



Climate finance summary slides

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Defining mobilised – key points

- Many instruments used to mobilise CF
- Financing needs depend on type of project (within mitigation, also adaptn/mitigation)
- Causality important – but how to determine?
- Careful not to create perverse incentives (e.g. if we exclude non-concessional loans)
- Guidance on what counts as mobilised would be helpful ... but may be difficult to establish. Possibly start with what *doesn't* count
- Distinguish what counts as climate finance from what counts for 100bn

Effectiveness of mobilisation – key points

- No agreement yet on what “effectiveness” is
- Context important in encouraging private investment (enabling environment, NPV of project)
- Different financial instruments needed in different contexts
- No clarity on which flows should be included (e.g. domestic NAI flows)

Assessing “mobilised” and “leveraged”

- We need increased transparency of climate finance reporting
- Mobilised/leveraged assessment could be done top-down or bottom up - bottom-up might give us more complete picture.
- Both donors and recipients have only partial picture of climate finance outflows/inflows.
- Significant use of intermediaries – does this impact double counting?

Assessing “mobilised” and “leveraged” (cont)

- Ownership of recipient is a key issue, and identifying actual ownership can be challenging. Political questions as well as technical ones: if donor country provides climate finance to donor country owned entity in a developing country, does this count?
- In terms of guidance, could be useful to have this on MRV at an aggregated level. Defining what finance is additional would also require information on (financial) baselines, so guidance/transparency could be needed here too.

Look at “green” in context



Source: Microsoft Clip Art



Leverage

- No agreement yet on what this is or how to define it. (Nor distinction leverage, mobilise, catalyse, drive ...)
- Finance is a means to an end – achieving climate resilience
- Look at green in context of brown investment
- Mobilising is a complex art. There is no unique, agreed definition of or methodology for defining leverage - need to be very transparent.
- Leverage depends not only on instrument, but also on barriers being addressed, intermediary/institutions used, national circumstances, risk/return profile etc..

Leverage (cont)

- A variety of financial instruments and institutions will be needed – don't restrict it to a few.
- NDBs could play an important role in mobilising climate finance, and may better know/align with country priorities
- There is a large variation in and complexity surrounding developing robust leverage ratios. Coming up with one number will be difficult
- Careful to not focus just on leverage - not the only indicator of success... but can indicate potential
- Focusing only on leverage ratios can divert attention from actions/projects with other positive impacts (development, environment etc...)

Eligible project types and flows

- Don't be too restrictive on project types, which are affected by nat'l circs – especially for adaptation
- Origination is clear for public, but complex for private sources. Data challenges.
- Timing important - when is finance mobilized: pledged, committed, disbursed, received? Data challenges.
- Does internally-mobilised / S-S investment count?

Suggested future work

1. Case studies

- Instruments; different institutions; how to address risks; outflows and inflows

2. Methodological work

- Landscape of private finance; causality/baseline; effectiveness; leverage ratio

3. Workshop suggestions

- A session on modus operandi and constraints of NDBs. How have they mobilised and how could this be improved in future?