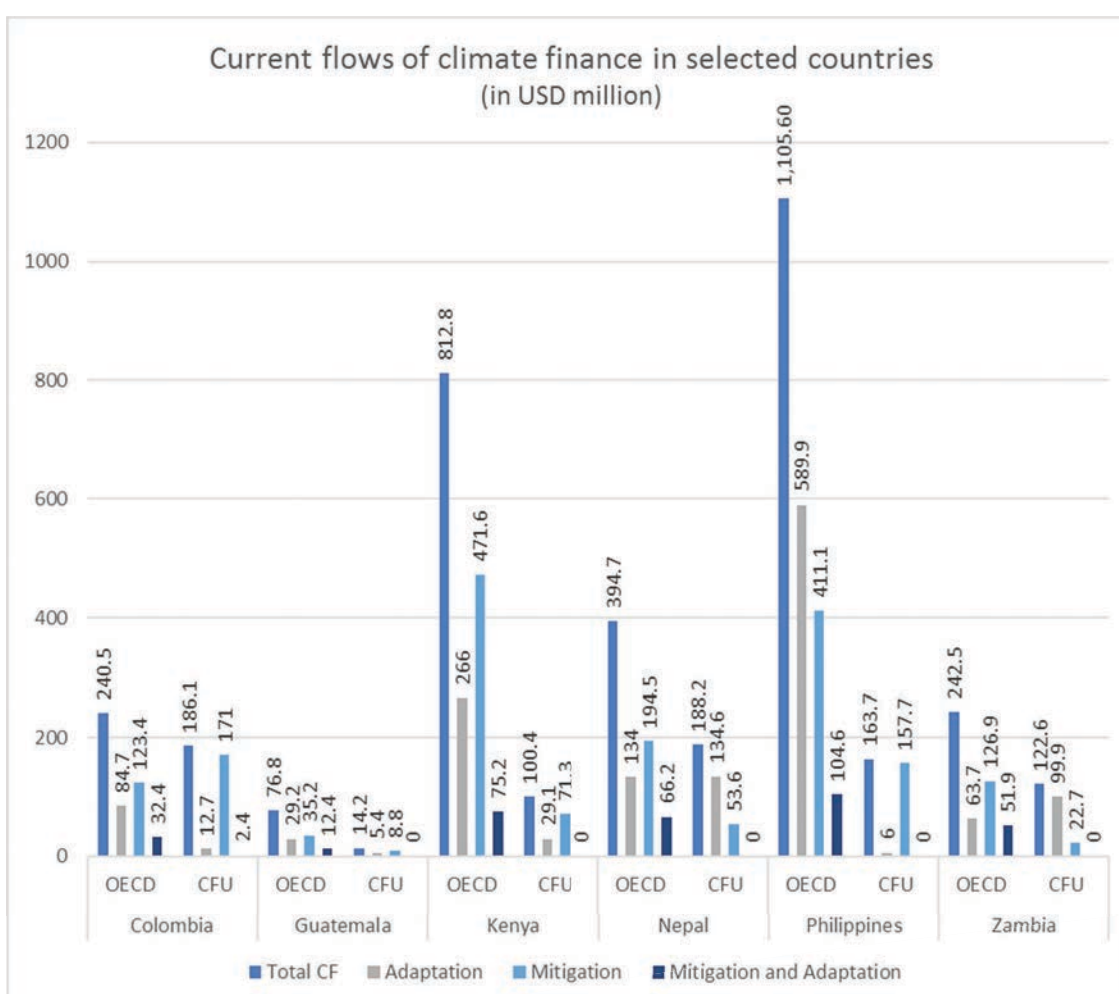
Tracking climate finance started as an exercise to quantify the amount of resources transferred from developed countries to developing countries. Several exercises have been taken in this regard. Table 6 shows the information related to international climate finance flows received in the selected countries, based on the Rio Markers of the OECD information and the Climate Fund Update.

Table 6 Current flows of climate and adaptation finance in selected countries (in USD)

Country	Colombia		Guatemala		Kenya		Nepal		Philippines		Zambia	
	OECD	CFU	OECD	CFU	OECD	CFU	OECD	CFU	OECD	CFU	OECD	CF
Total CF	240.5	186.1	76.8	14.2	812.8	100.4	394.7	188.2	1,105.6	163.7	242.5	122.6
Adaptation	84.7	12.7	29.2	5.4	266	29.1	134	134.6	589.9	6	63.7	99.9
Colombia	123.4	171	35.2	8.8	471.6	71.3	194.5	53.6	411.1	157.7	126.9	22.7
Mitigation and Adaptation	32.4	2.4	12.4	-	75.2	-	66.2	-	104.6	-	51.9	-

Sources:
 OECD: https://public.tableau.com/profile/thielemans.v#/vizhome/Climate-Related-Aid_new_20032017/Recipientperspective / Information by year 2014, updated in March 2017
 CFU: <http://www.climatefundsupdate.org/data> / By year 2017

Source: Elaborated by the authors



Although there is not a universal methodology to classify climate finance, exercises done by the OECD have provided elements to discuss what in the point of view of donor countries are climate change associated activities. The data presented in table 6 is based on the classification system used by the OECD, however it is noted that there is often a discrepancy between the 'donors' and the recipient perspectives. The main discussion regarding OECD data is the level to which it accurately reflects climate finance as new and additional money in relation to the Official Development Assistance. Another challenge with the OECD data taken in table 6 is that the reports often present information aggregated by region, which makes it difficult to show information by country.

The Climate Fund Update is another exercise done by the Overseas Development Institute and the Heinrich Boll Foundation that aims to report the amount of financial resources transferred through climate funds within and outside the UNFCCC. These two databases are different ways to present the same information since the climate funds receives resources from the same bilateral donors that are members of the OECD.

There are other estimations done by country regarding international flows. For instance, in the case of Kenya the estimate of USD 2.29 billion for 127 active climate-relevant projects that received international support from 2005 until 2015 (CDKN, 2012). According to a 2013 Transparency International Kenya report, both loans and grants-entering Kenya between 2009- 2012 from external sources totaled USD 2.5 billion. In the case of Colombia, the Biennial Updated Report submitted to the UNFCCC in 2015, point out that the financial support received in the country from 2010-2014 was around USD 300,000,000. In order to complete this analysis, the National Planning Department is elaborating a new estimation of the financial support from 2010-2016 with the financial support of the French Cooperation and the technical work of GFLAC and Econometria, the same will be launched in 2017.



3.2.3 Public expenditure allocated to climate change activities

In recent years, there has been an interest in analyzing the contributions that developing countries are making in terms of the allocation of public expenditure to deal with climate change. Table 7 identifies numbers related to the allocation of public expenditure.

Table 7 Identification of public expenditures related to climate finance

Country Estimations	Colombia	Guatemala	Kenya	Nepal	Philippines	Zambia
Expenditures of climate finance	USD 480 million per year (UNDP- CPEIR, 2016)*	USD 381 m (2013-2014), Fundación Solar, FEDES, GFLAC USD 87,980 per year (2014-2017) UNDP*	USD 3.2 billion (IIED, 2014 includes public and private information)	In the process of accounting	USD 3.5 billion (2016) (DBM-CCC, 2016)	USD 221 million – USD 377 million (2013-2015) EY, 2016
Expenditures of adaptation finance	Approx. USD 196,80 per year (41% of the total expenditure) (UNDP- CPEIR, 2016)*	USD 255 million (2013- 2014), Fundación Solar, FEDES, GFLAC USD 59,790 per year (2014-2017), UNDP*	48% out of the USD 3.2 billion go to adaptation (IIED, 2014 includes public and private information)	NI	USD 3,1 billion (2016) (DBM-CCC, 2016)	USD 15.5 million to over USD 100 million (2010- 2012) ZCC, 2015
Content guidance: <ul style="list-style-type: none"> • NI –Not identified during the research • Information in USD converted by the authors when not presented in USD (Philippines: 1PHP= USD 0.02; 1 USD = 11 ZMW) • * Preliminary results. 						

Source: Elaborated by the authors.

The previous table also shows how different information about climate expenditures is presented for the selected countries. The challenges related to the public expenditure are the levels of disaggregation of information and the existence of actual labels or criteria to identify climate change activities. However, many of the studied countries have been progressing in this regard, such as the case of Nepal. While Colombia created an actual methodology to identify the information. Based in that methodology and thanks to the CPEIR support, Colombia identified that the country allocates approximately 480 millions of USD per year to climate change related activities.

The figures for Philippines, which in the last years have developed a tracking system for climate finance, are considerably higher than for the other countries. This could be explained by the fact the Philippines has experience of the negative impacts of climate change, and the government has been increasing its awareness and its work on this regard. Nevertheless, this could also respond to the lack of information in other countries.

Some countries such as Guatemala have applied the CPEIR methodology to start identifying the type of activities that are related to climate change. This was a request of the Ministry of Public Finance, in order to have a basis for the construction of the 2018-2022 Multi-Year Budget. According to the resulting data, the estimated public expenditure for the period 2014-2017 at the institutional level, reached around USD 87.88 millions per year, average. In the case of the allocation for adaptation activities represent 68%, while mitigation represents

32% (UNDP, 2017)⁹. The report points out that the total amount allocated for adaptation and mitigation activities represent around 0.18% of the GDP in 2017 and 0.09% in 2016 (UNDP, 2017)

It is acknowledge that public expenditure could be also influenced by the levels of income and the levels of leverage that can has with other resources. In many countries there is also the goal to build measuring systems to track climate private finance. However, the challenges remain high due the lack of public information related.

3.3 Climate finance definition

The definition of what constitutes climate finance remains unclear globally and differs from country to country. For most of the information presented in the case study countries, it is not clear which methodologies the authors used to produce the numbers. This means that the information is a useful reference but comparison between the different data sets is not possible. The study showed that countries use varying definitions for climate finance and differentiate between finance allocated for mitigation and adaptation. An example of this is the Philippines, which has a general definition of climate finance (established in the People's Survival Fund), and four different categories are used: adaptation, mitigation, adaptation and mitigation combined and disaster risk reduction (DRR) (which is included as part of adaptation finance.

Philippines's Climate Finance Definition: "Resources that have been allocated or may be utilized towards the climate change adaptation and mitigation requirements of the country and its vulnerable communities" (The People's Survival Fund Act, 2012).

In the case of Colombia there has been a long debate about the definition of climate finance. In recent years the country has developed a process to integrate a methodology to classify and measure climate finance. The methodology uses the operational definition created by the Standing Committee "*Climate Finance aims at reducing emissions, and enhancing sinks of GHG and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts*" (SCF, 2016:16). However, an important step that Colombia took was the integration of a top down approach that also follows the international definition from the Rio Markers of the OECD. The methodology also uses a bottom up approach, using the actual definition of activities that were included in the national policies to create a match between these two perspectives.

Nepal does not have a strict definition of what counts as climate finance. This has been a huge bottleneck in accounting climate finance in the country. Often, the confusion leads to huge overlap between climate finance and regular development assistance.

It is clear that the definition of climate finance remains crucial for countries to be able to track financial flows. However, each country has made an attempt to develop an operational definition relevant to their country context. Capacity gaps mean that the actual implementation of the definition in terms of clearly identifying budgets for climate projects and programmes continues to present major challenges. These points will be discussed further in the next sections.

⁹ This results are part of the first report presented, and might change with the revision of other key actors within the government.



V. Current reporting frameworks under the UNFCCC

Existing transparency requirements under the UNFCCC differ for developed and developing countries. All parties to the Convention must submit National Communications (NatComms) on their mitigation and adaptation actions every four years, though the required content differs for developed and developing countries¹⁰. To enhance reporting on national greenhouse gas (GHG) inventories and efforts to implement the requirements of the Convention, agreements reached in 2010 at Cancun established two parallel processes: one for developed countries, and a less stringent one for developing countries.

Under International Assessment and Review (IAR), developed country parties enhance the reporting in their NatComms through the submission of biennial reports (BRs), which outline their progress in achieving emission reductions and the provision of financial, technological, and capacity-building support to developing country parties. Developed countries undergo a technical review of their national reports, in which technical experts review the annual GHG inventories, examine the technical information on emissions and removals, and verify the methodologies used to provide those measurements.

The technical review is followed by a “multilateral assessment,” which is essentially a Q&A between the party being assessed and other parties on the basis of all submitted national reports. To date, all developed countries have gone through one full round of IAR. Regarding climate finance, the 18th Conference of the Parties (COP18) concluded Decision 2/CP.17 and Decision 19/CP.1 on a Common Tabular Format (CTF) for reporting on financial support and capacity building support. The CTF is a common format of reporting for all developed countries. Based on the first submission of Biennial Reports (BRs), revised guidelines were adopted by COP20 in 2014, as part of decision 2/CP.17.

¹⁰ The UNFCCC art. 12, May 9, 1992, S. Treaty Doc No. 102-38, 1771 U.N.T.S. 107 (entered into force Mar. 21, 1994).

On the other hand, under International Consultation and Analysis (ICA), developing country parties enhance the information in their NatComms through the submission of Biennial Update Reports (BURs), which include a national inventory report and information on their mitigation actions, needs, and support received. Unlike developed countries, developing countries are not required to report the progress made in implementing and achieving emission reductions. The BUR then undergoes a technical analysis by a team of technical experts under a less rigorous standard of review than for IAR, resulting in a summary report that includes the capacity-building needs to facilitate reporting in subsequent BURs.

The technical analysis is followed by a “facilitative sharing of views,” which is another peer review forum where parties are free to ask questions of a party on its BUR. Although the current ICA process for developing countries is only halfway through its first round, both the UNFCCC secretariat and parties have learned some important lessons.

There has been significant improvement of the technical basis for reporting, such as greater consistency in the use of reporting methodologies and an increase in the requests for technical review of NatComms. There is more coherency and coordination at the institutional level, domestically and internationally, although room for improvement remains. In the case of climate finance there are not guidelines for reporting of information for developing countries, and there is not an explicit mandate or reference to use the CTF as a potential guidance for these countries.

For developed and developing countries alike, simply going through the process and engaging with the secretariat improved the quality of reporting and increased familiarity with the process. So far 34 developing countries have submitted their BURs, and by December 2015, about 13 developing countries (including Brazil, South Africa, Singapore and the Republic of Korea) had completed their verification cycle through what is called a “facilitative sharing of views” (FSV). The facilitative sharing of views takes the form of a workshop consisting of one- to three-hour sessions for each country or group of countries presenting their reports (BURs) followed by questions and answers by other parties to the UNFCCC. In this context, there have been efforts under the UNFCCC and beyond to improve both, (1) the mechanisms to provide information and (2) the methodologies to do so in a comparable, accurate and consistent manner.

4.1 Reporting frameworks under the Paris agreement

In the reporting systems of the UNFCCC the provision of information was primarily focused on action to reduce greenhouse gas emissions (GHG inventory) and in actions to identify and to reduce vulnerability. However, in recent years parties have also increased their attention on information on means of implementation. These include capacity-building activities, technology transfer and particularly the financial resources provided to support mitigation and adaptation actions. The historic climate summit in Paris (COP21, December 2015) included an agreement, which requires countries to be more transparent about their climate actions than ever before, and has new provisions to hold them accountable.

Countries are universally required to report their progress on reducing greenhouse gas emissions (mitigation), building climate resilience (adaptation), and better tracking the support they provide or receive in terms of finance, capacity building and technology transfer.

Reporting on climate finance is particularly useful in assessing the deployment of climate finance and in assessing the distribution of public and private financial support and climate financing priorities for countries in the context of the international targets and the national needs.

As part of Article 13 of the Paris Agreement, a transparency framework was established with the aim of shedding light on the received and provided support by individual Parties and to inform on the aggregate financial support provided. This established a process to verify the data and information on both climate actions and ways countries provide support for a transition to a low greenhouse gases and climate-resilient development. A key condition for successful implementation of the Paris Agreement's transparency requirements is the provision requiring adequate and sustainable financial support and capacity building. This will enable developing countries to significantly strengthen or scale up their efforts to build robust domestic and international measurement, tracking, reporting and verification systems, as well as more robust domestic and regulatory processes.

Parties to the UNFCCC, as part of the Paris Agreement also launched the Capacity Building Initiative for Transparency (CBIT), to be funded through contributions by developed countries, to help developing countries to create or enhance the domestic tools and institutions they need to meet these obligations. The commitment of CBIT is to strengthen institutional and technical capacities of developing countries. It identifies the need to capacity building on climate reporting, transparency process and modalities. The Paris Committee on Capacity Building was also set up to oversee a four-year work program to boost the capacity building activities needed to implement the Paris Agreement. The work program will, for instance, identify and provide recommendations on addressing capacity gaps and needs, promote the dissemination of tools and methodologies for capacity building, and explore how developing countries can take ownership of building and maintaining capacity over time.

Although the provisions included in the Paris Agreement (Article 9 and 13) refer to the work of developed countries, there is an explicit invitation to "other parties" to do so and collaborate in the improvement of the transparency framework. In this sense, for the first time, all parties will report regularly on their emissions and implementation efforts, and undergo international review. These transparency mechanisms will provide information necessary to track parties' progress in implementing their nationally determined contributions to the new treaty, and will help strengthen parties' capacities to measure and understand their own efforts.

The Article 9 points out that: a) "Developed country Parties shall biennially communicate indicative qualitative and quantitative information... including, as available projected levels of public financial resources to be provided to developing country Parties. Other Parties providing resources are encouraged to communicate biennially such information on a voluntary basis", and b) "Developed country Parties shall provide transparent and consistent information on support for developing country Parties provided and mobilize through public interventions biennially in accordance with the modalities, procedures and guidelines to be adopted by the Conference of the Parties..." (UNFCCC, 2015: 14).

On the other hand, Article 13 established that “developing country Parties should provide information on financial technology transfer and capacity building support needed and received under the Articles 9, 10 and 11” (UNFCCC, 2015: 17-18). The transparency processes will feed into a global stocktake, which will assess collective progress towards meeting the Paris Agreement’s long-term goals. The UNFCCC Standing Committee on Finance (SCF) already conducts biennial assessments of climate finance flows and will be tasked with overseeing the global stocktaking exercise.

The reporting of climate finance information is therefore an important part of the transparency framework where the provision of information will be the base for building trust among parties. In that sense, it becomes significant that the information comes not only from developed countries but also from developing countries, since this is the only way to obtain a full picture about the financial flows related to climate finance. However, as it was stated before, reporting on climate finance has been limited in developing countries mainly due the lack of methodologies to define what is climate finance and what can be counted as climate activities, and the overall capacity constraints in the countries which limit the flow and capture of climate finance information. This report provides a timely scan of the status of reporting and sources of data within developing countries in order to identify entry points for capacity building support for developing countries to strengthen their contribution to the Paris Agreement’s transparency initiative.

4.2 Reporting status in selected countries

In the case study countries, it is clear that full compliance with the UNFCCC’s reporting system has been evolving and adapted to the capabilities of the parties, table 8 shows the status of reporting in the selected countries, which demonstrates that the countries have been progressing in the same direction but at different levels, speeds and periods.

Table 8 Status of reporting schemes in selected countries

Reporting tool	Colombia	Guatemala	Kenya	Nepal	Philippines	Zambia
National communications						
1	2001	2001	2002	2004	2000	2004
2	2010	2016	2015	2016	2014	2014
3	Under development	Under development	Under development	Under development	Under development	Under development
Biennial Update Reports						
1	2015	NA	NA	NA	NA	NA
Technical revision (UNFCCC)	2016	NA	NA	NA	NA	NA
Content guidance: <ul style="list-style-type: none"> • NA –Not applicable because countries have not presented the instruments. Source: Elaborated by the authors, based in UNFCCC portals related to National Communications and BURs.						

The first reporting tool is the National Communication (NatComms). The NatComms were established to present, in a comprehensive way, the status of the countries' efforts to address climate change. They usually include a summary of the national greenhouse gases (GHG) inventory, the analysis of the vulnerabilities of the countries, the impacts of climate change, but also the actions that the country have taken to face climate change. As the Table above shows, all selected countries have presented their Initial and Second NatComms to the UNFCCC. In most of the cases, more than 10 years were needed between the Initial and the Second Nat Comm. Most countries have cited the lack of technical and financial resources needed to prepare the reports.

At present, most of the selected countries are in the initial phase of the preparation of their Third NatComm. Colombia, has had the most progress, having prepared a draft that will be submitted in July of 2017. Guatemala, Philippines and Zambia are preparing the proposals for the formulation process to get funding (mainly through GEF, supported by UNDP).

Of the six countries, only Colombia has presented a Biennial Update Report (BUR). In the case of the Philippines and Zambia, for example, when asked why the countries had not presented any BUR, they cited a lack of financial and technical capacity to prepare the report. They indicated that they have focused their efforts on the presentation of the second NatComm and on improving internal technical capacities.





VI. Reporting of climate finance in selected countries

5.1 Definition of climate finance in reporting tools

Climate finance and particularly climate finance for adaptation are new areas of analysis among most developing countries including those covered by this study, not only within governments but also within non-governmental actors. The lack of a clear definition about what counts as climate finance was mentioned as the major challenge in this topic. Normally, the difference between climate finance and finance for traditional development aid is not clear, as well as it is not clear to what extent climate finance must be differentiated from business as usual activities and additional activities. Table 9 indicates the reporting and specific adaptation tools that the selected countries have submitted and if they included a definition of climate finance.



Table 9 Inclusion of definitions of climate finance in reporting tools

Reporting tool	Colombia	Guatemala	Kenya	Nepal	Philippines	Zambia
First National Communication	N	N	N	N	N	N
Second National Communication	N	N	N	N	N	N
BUR	N	NA	NA	NA	NA	NA
NDC	N	N	N	N	N	N
Third National Communication	Y*	NA	NA	NA	NA	NA
National Adaptation Plans (NAPs)	N	NA	N	NA	NA	NA
National Adaptation Programme for Action (NAPA)	NA	NA	NA	NA	NA	NA
Content guidance: *According to draft version <ul style="list-style-type: none"> • N-No • Y- Yes • NA –Not applicable because countries have not presented the instruments. Sources: UNFCCC information portals						

Source: Elaborated by the authors

Countries such as Colombia, the Philippines and Nepal have attempted to define¹¹ what climate finance is. Colombia uses the definition provided by the Standing Committee on Finance but with the methodology created the country has identified an indicative list of actions to be considered as well as differentiated those activities that specifically respond to climate change from those that are associated to climate change (or climate relevant). The Philippines, has done a lot of work related to climate policies and defines climate and adaptation finance in its People's Survival Fund Act, however, it only refers to the Climate Budget Tagging (CBT) initiative in its NDCs.

5.2 Overview of climate finance in reporting tools

All case study countries haven't clearly stated their definition of climate finance in their reporting tools, however references to climate finance can be found in different reporting instruments. These references vary, while some countries identify the cost of the actions, others identify finance received from international mechanisms and recently some countries have included information about the amount of money allocated through their national budgets to deal with the problem at the national level. Below, table 10 helps to identify in which reporting tools the countries have referred to climate finance.

¹¹ According to current draft version

Table 10 Reference to climate finance (general)

	Colombia	Guatemala	Kenya	Nepal	Philippines	Zambia
First National Communication	No	No	Yes (costs of specific projects)	No	Yes (costs identified for mitigation options)	No
Second National Communication	Yes (costs identified for mitigation options)	Yes (no figures)	Yes (no figures)	Yes (figures)	Yes (costs identified for mitigation options)	Yes (costs identified for mitigation options)
Third National Communication	Yes (finance received and allocated)*	NA	NA	NA	NA	NA
NDC	Yes (no figures)	Yes (no figures)	Yes (no figures)	NA	Yes (mitigation measures conditioned to finance)	Yes (for mitigation and adaptation)
BUR	Yes (finance received from international mechanisms)	NA	NA	NA	NA	NA
NAPs	Yes (no figures)	NA	Yes (figures)	NA	NA	NA
NAPA	NA	NA	NA	Yes (figures)	NA	Yes (figures)
Content guidance: <ul style="list-style-type: none"> • N: There are no references to climate finance at all • Yes: There are references to climate finance • NA: No Applicable because countries have not presented the instruments. • No figures: Refers to the fact that countries mention the topic but they do not include the specific amount. * According to current draft						

Source: Elaborated by the authors.

Table 10 clearly shows that in the first NatComms, none of the countries except Kenya, referred to finance needs or finance received or allocated through public expenditures for the implementation of their climate related-actions. In the second communication, all six countries referred somehow to climate finance. Three of them did identify the costs for the implementation of some mitigation options, and three of them only referred to the general need for more finance. In the case of the NDC, all six countries mentioned the need of financial resources for the implementation of the different proposed actions, but only Zambia included figures related to the needed investment of its NDC (USD 50 billion, being USD 30 billion for mitigation and USD 20 billion for adaptation).

Colombia, in its NAP, makes references to the importance of mobilizing climate finance for the implementation of the actions included, but it does not identify how much would be needed to implement them. In the case of Kenya, there are sectors and actions identified and each action includes a budget as well as the institutions related to its implementation. Developing countries usually stress their needs on adaptation finance, but finding clear official information about it is not so easy, since the definition of what is climate finance for adaptation is a major challenge. Table 11 identifies if countries have reported or referred specifically to adaptation finance in the reporting tools.

Table 11 Inclusion of adaptation finance

	Colombia	Guatemala	Kenya	Nepal	Philippines	Zambia
First National Communication	No	No	No	No	No	No
Second National Communication	Yes (no figures)	Yes (figures)	No	Yes (no figures)	No	No
Third National Communication	Yes (figures)	NA	NA	NA	NA	NA
NDC	No	No	No	No	Yes (no figures)	Yes (figures)
BUR	Yes (no figures)	NA	NA	NA	NA	NA
NAPs	Yes (no figures)	NA	Yes (figures)	NA	NA	NA
NAPA	NA	NA	NA	Yes (figures)	NA	Yes (figures)
Content guidance: <ul style="list-style-type: none"> No: There are no references to climate finance at all Yes: There are references to climate finance NA: No Applicable because countries have not presented the instruments. No figures: Refers to the fact that countries mention the topic but they do not include the specific amount. 						

Source: Elaborated by the authors.

Regarding financial needs, as mentioned before, Zambia identified the resource needs to be able to implement the adaptation component of its NDC. According to interviews, the USD20 billion figure was identified through a participatory process, which included government and non-governmental stakeholders. It was estimated considering the past and current losses that the country has suffered. This normally is the way countries calculate their needs, as they don't often have reliable information about climate scenarios and projections tailored to their national circumstances. In the case of Nepal, the NAPA identified USD350 million as the resources needed to implement the program. Regarding financial support received and allocated, Colombia is the country that presents more progress in the recognition of the amount of money that is receiving to deal with climate change from international public sources, as well as to identify how much money is allocating through their public expenditure.

5.3 Identification of sources for reporting on climate finance and finance for adaptation

At the national level, all the case study countries have information systems that were created to track the public expenditure of the countries, as well as international cooperation. However, the quality, desegregation and transparency of the systems vary considerably among the countries. Some have very accessible systems and datasets since they are part of the finance ministry's website -which is public-, however in general the disaggregation of information is not always adequate for precise tracking of climate activities and their financial flows. Additionally, the information presented refers mainly to the national level or central government, excluding subnational levels, which makes it difficult to track the allocation of resources down to the local level. The exception is Nepal which has made some attempt to focus its climate expenditures at the local level.

5.3.1 National sources

At the national level, important sources of information related to climate finance channeled through the budget and public financial management systems are the Finance Ministries and National Banks. Table 12 shows sources of information where it is possible to look for data about climate finance (budget and expenditures). It is important to mention that in these systems there is not necessarily a budget code or tag which systematically identifies climate change related expenditures, but there has been an attempt to quantify these expenditures at some point. Some of the countries are now already working on reforms to the budget tracking systems to put in a specific tag or code to track climate change activities and expenditures.



Table 12 Identification of reporting sources for public finance information

Country	Source	Title	Example of relevant information
Colombia	Government (Ministry of Finance)	Integral System of Financial Information (SIIF)	This system presents general information about the public expenditure of the central government.
		System for financial information at the territorial level (SISFUT) Map of Investments	This system presents information about the public expenditure at the subnational level (both systems were used to identify the climate finance investments to be reported in their MRV on climate finance). This is the system that will concentrate all the information about public investments in the country.
		MRV on climate finance	Colombia is the only country in Latin America that is building an MRV on climate finance as part of their reporting systems.
Guatemala	Government (Ministry of Finance)	Integrated Accounting System (SICOIN)	This system presents information about the budget execution, recording income and expenditure of programs and projects as appropriate, automatically generating with each record (climate tagging is not yet included)
		Fiscal Transparency System	This system allows the access to financial information on the implementation of public entities budgets
Kenya	Government (Ministry of Finance)	Medium-Term Expenditure Framework (MTEF)	This presents the financial Management Information System (IFMIS) and an Electronic Projects Monitoring System (e- PROMIS)
Nepal	Government (Ministry of Finance)	National budget Aid Management Platform Documents from relevant line ministries on budget, programs and plans	In these three sources, information of climate-related programs/projects/actions can be identified. The climate budget code in Nepal clearly identifies the climate finance information, however, it does not strictly differentiate between adaptation and mitigation. The budget code information is a bit new hence there is plan to use the information in the ongoing third NatComm.

Some of the key findings in relation to the public financial information systems are: most of the information is highly aggregated and it is not always possible to identify which specific actions of the programs are related to climate change. In many cases, if the program is not labeled as climate change in the first place the risk is overlooking relevant programmes that are making a significant contribution. However if the codes are not at the right level of disaggregation and are applied to all the programs related to climate change, then the risk is that it could be overestimate the financial contributions to deal with the problem. This has been addressed across the selected countries especially those who have conducted a CPEIR

Country	Source	Title	Example of relevant information
Philippines	Government (Climate Change Commission and Department of Budget and Management)	People's Climate Budget	<p>This presents the review of the Philippine's climate budget</p> <p>It presents the results of the integration of the Climate Change Expenditure Tagging (CCET) within DBM's budget systems.</p> <p>Differentiation between mitigation and adaptation is presented.</p>
	Government (Department of Budget and Management)	Budget of expenditures and sources of financing	This presents the details of sectorial allocation of National Government Expenditures
	Government (Climate Change Commission)	National Integrated Climate Change Database Information and Exchange System (NICCDIES)	<p>It is an exchange system to share data and information, with a national scope.</p> <p>It aims to make the data and information accessible by collecting and gathering it.</p> <p>It contains information regarding GHG inventory, mitigation actions but also climate finance. CCC is trying to expand it to adaptation.</p>
Zambia	Government (Ministry of Finance)	Yellow Book	This presents, line by line annual activity, of the government budget of every year. Some development aid resources are also included. It does not include expenses.
	Government (Ministry of Finance)	Expenditure reports from Zambia's Integrated Finance Management Information System	This presents the actual expensed amounts
	International (Climate Investment Funds World Bank)	Pilot Programme for Climate Resilience (PPCR) - CIF	Budget to be allocated for different climate related projects and programmes
Note: Information identified from interviews, digital sources analysis and literature review, this information could be incomplete, but it presents the overview of sources identified per country.			

Source: Elaborated by the authors

by attributing a weight to each programme determining the degree of climate relevance of that programme and thus allowing budget estimates to be more realistic¹².

Another important source of information at the national level is related to international financial support received. It was identified that most of the countries have developed national platforms to register the financial resources coming from international sources for cooperation in general. Table 13 shows some examples of these institutions and platforms in charge of this control.

¹² Refer to CPEIR methodological note - https://www.climatefinance-developmenteffectiveness.org/sites/default/files/publication/attach/CPEIR%20Methodological%20Guidebook%20_Final%20for%20website.pdf

Table 13 National sources for international financial information

Country	Source	Title	Example of relevant information
Colombia	Government (Presidential Agency for Cooperation (APC))	Presidential Agency for Cooperation (APC)	<ul style="list-style-type: none"> • Reports international public finance flows received for development activities in the country
Guatemala	Government (General Secretary for Planning - SEGEPLAN-)	Management, implementation and analysis system (SIGEACI)	<ul style="list-style-type: none"> • National institutions report on how technical and financial resources from donor countries have been used.
Nepal	Government (Ministry of Finance)	Aid Management Platform	<ul style="list-style-type: none"> • Donor funded information are captures and maintained. • It does not differentiate the climate and regular development projects. • Currently, the ministry is in the process of preparing a website to present the climate finance information
Kenya	Government (Ministry of Finance)	National Treasury	<ul style="list-style-type: none"> • This includes information about projects including government co- funding, progress/ status of implementation, timelines, challenges, etc. • This provision is now anchored o the Climate Change Act.
Philippines	Government (National Economic and Development Authority)	Official Development Assistance (ODA) review	<ul style="list-style-type: none"> • Presented every year • Since 2010, climate change programs and projects (PAPs) are included in the portfolio. • The programs and projects are classified as mitigation, adaptation, both mitigation and adaptation, and disaster risk reduction)

Source: Elaborated by the authors

A key finding in relation to these international finance systems, platforms or institutions is that they do not always include specific information on climate change. If the donor does not report the information in the appropriate format and/or the recipient country does not demand it, then countries will not have the full picture of the financial transactions that have occurred. For most countries; the information presented in these platforms are related to the cooperation for development in general, some of them are beginning to align this to reporting on climate change finance, but some of them haven't been able to do so. This is a major challenge and will continue to be so in the context of the new agenda of the sustainable development goals for 2030.

5.3.2 International sources

At the global level, some attempts to quantify and track the flows of climate finance are underway through the establishment of systems, institutions and platforms that have been increasing the level of transparency in terms of information related to international climate finance flows. The main International sources of information are represented by data sets of multilateral and regional banks, and international organizations. Table 14 below presents some of these datasets, which have been used or have good potential to be used for the countries.

Table 14 Identification of reporting resources

Source	Title	Example of relevant information
Asian Development Bank	Key indicators for Asia and the Pacific	National accounts (2000-2015) Government Finance Expenditure by function
OECD – CPI reports	Climate Finance in 2013-14 and the USD 100 billion Goal	General information about climate finance. Information by donors but not by recipients.
OECD	Climate Change: OECD DAC External Development Finance Statistics	Different data sets, summaries, reports related to climate finance and OECD's countries (including information of recipient countries)
OECD	International Development Statistics (IDS) online databases	Data presented under three sub-themes: Flows by provider, flows by provider and recipient, flows based on individual projects (CRS). This last one includes the Database updates for DAC and CRS online, which includes the "development finance data" database
World Bank	Climate Risk and Adaptation Country Profiles	General country climate-information Review of adaptation actions until 2011
African Development Bank	Project Portfolio	It presents the current project portfolio of Zambia. Information about the sector, status of the project and the finance sources is included.
Inter American Development Bank	Project Portfolio	Information about the sector, status of the project and the finance sources is included.
Climate Investment Funds	Pilot Program Climate Resilience (PPCR) Scaling Up Renewable Energy Program (SREP) Forest Investment Program (FIP) Clean Technology Fund (CTF)	Contains all decisions related to the fund in CIF's countries, the investment plan and the projects covered under their programs.
Economic Commission for Latin America and the Caribbean (ECLAC- EUROCLIMA)	Financiamiento para el cambio climático en América Latina y el Caribe en 2015	Provide information on resources mobilized to address climate change

Source: Elaborated by the authors

Although most of the countries are aware about reporting systems such as the one created by the OECD related to finance for development and climate finance, the countries are not familiar with the definition of climate finance and the methodologies used to identify climate relevant portion of ODA nor are they clear about its applicability to the national context. The study also identified that countries don't want to rely only on approaches created by donor countries but they would like to have a way to adapt the guidance to the national context.

In that the case study countries, Colombia is the only country that has a methodology to classify and measure climate finance that uses both national and international approaches. On one hand the methodology uses the OECD Rio Markers and the Multilateral Development Banks approach to identify climate change related activities, but it also uses a national approach to identify what at the policy level has been defined as climate change. This hybrid approach has given to the country a tool to track all sort of financial sources to be reported in their MRV system for climate finance.

5.4 Identification of complementary data set

Climate finance tracking is an activity that has been done not only in the context of the governmental activities, but also by other non-governmental and international actors that aims to identify the climate finance gaps. Complementary information about climate finance and finance for adaptation has been developed using a number of data bases to create initial baselines about the status of the climate finance flows. Within the selected countries, Table 15 outlines some complementary data sets that were identified that could be useful for other developing countries.

Table 15 Complementary data set

Source	Example of relevant information	Location
Climate Public Expenditure and Institutional Review (CPEIR)	Methodological guidebook 2015	https://www.climatefinance-developmenteffectiveness.org/topic/climate-public-expenditure-and-institutional-review-cpeir
OECD – CPI reports	Provides information on the number of international climate finance initiatives designed to help developing countries address the challenges of climate change.	http://www.climatefundsupdate.org/
Latin American and Caribbean Group on Climate Finance (GFLAC)	Country reports on climate finance: analysis of national budget and international flows of climate finance. Methodology to analyze public expenditure and international cooperation allocated to deal with climate change.	www.gflac.org
Adaptation Finance Accountability Initiative (AFAI)	Reported Adaptation Commitments and Recipients	https://policy-practice.oxfamamerica.org/work/climate-change/adaptation-finance-accountability-initiative-afai/
World Bank	Global Landscape on Climate Finance	www.cpi.org

Source: Elaborated by the authors.

In practice the main differences among the initiatives is the type of information used. In most of the non-governmental exercises the information used to complete the reports are public available data, however some organizations have managed to established agreements to access to information under protection clauses, which helps to increase the data analyzed. The aim in the future is to achieve high levels of transparency in the climate finance data that need to be accessible to a general public.

5.4.1 Public climate finance report at the national level: CPEIR and GFLAC experiences

Negotiations at the CoP have emphasized the growing need for climate finance which in turn demanded a better understanding of the climate related financial flows transferred to developing countries, not only from a donor perspective but also and more importantly from the recipient country perspective. In this regard, there are two initiatives that have been working in the support of countries to create their climate finance maps in order to understand the financial gaps and opportunities.

UNDP has developed a methodology to analyze public expenditure and the institutional framework of developing countries related to climate change called the Climate Public Expenditure and Institutional Reviews (adapted from World Bank public expenditure reviews). The methodology which uses a nationally developed definition of classifying climate finance has now been applied in over 30 countries. These exercises have been taking place within governments with the technical support of the UNDP and in some cases jointly with World Bank and ODI.

5.4.2 CPEIR studies in selected countries

Negotiations at the CoP have emphasized the growing need for climate finance which in turn demanded a better understanding of the climate related financial flows transferred to

Table 16 CPEIR's countries

Complementary tool	Colombia	Guatemala	Kenya	Nepal	Philippines	Zambia
CPEIRs	Yes	Yes	Yes	Yes	Yes conducted by the World Bank	No
Source: Website CPEIR (https://www.climatefinance-developmenteffectiveness.org/CPEIR-Database), some studies were identified thanks to the interviews.						

On the other hand, GFLAC is a non-governmental initiative that has as a goal to support the creation of MRV systems for climate finance as well as to support countries to build strong financial architectures based in national strategies on climate finance. The GFLAC has developed a methodology to track climate finance since 2008. The methodology of GFLAC was created independently but it provided a hybrid approach, taking as a based the Rio Markers and the work done by the MDBs join report, but bringing the national perspective regarding climate change, having a top down and a bottom up approach. GFLAC's methodology has been applied in 8 countries in Latin America and it was the based for the construction of the methodology of the MRV in Colombia. Although GFLAC was created to support the work of non-governmental entities related to climate finance, it has been increasing the amount of work done in collaboration with governments in the region.

Both approaches, CPEIR and GFLAC's approach, have been working together in cases such as Colombia to build a dataset for national climate finance flows. In general CPEIR and GFLAC have found that there are three major challenges in the climate finance exercises:

1. There is a need of guidance to identify what is climate finance and how to apply this in practice;
2. There are major gaps in terms of capacities to work in climate finance tracking, as a result only public finance is currently being tracked (both domestic and international);
3. Recently attempts to track private finance have been underway (GFLAC and UNDP's LECB programme) but this has been extremely difficult to track due to the lack of information;
4. There is a major necessity to create periodic and systematic efforts to do this type of monitoring exercises, because the information gets old/obsolete very quickly and in order to create analysis and assessment that measure changes over time, it is necessary to do these reports in a period basis. Some countries such as Nepal who have instituted a climate budget tag can now begin to generate annual public expenditure data from their budget information management system. However, private finance and international finance tracking systems still need strengthening.

5.5 National measuring, reporting and verifying systems

Some countries, have developed MRV systems for mitigation that have been extended to adaptation and finance measures. However, it was identified that only two of the countries included in this study presented an integral vision about the necessity to create a measuring, reporting and verifying system on climate finance. Those countries are Colombia and the Philippines.

Colombia is building an MRV system on climate finance that is a public system to track climate finance resources which will be hosted in a website of the National Department of Planning, where all the people can track the climate finance received from international mechanisms, as well as climate finance allocated through public expenditure and climate finance that comes from private sources. Colombia is also currently the only country that is developing the "map of investments", which is the public site where all the information about financial flows from public investments will be reported. This information will feed the MRV on climate finance including future Natcomm and BUR reports. The system is in construction and will be launched in 2017.

The Philippines has also made progress on the establishment of the National Integrated Climate Change Database Information and Exchange System (NICCDIES), which functions as a domestic Monitoring, Reporting and Verification (MRV) system. It is more developed for mitigation, but currently they are expanding it to cover adaptation actions, including means of implementation (CCC, interview).

5.6 Overall Assessment of climate finance in reporting tools

As it was identified in previous sections, the reporting on climate finance and particularly finance for adaptation is very recent for all case study countries. In the National Communications, climate finance in general, was not included in the first ones. Only in recent versions of the NatComms is climate finance referred to, but the information is not clear enough in terms of the actual costs due to loss and damage, future financing needs, and/or

national and international resources spent or received to deal with climate change in the countries. Where the reference to climate finance was included, the reports mainly identify the financing needs for the implementation of mitigation actions. Information on finance for adaptation is much less developed.

In the second communications, two countries (Colombia and Nepal) clearly mentioned the need of finance for adaptation, but without including figures. The others, included adaptation actions to be implemented, but did not mention the specific need for finance. The NAPAs of Zambia and Nepal included the amount of resources needed to implement the proposed projects/programs. In the NDCs, only Zambia defined a figure for financing the adaptation component.

In country interviews identified the lack of information on climate projections and scenarios at the national level as a barrier to identifying the financing needs for adaptation. If the future impacts of climate change at the country and sub-national level are unknown, is difficult to estimate the costs of potential damages due to climate change and the needs for adaptation. Nevertheless in the interviews officers indicated a willingness to include climate finance information in future NatComm and other reporting systems and suggested that methodologies to guide such efforts is needed.

Table 17 below gives an assessment of the current climate finance reporting tools in use across the selected countries.



Table 17 Assessment of climate finance in reporting tools

Document	Assessment
Climate - Adaptation policies and plans	<ul style="list-style-type: none"> • Most of the countries have developed a framework of policies to face climate change. Only three have climate change laws and two of them (Colombia and Kenya) have developed its National Adaptation Plans. • Policies in place usually stress on the vulnerability of the countries and identify climate-related actions, but normally no information about the costs for the implementation of these actions is given. The National Communications and National Adaptation Plans should provide more information on costing for implementation of the climate actions, in terms of allocation and expenses respectively. Some of the Plans analyzed presented estimates of the implementation of the activities they included. When figures are included, there is not clarity on how the estimations were made.
General reporting schemes	<ul style="list-style-type: none"> • All six countries have only presented two national communications and are in the preparation of the third one. • Only Colombia has complied with the requirement of the BUR. • All six countries presented their NDCs.
Climate finance reporting	<ul style="list-style-type: none"> • In two cases, Philippines and Zambia, the responsibility on reporting on climate finance has been given to certain commission/secretariat which must work in coordination with the different governmental and non-governmental entities • Only Colombia has an MRV system to report climate finance information
National communications	<ul style="list-style-type: none"> • All six countries have presented the first and second national communication to the UNFCCC. The most recent documents include references to climate finance, even when normally there are no figures regarding the needs, or financial resources allocated or received to deal with climate change. In general, the information is not presented in a clear, comprehensive and comparable way. There is no specification of the methodologies they used to specify their needs or financial information presented. • From the interviews, it was obtained that the countries that are in the preparation of their third communication will include climate finance in a more detailed manner, which means that with the time there have been improvements related to the financial report.
Biannual Updated Reports	<ul style="list-style-type: none"> • Only Colombia has presented this reporting instrument. • From interviews with governmental representatives, was obtained that the countries lack of financial and technical resources for the preparation of the BURs. As by the time the BURs were required, they were already delayed with the presentation of the second national communication, they prioritized that instrument over the BUR. • Philippines, for example, mentioned that they were searching for funding to prepare their first BUR.
NAPs	<ul style="list-style-type: none"> • From the selected countries, only Colombia and Kenya have approved already their National Adaptation Plans (NAPs). Guatemala and Nepal are in the process of developing theirs. • It was identified that some countries also have national Climate Change Plans, where adaptation is included. Those plans are the guidance of the climate action (for example, the Philippines and Guatemala). • NAPs, along with National Communications or general climate plans, should always include the costing of the actions they include, as well as the methodology used to make the estimations.
NDC	<ul style="list-style-type: none"> • All six countries presented their NDC. • The information presented in the NDCs vary among the countries. • All of them referred to the importance of climate finance, but only Zambia defined the need of finance for the implementation of the activities included in its NDC. • Only Colombia included the creation of an MRV system as part of the goals in the NDCs.

Source: Elaborated by the authors.



VII. Common lessons and challenges

The analysis shows that there are common challenges across the six countries regarding reporting on climate finance and climate finance for adaptation, in particular. These challenges are at the national (domestic) level and at the international level. This section outlines the most relevant common challenges identified across the countries.

6.1 National level

According to most of the interviews the major challenge with reporting climate finance flows at the national level is related to lack of both international and national guidance to identify which information should be reported and how. For example, developed countries under the UNFCCC reporting guidelines have the common tabular format (CTF), which has greatly improved consistency and comparability of reports from Annex 1 countries. Developing countries do not have such a format to follow and guidance on NatComms and BURs remains too broad for consistent application across all countries. Other challenges related to the analysis and use of information related to the public expenditure was also identified. Some of the most common challenges are:

- **Limited or weak institutional arrangements and internal capacities to track climate finance:** Technical and institutional capacity barriers, such as limited skills, expertise and institutional capacity for climate finance reporting and verification are prevalent even though most of the countries consider climate finance as a priority element to achieve climate action. Only in recent years the topic has begun to be integrated into national debate and there is limited progress on creating institutions, policies and legal frameworks related to climate finance in the selected countries.

Only a few countries have established institutions that coordinate climate finance issues, while others are still in the earliest stages of defining the construction of a financial architecture to deal with the topic, which would also allow better coordination of information coming from different ministries and governmental and non- governmental entities. With the advent of the GCF the NDA could begin to take on some of this function in relation to accessing global climate finance but other institutions are still required to track domestic finance from public and private sources.

In Colombia, the National Department of Planning leads the Committee of Financial Management (*Comité de Gestión Financiera*) to promote synergies around climate finance matters among several public and private institutions.

In the case study countries it was clear that there remains a lack of funding, technical expertise, and data to comply with existing reporting requirements. Fulfilling enhanced requirements would require extensive capacity building. An example of the above is reflected in the fact that only 34 developing countries had submitted biennial update reports (BURs) to the COP by December 2015 and few even have experience with ICA. In most of the interviews it was pointed out that governments hire external consultants for the preparation of the COP reporting tools. This added to staff turnover leading to poor institutional memory and erosion of any internal capacity building efforts.

The Climate Change Commission of the Philippines mentioned that they have focused on building internal capacities to be able to report on climate change and climate finance. This was mentioned as a reason in the delay in presenting the third NatComm and the first BUR.

- **Lack of definition on climate finance:** there is a lack of guidance, methodology or definition about what type of activities can count as climate change action to which a budget can be attributed in the public expenditure records. Tagging activities sometimes depend on the subjectivity of the technician in charge. Only Philippines has made good progress in regards to the definition of adaptation finance and Climate Budget Tagging (CBT). Guatemala and Zambia are in the early stages of developing budget codes to be included in the financial information system, while Colombia is the only country that has articulated a methodology to classify and measure climate finance.
- **Lack of unified and systematized information on climate finance:** there are no databases to integrate all the information about climate change programs and investments and the related financial flows. The information tends to be dispersed among various entities involved in managing public expenditure and international projects – often ministries of planning, external relations departments in ministries of foreign affairs etc. and that does not include data on private finance. There are databases for public expenditure, but those do not have specific labels of climate change or ways to identify specific actions related to the problem.

Colombia is working in an integral MRV system for climate finance that reflects public expenditure, international public finance and private finance.

- **Limited access to information on present and future climate risks:** Financial information is not always accessible or public, and the information that is public is not disaggregated enough to do a detailed analysis on where climate finance is actually going. In sample countries, it is clear that reports from subnational expenditure add further complexity to the issue.

Philippines has started to use the CCET at the sub-national level, but challenges on double counting and lack of technical expertise on identifying climate finance, for example, have been found.

Also, for non-governmental organizations, access to climate finance information is not easy. Usually, as there are no platforms which facilitate the access and analysis of the information, even in countries where Access to Public information laws are in place (e.g. Guatemala). In the case of Zambia for example, access to part of the information has to be paid (Yellow Book).

Other aspects of access to information include the limited access to national climate scenarios and projections, which usually are presented at the regional scale and there is limited capacity in countries to downscale these regional projections. Not having that information available makes the quantification of climate finance, especially for adaptation, very difficult. In practice, governments base their calculations on past and current events which is not sufficient when considering that climate impacts are likely to change in the future and modeling tools are required to consider a range of probabilities. In some cases, the integration of short-medium term projections have also been used.

- **Aggregated information:** the public systems to report public expenditure are highly aggregated at the national level and it is not possible to know accurately what programs and plans are related with climate change and this results in both over and under estimations of climate finance flows. This lack of granularity is exacerbated by the limited technical capacity to assess, understand and address the emerging risks brought by climate change and its impact at a technical level first. Countries are faced with limited institutional capacity at sector ministry level to develop actions, programs and investment options that adequately address climate change and then reflect this accurately in sector budgets. The effects of these shortfalls in institutional and technical capacity lead to the absence of climate change reporting mechanisms at a national level.
- **Lack of data on effectiveness of the use of climate finance:** The study identified that even where there are better systems to track public expenditure, these systems failed in their function to track the extent to which climate finance is being deployed in compliance with public policy or national climate policy or strategies. The introduction of results based budgeting is an area in progress that is not yet commonly applied in the field of climate change and is not evidently in action in any of the case study countries.

The Philippines has revised the typologies used in the CCET system in order to align it to the outcome-based budgeting of the Department of Budget and Management, as well as to the result-based monitoring and evaluation systems established for the National Climate Change Action Plan (NCCAP).

- **Misunderstandings about the scope of adaptation finance:** there is a constant problem to define the climate change deficit in what could be characterized as an adaptation activity. This is particularly the case in the context of the natural disaster risk and development agendas, since these have a relationship to climate change adaptation but cannot be counted fully as climate finance. This is even more difficult to identify in public expenditures since these tend to be huge programs and if they are counted as climate finance, the estimations related to climate finance could increase significantly.

6.2 International level

There are challenges in regards to the understanding and systematization of information related to climate finance, received from international cooperation and other global mechanisms for climate finance.

- **Lack of common understanding or definitions of climate finance: most interviewees** mentioned that the lack of global common understanding, definitions or guidance of what can be accounted as climate finance represents a challenge when working on climate finance generally and particularly for adaptation. This leads to misunderstandings between donors and recipients. There are international reporting methodologies such as the Rio Markers, but donors use them according to their own judgment, creating confusion about the activities that should be counted as climate finance or not. These same donors use the CTF, but there is not a mandate to use it in developing (recipient) countries in order to verify receipt of funds. The CIT also presents information with a limited level of disaggregation. Any future modalities for accounting for climate finance under the UNFCCC should consider the lessons learned from these international exercises.
- **Articulating and meeting adaptation finance gaps:** adaptation to climate change remains the top priority to reduce vulnerability and enhance resilience of the social and bio-physical systems, especially of vulnerable communities and groups, however the climate finance identified has mainly supported mitigation actions. Global tracking of climate finance flows has been useful to identify this discrepancy. Further financial support could be allocated to support countries to better articulate the adaptation finance gap, responding to the priorities (measures, sectors, areas) identified by the countries.
- **Incomplete data:** for many projects in donors reports, there is no financial information available, rather just a title, and sector. On the other hand, existing databases mainly account public, bilateral or multilateral finance, which is managed through the governmental structures, but omits information about climate funding received by non-governmental entities. At the same time information is not clear enough about the inclusion of transaction costs or currency exchange gains or losses that result during transfer from one country to another which could affect the final amount of finance received. Additionally, the information presented is not always clear about the status of

the finance, if it was committed or actually disbursed. This means that the information on the flow of climate finance in the countries is not always complete.

- **Information not detailed enough at country or project level:** data bases of some bilateral and multilateral donors do not include information at the country or project level, which makes it difficult to track financial resources in detail. Some donors or finance sources present the information by region, which is not useful when trying to identify resources allocated to one specific country.
- **Limited indicators of effectiveness of climate related expenditures:** It remains necessary to work on indicators that can measure the effective use of the financial resources, to make sure that the support is helping to reduce emissions, increase resilience and to build capacities. These indicators can be used to better identify the gaps and the financial opportunities, connecting them with actual necessities.





VIII. Recommendations

From interviews and the literature review, the study identified a number of issues related to the tracking of climate finance. In the first instance it is necessary to improve national financial monitoring systems to capture data systematically and to increase its comparability and accuracy. Some specific recommendations for the national level (particularly to the Finance, Environment and Planning ministries) and international level (in the context of the UNFCCC) are outlined below.

7.1 National level

These recommendations are addressed to Climate Change councils, high-level decision making bodies as well as Ministries of Finance, Environment and Planning

- **Establish Institutional Frameworks to address the wider climate change information barriers:** Climate finance data must be based on good climate information and it is important to first address limited climate observation data and assessment capabilities that support climate reporting and transparency at all levels. In all sample countries, there is a need for institutionalizing climate data collection processes in a manner that will lead to:
 - i. The regular collection of climate information at national, sectoral and sub-national levels;
 - ii. Use of this information in national climate strategies and plans (including NDCs), particularly to define the financing frameworks that will turn policies into financed actions
 - iii. The use of good comprehensive data for informing climate reporting mechanisms; and
 - iv. The sharing of information across sectors and with non-governmental organizations and academia, where relevant.

- **Adapt and develop nationally owned and harmonized guidance to measure and classify climate finance:** There is a clear necessity to define an international methodology to track climate finance but this exercise will also have to adapt to national circumstances. This could be done through national consultation with key sectors to define what activities within each sector could contribute to deal with climate change from the mitigation and adaptation perspective.

The case of Colombia is considered as a successful experience that can guide countries towards a better understanding of climate finance at the national level. Their methodology is based in international standards such as the Rio Markers but also considers the national policy circumstances to connect better funds with necessities. Guidance of the IPCC work in this manner, since the guidance support the work but these are applied according to the national circumstances.

The Philippines has also established Climate Change Expenditure Tagging (CCET) within the national budget system. The operational definitions that the system uses were established under the People's Survival Fund Act and revised by Joint Memorandum Circular from the DB and CCC (2013 and 2015).

- **Develop an Integrated approach for planning and budgeting:** The study shows that managing climate finance needs to be done with a whole of government approach for planning and budgeting. Using instruments such as National Adaptation plans, NAMAs, NDCs and other national strategies for coherent planning and costing over the medium term and linking these to national budget processes is essential for ensuring a robust response to climate change in the medium to long term. National goals and targets in climate change strategies and NDCs need to be reflected in the performance and financial monitoring systems of the country.
- **Establish climate change (adaptation and mitigation) code in the budget:** the identification of markers or codes to characterize climate change activities in the public expenditure is a necessity. This will allow countries to systematically produce climate expenditure reports as a matter of course in the national budgets. Countries such as the Philippines, Nepal, Kenya, Zambia and Colombia have been progressing towards the inclusion of a climate sensitive expenditure within the national budget. This budget code should translate to annual reporting on climate finance or climate related expenditures that will support global reporting at the UNFCCC especially for the non-conditional targets in countries' NDCs. The annual reports will also go a long way in providing information to analyse trends in climate investments over time. This is important for national planning purposes and tracking their own progress on adaptation.
- **Develop climate finance Frameworks and financing strategies:** Findings from the study underscore the need to create climate finance strategies that include prioritization of actions to deal with climate change at the national level, and connect this with private and international financial resources to increase the effectiveness of national actions in addressing climate change. A climate finance framework or strategy allows a country to clearly articulate the financing needs in a country and provides financing strategies and instruments to guide how a country will go about meeting its financing needs.

Colombia has developed its strategy and Nepal is currently in the initial stages of having one. The strategies should consider the different climate-related tool in place in every country. Kenya for instance has included reference to these needs in the Climate Change Act.

Further support for development of climate financing frameworks can be found at <https://www.climatefinance-developmenteffectiveness.org/topic/climate-change-financing-frameworks-ccff>

- **Establish clear institutional arrangements for monitoring and tracking means of implementation.** Establishing an MRV system on climate finance nationally should be a priority for all countries. Creating measuring, reporting and verifying systems that can provide an information matrix and platform for national dialogue on climate finance is beneficial for both international and domestic reporting and transparency. This can include data on climate projections, estimates of national losses and damages due to climate risks, costs of adaptation and mitigation actions as well as all the information about financial flows (national, international, public and private), which is reported in the same level of detail to make information comparable over the time. This information system should be public and accessible to all. The information should include details such as the source of funding, title of the funding, title of the project (including in original language), amount pledge, timeframe of disbursement, department, ministry or entity to implement the project, and sector among other general information. Colombia and the Philippines were the only countries in the sample which were in the middle of the development of an MRV for climate finance. In the case of the Philippines, they are trying to improve the MRV developed for mitigation, integrating adaptation. It is important that MRV systems for climate finance are aligned with systems to track other means of implementation such as capacity building and technology transfer. MRV systems for GHG inventories and M&E of adaptation should also be factored into the national MRC systems.

In 2016, Colombia started the development of the MRV system on climate finance (which is part of the comprehensive MRV system that includes the GHG inventory and the reduction measures) that allows the analysis of the financial flows that comes from different sources (public, private, national and international) that are allocated to deal with climate change. The MRV is a tool that helps the systematization, centralization and visualization of the information related to climate finance.

The construction of the system required several steps: 1) Definition of a methodology for measuring climate finance; 2) Application of the methodology; 3) Creation of a digital platform to report the information; 4) appropriation of the system and 5) verification.

The study showed that the countries that have dedicated institutions or entities to deal with climate finance matters are more successful in developing financing strategies. It is recommended that the entities dedicated to planning or finance aspects take the lead in this regard. This entity can be the one coordinating the dialogue among other parties including the private sector.

Within the Ministry of Finance, Zambia has established the Interim Inter-Ministerial Climate Change Secretariat, which functions as the hub of information related to climate finance.

- **Invest in tailored capacity building support and develop incentives to retain staff with good technical capacity:** All stakeholders interviewed in the sample countries emphasized the need to have both periodic and sustained (on-the job) capacity building support processes related to climate finance tracking and policy monitoring. This could be done through periodical courses within and outside the government, particularly within the finance ministries, but in general in the finance or budget units of all the sector ministries that are related to climate change. Exchange programs and south-south cooperation were also identified as a means to increase capacities between and within countries. The most urgent need identified, however, was for hands on coaching and on-the-job training for the key institutions responsible for reporting on climate finance and MRV of support to the COP. This recommendation is addressed to national institutions which deal with climate finance issues, such as the Finance, Planning and Environmental Ministries, with support of international institutions.

7.2 International level

- **Develop clear guidelines for reporting on climate finance (MRV of support) for countries to use:** This includes providing terms of reference for the creation of measuring, reporting and verification systems on climate finance that are applicable to all the parties based in the common but differentiated responsibilities and capacities principle. All countries could use guidance similar to the CTF to start the harmonization of climate finance information from recipients that will be improved over time. However, guidelines and reporting formats need to be simplified to some degree in order to facilitate the analysis of information in developing countries, where the full technical capacity is lacking.
- **Provide countries with implementation support:** This includes specific programs to support reporting on climate finance issues across governmental institutions and non-governmental institutions, including both public expenditures and international financial flows. This would reduce the dependency on external consultants when reporting on climate finance. As there are countries, such as the Philippines or Colombia, which have good progress on reporting on climate finance and MRV, south-south cooperation programs could be a way to enhance the capacity of developing countries. The CBIT could provide a good opportunity to build capacities across national governmental and non-governmental actors, but it is necessary to include follow up processes to ensure that the capacities built are sustained. A second avenue for this support is to include the development of MRV systems for finance and other means of implementation into GCF readiness and NAP readiness programmes. Any climate finance readiness support should result in the establishment of national and sub-national institutions, systems and processes for improved reporting on climate finance flows.

- **Continue to improve transparency of donors' information:** Donors should make available all details related to climate funding and how it is expended in the national and local level. Information on resources allocated through non-governmental agents should be also made available (including transactional costs). This will help create a better overview of all climate finance going to developing countries. The information should be available in a global platform (maybe facilitated by the UNFCCC such as the planned global stock take), but also included in national platforms on climate finance. Some examples of information to be provided are:

- › Identification of type of action (mitigation, adaptation, both)
- › Identification of type of adaptation actions (infrastructure, capacity building, etc.)
- › Identification of sources of financing
- › Identification of financial instruments used
- › Identification of sectors supported
- › Identification of type of recipient (government, CSOs, private sector)
- › Identification of specific amount related to climate change (weighting)

Development partners can further enhance transparency and accountability under the Paris Agreement by pursuing ways to:

- › Empower citizens and wider stakeholders to participate in the design of global and national reporting processes and the international verification process;
 - › Provide better access to information to enable informed engagement and effective evidence-based decisions;
 - › Highlight the co-benefits for countries' sustainable development efforts.
- **Continue to address the balance between mitigation and adaptation finance:** All countries noted that the balance of financial allocations for mitigation and adaptation has to be addressed and is being addressed in the GCF for example which has a 50:50 split. However, allocation of sources of finance for capacity building programs and technology transfers that have impacts on both adaptation and mitigation activities need to also be balanced. In some countries, for example Zambia, it was identified that most of the resources are allocated to mitigation. Also, more investment of resources (including technical) are needed for a better identification of the options for and costs of adaptation measures, which can help countries to mobilized more resources for adaptation.

7.3 Recommendations for work to be done under the UNFCCC

7.3.1 Subsidiary Body of Technology and Scientific Advisory (SBSTA):

- **Develop modalities for accounting climate finance:** Currently the SBSTA is leading a process to create modalities for accounting climate finance. This work has to be complete in 2018. The modalities aim to guide the work of developed countries. However, since the Paris Agreement calls for the voluntary participation of developing countries in the provision of information on climate finance, it is recommended that developing countries also be in a position use these modalities as guidance to complete their financial information for the preparation of reporting schemes under the UNFCCC. It is

recommended that the Convention establish these modalities as general guidance for all parties reporting on climate finance and should be applied according to the capacities of the countries. The basic information that the modalities should include based on the analysis done in this research are:

1. Guidance about the sectors and activities that count as climate finance. This could be done through a positive list of activities for mitigation actions and several criteria for adaptation actions, considering the level of vulnerability where the actions take place. This list could also include restrictions related to activities that shouldn't be included in the accountability of climate finance.
2. Guidance about the type of instruments that should be counted as climate finance: It was recognized that the main instruments to be included at the national level are the sources coming from the public expenditure, while at the international level are grants, loans, equity and other type of capital that aims the transition towards a low greenhouse gases and resilient development. However, this study shows that it is important to recognized that the type of instruments also have implications on accountability. For instance, countries getting loans retain responsibility to pay later and therefore they should be counted as the source of the finance flows.
3. Guidance in the type of climate finance flows counted. The reporting and accountability of climate finance should be strengthened regarding the climate finance actually disbursed (and spent) and not just about the commitments, since the last could misguide the tracking analysis.
4. Guidance about the type of receptor. An important amount of climate finance has been allocated to governmental entities, however there is a growing amount of financial support going towards civil society organizations as well as private sector and others. Therefore, accountability should include all stakeholders to capture the full picture of climate finance flows. Actors besides governments should be encouraged to be part of the accountability process at both national and international levels. For example, each country can have a mechanism to track non-governmental spending on climate change actions which can be separately included in the NatComms. This information, together with information related to governmental expenditures, will give a better overview of resources received by the country.
5. Guidance applicable to private sector: The private sector plays a major role in climate financing and any type of modalities should be applicable to these actors in order to establish the basis for a comprehensive MRV at the global level.

7.3.2 Standing Committee on Finance (SCF):

The Standing Committee on Finance was created "to assist the Conference of the Parties in exercising its functions with respect to the financial mechanism of the Convention in terms of improving coherence and coordination in the delivery of climate change financing, rationalization of the financial mechanism, mobilization of financial resources and measurement, reporting and verification of support provided to developing country Parties;" (Article IV, Cancun Agreement, 2010: 16). The SCF has been progressing in the analysis of climate finance flows mainly through the publishing of the BA 2014 and 2016. In recent years, there has been a push to better articulate the global MRV system beyond the biannual report.

Taking into consideration the climate finance information gaps of the last version of the Biennial Report presented in 2016, four major activities to be done in the context of the SCF were identified.

1. Coordination of the debate about modalities of accountability for climate finance: The SCF has been discussing technical aspects for the assessment of climate finance flows and, based on the results, the SCF should lead the co-ordination of discussion on the modalities on accountability of climate finance learning from the gaps and lessons learned of the BA 2014 and 2016.
2. Design of a global MRV for both GHG emissions and MRV of Support (finance, technology and capacity building): The SCF in collaboration with the Secretariat of the UNFCCC should design a MRV system that works globally where all the information from the different sources in which flows of climate finance should be reported under the same guidance. The information should come from public, private, national and international sources. The UNFCCC has created a climate finance portal that contains information provided for the parties, which could be a good starting point, however it needs significant changes to ensure the provision of accurate, transparent and comparable data. For instance, it would be important to ensure the provision of information from all parties and other entities interested in climate finance, such as multilateral development banks, private investors and other actors. Information should be provided under the same modalities to ensure the comparability of the data. This system could also transition towards an accountability tool to support the transparency initiative where people can access information by project to assess their progress.
3. Design of climate finance reporting formats: the Common Tabular Format (CTF) is an exercise that has been guiding the work of developed countries in the provision of information, however they have not been used in the same way across donors. There is a need to strengthen the formats to provide detailed information at the project level, these formats can also be integrated as accountability tools for the preparation of the Nat Coms and BURs, as well as other reporting schemes that exist under the UNFCCC that can be used by developing countries. In this sense, developed countries should use these formats not only to report their financial support to developing countries but also to report their allocation of national public expenditure at the national level. In the case of developing countries they should also use this format to report both how much finance was received from international cooperation and how much countries allocate through their own public expenditures at the national level.
4. Creation of debates under the UNFCCC: The SCF has been creating spaces to debate technical inputs related to climate finance. This initiative is well recognized and appreciated. The organization of debates in the context of the SCF could be a way to define the needs and the tools to be developed in coming years. Two major topics to be discussed in their forums are:
 - › Climate finance and NDCs: the importance of the creation of national financing strategies for the national climate response and to meet agreed targets.
 - › Public expenditure and climate finance: the role of finance ministries.

In general, the work of the SCF could guide the discussion of the climate finance definitions and members can transition towards substantive and technical discussions to contribute to the achievements of the Paris Agreement.



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Guatemala	<ul style="list-style-type: none"> • Government of the Guatemala, 2015. <i>Intended Nationally Determined Contributions</i>. Pp–6. Available at: http://www4.unfccc.int/submissions/INDC/Published Documents/Guatemala INDC submission.pdf • Torcelli, C., Morataya M, Coyoy E. Fundación Solar, FEDES y GFLAC con apoyo de IBIS (2016). <i>Informe País de Financiamiento para el Cambio Climático: Guatemala</i>. • Proyecto de Desarrollo con Bajas Emisiones y Secretaría de Planificación y Programación de la Presidencia [LEDS & SEGEPLAN]. (2015). <i>Sistema de Contabilidad Integrada (SICOIN) y POA s Institucionales</i>. Guatemala: SEGEPLAN • PNUD. <i>Preparación para Financiamiento Climático. Un marco para entender que significa estar listo para utilizar el financiamiento climático</i>. Available at: http://www.unclearn.org/sites/default/files/inventory/undp122_spn_0.pdf
Kenya	<ul style="list-style-type: none"> • Jane Kiiru (jkiiru@adaconsortium.org) is a communications officer with the Adaptation Consortium. http://www.iied.org/accessing-climate-finance-kenya • IIED, http://pubs.iied.org/pdfs/17226IIED.pdf • KCCAP, 2012 http://www.kccap.info/phocadownload/final/SC8/Annex%20B%20-%20Development%20Partner%20Activities.pdf • OECD, 2011 http://www.oecd.org/dac/environment-development/48458443.pdf • First National Communication • Second National Communication • Kenya INDCs, http://www4.unfccc.int/submissions/INDC/Published%20Documents/Kenya/1/Kenya_INDC_20150723.pdf

Nepal	<ul style="list-style-type: none"> • Bird, N., 2011. The Future of Climate Finance in Nepal. Capacity development for development effectiveness facility for Asia and Pacific, ODI. • CPEIR, 2011. Nepal Climate Public Expenditure and Institutional Review (CPEIR), Published by Government of Nepal, National Planning Commission with support from UNDP/UNEP/CDDE in Kathmandu, Nepal. • OXFAM, 2011. Minding the Money-Governance of Climate Change Adaptation Finance in Nepal, OXFAM international. • GoN, 2016. Intended Nationally Determined Contribution, Government of Nepal, Ministry of Population and Environment, Kathmandu, Nepal.
Philippines	<ul style="list-style-type: none"> • DBM-CCC, 2016. Climate Budget Brief 2016 - An Analytical Review of the National Climate Budget • Government of the Philippines (2015) Intended Nationally Determined Contribution • ICSC, 2013. Project Philippines: the adaptation finance accountability initiative • REECS, 2010. National environmental, economic and development study (NEEDS) for climate change - Philippines
Zambia	<ul style="list-style-type: none"> • CIF, 2011. Strategic Program for Climate Resilience – Zambia • EY, 2016. Budget Tracking Tool Expert for Pilot Program for Climate Resilience (Phase II) Final Report : Consolidated Report, • Government of the Republic of Zambia, 2010. National Climate Change Response Strategy, Lusaka. • Government of Zambia, 2015. Zambia's Intended Nationally Determined Contribution (INDC) to the 2015 Agreement on Climate Change • ZCC, 2015. Adaptation Finance Accountability Initiative: Zambia Country Report, Lusaka.

X. Annexes

Annex I. Key references per country

Country	Key references
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Kenya	<ul style="list-style-type: none"> • Kiiru, J. (2014). Accessing climate finance in Kenya. Available at: http://www.iied.org/accessing-climate-finance-kenya • IIED (2014). Climate change financing in Kenya. Available at: http://pubs.iied.org/pdfs/17226IIED.pdf • KCCAP (2012). Kenya Climate Change Action Plan Subcomponent 8: Finance http://www.kccap.info/phocadownload/final/SC8/Annex%20B%20-%20Development%20Partner%20Activities.pdf • OECD (2011). Climate Change Financing and Aid Effectiveness Kenya Case Study. Available at: http://www.oecd.org/dac/environment-development/48458443.pdf • Ministry of Environment and Natural Resources (MENR) (2002). First National Communication to the UNFCCC. • Ministry of Environment and Natural Resources (MENR) (2015). Second National Communication to the UNFCCC. • Government of Kenya (2015). Intended Nationally Determined Contribution. Available at: http://www4.unfccc.int/submissions/INDC/Published%20Documents/Kenya/1/Kenya_IND_C_20150723.pdf
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Annex II. Institutions/organizations interviewed

Country	Institution/organization
Colombia	<ul style="list-style-type: none"> • PNUD-CPEIR • Ministry of Environment and Sustainable Development (MADS) • Instituto de Hidrología, Meteorología y Estudios Ambientales (IDEAM) • National Department of Planning (DNP, Departamento Nacional de Planeación)
Guatemala	<ul style="list-style-type: none"> • Ministry of Environment and Natural Resources (MARN) • Ministry of Foreign Affairs (MINEX) • Ministry of Finance • Fundación Solar • Fundación Económica para el Desarrollo (FEDES)
Kenya	<ul style="list-style-type: none"> • Ministry of Finance • Ministry of Environment • International Transparency, Kenyan Chapter
Nepal	<ul style="list-style-type: none"> • Ministry of Finance • Ministry of Population and Environment • OXFAM
Philippines	<ul style="list-style-type: none"> • Climate Change Commission (CCC) • Department of Budget Management (DBM) • Institute for Climate and Sustainable Cities (iCSC)
Zambia	<ul style="list-style-type: none"> • Interim Climate Change Secretariat (ICCS) • Zambia Environmental Management Agency • OXFAM • Caritas Zambia



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