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TOWARDS TRANSPARENCY

2016 Adaptation Finance Transparency Gap Report

Adaptation Watch

About AdaptationWatch

AdaptationWatch is a growing partnership of organizations from across the world, aiming to catalyze wide participation in plans and actions to adapt to climate change. AdaptationWatch partners combine cutting edge tools on tracking development finance with world class research, advocacy and capacity building.

This is the second in a series of AdaptationWatch Reports, prepared in advance of the annual UN Climate Conference, without support from any funding agency. AdaptationWatch seeks to share information and work collaboratively with all organisations engaged in transparency and accountability, and climate change adaptation, and we welcome collaboration and partnership in dealing with the issues raised in this report.

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Executive Summary

Climate finance is at the core of the UNFCCC efforts to help the world adequately adapt to climate change, and is absolutely critical to developing countries' abilities to prepare and protect themselves from climate change impacts. Transparency in the reporting of climate finance is crucial for building and maintaining trust among nations if the international community is to reach agreement on solving the existential problem of climate change. It can also markedly improve planning and effectiveness of efforts to help the world's poorest and most vulnerable adapt to the climate impacts they are already experiencing and which are set to worsen. Despite this, adaptation funding information has often been obscured in the past, something that will likely continue if stronger funding and reporting guidelines are not implemented.

Chapter 1 introduces the field of climate finance, discussing the history of key climate finance initiatives through the UNFCCC, particularly the promise made at Copenhagen in 2009 of mobilizing US$ 100 billion per year by 2020 to help developing countries adapt to the adverse effects of climate change and mitigate their greenhouse gas emissions. We then move on to a preliminary assessment of what has been included and excluded in the Paris Agreement, judging how it relates to these past initiatives and what changes have been made to make greater progress on climate finance in the future. In setting up the context of the report, we outline that, despite positive developments, there are still many concerns to be had about the system of finance set up through Paris, and that, without sufficient effort, vulnerable countries may still be unable to effectively prepare for the impacts of climate change.

Chapter 2 focuses on the inconsistency, vagueness, and tension that plague climate adaptation finance. Though there is an urgent need for clear and well-defined accounting modalities for financing adaptation, the UNFCCC is yet to settle on such modalities. The main difficulty stemming from this gap is that reporting has been largely non-transparent and incomplete, so it is impossible to compare financial contributions to developing countries' adaptation across developed nations. This leads to contrasting statements on the fulfilment of developed countries' financial promises and to the erosion of trust between Parties in negotiations. It also deeply complicates the tracking of areas where additional climate finance is needed or where finance is not being received. Ultimately, we outline necessary components for effective financing modalities, and conclude that the UNFCCC must outline a timeline and work program as soon as possible.

Chapter 3 takes up the contents of the Paris Agreement and Decision text, assessing the new language on transparency of support and support for transparency. On transparency of support, there has been a distinct move toward more frequent and complete reporting for the sake of effective climate finance. However, the modalities for such reporting remain incomplete. It has also become clear that, to meet the new standards for transparency, developing nations will need considerable additional support in terms of resources and expertise. Ultimately, we make recommendations for what is needed to fill the gaps still present in these two areas.

Chapter 4 presents an assessment of developed countries' transparency with regard to their financial reporting to the Convention. It identifies transparency dimensions where countries tend to perform poorly and highlights the leaders and laggards in climate finance transparency. This chapter relies on the methodology used for the 2015 AdaptationWatch report. We used this methodology to assess the transparency of the second Biennial Reports submitted in 2016 by developed countries. This chapter also includes a comparison of climate finance transparency between the Biennial Reports submitted in 2014 and in 2016. We found that the average level of compliance toward UNFCCC climate finance transparency requirements slightly declined from 58% in 2014 to 52% in 2016. While dominant narratives suggest that donor countries are working toward a more transparent climate finance process, we see instead that donor countries continue to struggle to meet even basic UNFCCC guidelines. This suggests that while transparency has been a central rhetorical feature of recent UNFCCC meetings, climate finance transparency is incompletely realized in practice, and structural transparency deficits exist that persist from year to year.

Summary of recommendations

This report lays out ten achievable steps to building stronger adaptation finance accountability (Chapter 5). As we approach the first meeting of the Parties to the Paris Agreement (CMA1) at COP22 in Marrakesh, we call on negotiators to implement these strategies. The ten steps are summarized below, and can be found in full in Chapter 5.

1. **Create a clear and universal system of accounting modalities for adaptation finance.** A new framework of accounting modalities must be developed that creates clear and uniform guidelines across nations for how to measure and report climate finance that is both granular, and project-specific. The most fundamental task is to decide what counts as adaptation.
2. **Continue Project Tracking and Data Checking from the OECD CRS system, but discontinue the Rio Marker categorization system**. Poor classification by contributor countries has distorted climate adaptation finance claims, so a three step method to identify climate vulnerability and adaptive strategies (as the MDBs are developing) should be required, as well as third party verification.
3. **Assign a common baseline against which "new and additional" funding can be assessed.** The current position of having no baseline is unacceptable and must be changed to a baseline that only counts entirely new sources of funding, or in which all contributions above a predefined projection of development aid should be counted.
4. **Raise standards for the governance of climate adaptation finance.** Better integration is needed between climate finance and development aid, as are improved standards to ensure that aid is spent on initiatives that are coherent with national climate change strategies and plans.
5. **Develop an online tracker for climate finance.** A universally accessible, comprehensive, and user-friendly online tracker for finance is a critical tool for following funding flows and identifying countries that do or don't live up to their mitigation, adaptation, and finance promises.

6. **Engage locals to track project progress.** Online tracking systems can allow local residents and NGOs to report and evaluate the progress of adaptation projects. This will improve trust between donor and recipient countries, and should improve funding effectiveness. Capacity will need to be built and sustained for this local input to be effective in monitoring climate finance.
7. **Map the transition between old and new systems of transparency.** Decisionmaking must include a transition plan that clarifies when the transition from old to new system will take place, which pieces from the old system will be kept, who will manage the transition, and whether old information will have to be recalculated based on new rules and definitions.
8. **Clarify the definition of capacity-building.** The current Capacity-Building Initiative for Transparency (CBIT) is a promising program that will work to build capacity in the nations that need it most, but first the term "capacity-building" itself must be defined, especially for managing financial support.
9. **Make reporting of CBIT progress mandatory.** As capacity-building becomes a crucial part of transparency and thus of the effectiveness of climate adaptation finance, a system of regular, thorough reporting on efforts and outcomes is needed.
10. **Include "support needed" in the global stocktake.** From Article 13.6 of the Paris Agreement we gather that financial and technical support both provided and received will be considered in the 2023 global stocktake, however this misses a crucial piece of information – support needed for adaptation.

Chapter 1

Introduction
The Missing Piece from Paris

Romain Weikmans, Timmons Roberts, Ian Tellam, Danielle Falzon and AdaptationWatch

1.1 Introduction

As the Paris climate talks approached in late 2015, there was a measured optimism tinged with a palpable sense of worry for the upcoming negotiations. This meeting was expected to produce what had been attempted and failed at the 2009 COP15 meeting in Copenhagen: an effective international plan to address climate change. While the Paris Agreement that came out of the talks is ultimately an improvement on previous accords, it still lacks clear procedures for reporting on funding and resources to flow to developing countries[1] for adaptation in ways that are both reliable and transparent.

This is not an insignificant failure. Climate finance[2] is at the core of the UNFCCC's efforts to help the developing world adequately adapt to climate change, and is absolutely critical to poor countries' abilities to prepare and protect themselves from climate change's impacts. Transparency in the reporting of climate finance is crucial for building and maintaining trust among nations if the international community is to reach agreement on solving the existential problem of climate change. It can also markedly improve planning and effectiveness of efforts to help the world's poorest and most vulnerable adapt to the climate impacts they are already experiencing and which are set to worsen. It could allow pioneering research and coordination between agencies not possible with existing information systems, which are fragmented and incomplete. Despite this, information on adaptation funding has often been obscured in the past, something that will likely continue if stronger funding and reporting guidelines are not implemented.

This report outlines key issues in the current status of climate finance transparency and asks whether nations are living up to the vague promises made in climate policy negotiations. To begin, we introduce the field of climate finance, providing background information on the Paris Agreement and promises that came before it. We thus set the stage for the rest of the report, which will delve further into these issues, and will present original data and recommendations to chart the realities of climate finance and where we need to head in the future.

1 In this report we considered developed countries to be UNFCCC Annex II Parties. Under the UNFCCC (1992), Annex II Parties are required to provide financial resources to enable developing countries (considered here as UNFCCC non-Annex I Parties) to undertake emissions reduction activities and to help them adapt to adverse effects of climate change.

2 There is no internationally agreed definition of 'climate finance'. In this contribution, we understand 'international climate finance' as the financial flows provided and mobilized by developed countries that stem from their obligations under the UNFCCC to help developing countries mitigate their greenhouse gas emissions and adapt to the adverse effects of climate change.

1.2 The US$100 Billion Promise

The Copenhagen Accord of 2009 has been critiqued as a failure for many reasons, but despite its inadequacies, it contains a critical piece of policy regarding climate finance. Attempting to salvage themselves from what had been a frustrating conference, negotiators from developed countries wrote in a promise of mobilizing US$100 billion per year by 2020 for climate change mitigation and adaptation in developing countries.[3] More specifically the Cancun Agreements (2010) which formalized the Copenhagen Accord stated that "scaled up, new and additional, predictable and adequate funding shall be provided to developing country Parties"[4] and reiterated the commitment of developed countries to "[mobilize] jointly US$100 billion per year by 2020".[5] Though the details of where the money would come from, how much different nations would be required to contribute, and how

3 UNFCCC 2009 Decision 2/CP.15, Paragraph 8.

4 UNFCCC 2010 Decision 1/CP.16, Paragraph 97.

5 Ibid., Paragraph 98.

the funds should be distributed and governed remained vague, this promise was cautiously hopeful for developing countries.

This sort of climate financing is critically important for developing countries. Though vulnerability is often thought of as based on geographic features and location, in fact it also stems largely from a nation's ability to prepare and adapt to changes and impacts brought on by climate change.[6] Funding for adaptation projects can drastically alter a nation's vulnerability to threats such as sea level rise and increased severity and frequency of storms. These projects may include relocating residents inland, reinforcing or raising existing structures, and building infrastructure for warning systems or potential evacuations.

To make these changes a nation needs substantial money and resources, and developing countries, many of which stand to lose the most from the impacts of climate change, are lacking the funds. Additionally, leaders of developing nations have historically considered it the responsibility of developed countries, which have benefitted most from the pollution and environmental degradation that has led to climate change, to make reparations for this damage by funding adaptation. A liability component, however, has never been built into climate finance under the UNFCCC due to its unacceptability to wealthy nations. Currently this discussion is centered around the concept of "loss and damage", for which the United States, for example, is refusing to accept liability and commit to funding contributions. It is clear, then, that stronger advocacy for climate justice is needed for the international community to arrive at the explicit language needed to secure sufficient adaptation funding for vulnerable developing nations.[7]

6 Kasperson and Kasperson 2001; Roberts and Parks 2007.
7 Financial Times 2016.

1.3 The Paris Agreement: What went in and what was left out?

The Paris deal contains two distinct parts: the"Paris Agreement," and the "Decision" text on how that agreement will come to pass through shorter-term actions. Here we discuss some notable inclusions and exclusions in the Agreement and Decision texts and assess what effects these changes may have on adaptation finance.[8]

Though the Agreement does not completely renege on the pledge of US$100 billion per year by 2020, it omits important specifics. On the topic of adaptation finance for developing countries, the Paris Agreement states: "Developed country Parties shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention."[9] This statement is deliberately vague and refuses to identify both required contributions for specific countries and a timeline for delivery. The reference to the US$100 billion promise at Copenhagen or to any other quantitative target for climate finance is absent from the Paris Agreement, and it is unclear from the original convention drafted in Rio in 1992, how this discrepancy may be clarified. The Agreement only acknowledges that, "Such mobilization of climate finance should represent a progression beyond previous efforts."[10] In other words, the provision of climate funding would presumably and preferably exceed the US$100 billion per year plan.

The "Decision" document that lays out how the Paris Agreement will come into effect, explains that the US$100 billion goal will be maintained "through 2025,"

8 An earlier version of the text of this section appeared in Roberts & Weikmans 2015.
9 UNFCCC 2015, Article 9.1.
10 UNFCCC 2015, Article 9.3.

but only "in the context of meaningful mitigation actions and transparency on implementation."[11] There are no clear indications, however, for how "meaningful" and "transparent" will be measured and judged, leaving open the possibility that funds may be unexpectedly terminated in 2020 if those conditions are not met. This lack of precision in planning language makes it nearly impossible to judge the effectiveness of the existing goals, and sets a poor precedent for new and more ambitious goals to be set in 2025. Furthermore, this plan is weaker than expected by most developing countries who saw the US$100 billion as a floor, to be surpassed immediately upon it being achieved in 2020.

11 UNFCCC 2015 Decision 1/CP.21, Paragraph 53.
12 Hicks et al. 2008.

Another key exclusion from the Paris Agreement is the phrase "new and additional" in reference to climate finance, breaking from two decades of environmental treaty-making. This phrase is important because its inclusion in the UNFCCC and other key texts sought to ensure that funding and assistance for projects outside of climate finance (such as development) would not be reduced or double-counted for climate change contributions. For example, financial flows provided for climate action should not divert international assistance that would have gone for building schools, roads, or hospitals, nor should it be counted in both the original context for the contribution and as climate financing.[12] The Paris Agreement does acknowledge that the provision of climate finance is to be made in continuation of developed countries' existing obligations under the Convention. Such a provision implicitly refers to the "new and additional" criterion, but the loss of that particular phrase from the text of the Agreement can be considered a loss for developing countries. The "new and additional" language has always been problematic, since many funds are commingled and because climate issues need to be mainstreamed into the rest of development work, but the issue needs to be addressed in open negotiations.

One promising inclusion in the Paris Decision text is the encouragement of developed countries to create a climate finance roadmap for 2020 to outline how the US$100 billion per year pledge will be fulfilled.[13] Though this requires serious initiative from developed countries, a prompt and ambitious roadmap could be crucial to laying the groundwork for an effective and transparent program for climate financing being developed at COP22 in Marrakech. Such a program should include developing countries in the roadmapping process and would ideally plan for significant increases in the US$100 billion per year after 2020.

13 See UNFCCC 2015 Decision 1/CP.21, Paragraph 114.

Another shortcoming of the Paris Agreement is its lack of language regarding "innovative" sources for climate finance. Such sources could include taxes on aviation and international shipping fuels (bunker fuels), a levy on international currency transactions, or a global carbon tax. Paris is thus a weakening of previous UNFCCC agreements in which these sources were considered to have significant potential in alleviating some of the existing problems of voluntary contribution in climate finance. These innovative sources could be internationally raised, managed, and spent, and are some of the only tools available to assure that climate funds are indeed additional to earlier foreign assistance or other budgets. They could also ensure that funding is both adequate and relatively predictable. Such innovative sources also have the benefit of being a potential source for increasing public buy-in to the idea of climate finance. If good accountability mechanisms are in place, potentially skeptical individuals will have the advantage of seeing how the

money is being spent, and if the levies are made directly (such as with an aviation or financial transfer levy), there is the potential that at least some fee payers would be interested enough to become better informed and active participants in climate campaigns in the future. Finally, such sources could make climate funding much more sustainable politically, since the money should not have to flow through national governments. In excluding such promising tools for climate finance, the Paris Agreement raises important concerns about the accumulation of sufficient funds for climate adaptation.

Finally, the Paris Agreement can also be considered significant for climate finance in that it includes the goal of "Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development."[14] While this provision is arguably relatively vague and is not accompanied by a timeline, it firmly shows the direction toward "shifting the trillions" of investments made each year in infrastructure away from high risk, high carbon infrastructure towards low risk, low carbon and resilient infrastructure options.

14 UNFCCC 2015, Article 2.1(c).

1.4 Measuring, Reporting, and Verifying Climate Finance

Beyond having a plan for climate finance, it is critical to have transparent mechanisms for adequately measuring, reporting, and verifying financial flows. The Paris Agreement spreads the responsibility for setting up such mechanisms over three bodies: the Ad Hoc Working Group on the Paris Agreement (APA), the Subsidiary Body for Scientific and Technological Advice (SBSTA), and the Subsidiary Body for Implementation (SBI). These bodies will respectively work on the transparency framework, create "modalities" for climate finance accounting, and assess what developed nations must include in their Biennial Reports to the UNFCCC in terms of their future financing projections.

Focusing on mechanisms for climate finance, the Paris Decision text calls for the development under the UNFCCC of "modalities" to account for financial resources provided to developing countries.[15] It is a step forward that such modalities were slated in the Decision text to be considered by negotiators in November 2018. Such a decision is long overdue: observers have for many years called for a robust accounting and reporting framework of climate finance under the UNFCCC, which is the only globally legitimate forum for such a framework to be developed. However, in agreeing to postpone to 2018 the formal consideration of such a framework, Parties implicitly accept that we will continue to live in an uncertain arena for climate finance for the next three years, at least. And "considering" proposed modalities in 2018 does not set a firm deadline for their resolution.

15 See UNFCCC 2015, Decision 1/CP.21, Paragraph 57.

This issue will be discussed in depth in Chapter 2 of this report. However, it is important to note here as it adds a crucial element to our overall assessment of Paris. As revealed in our 2015 AdaptationWatch report, adaptation funding is not nearly as robust and transparent as many nations would have us believe, and such manipulation of the facts fatally undermines many developing nations' abilities to adapt to climate change.

1.5 Financing Just Futures

The Paris Agreement's plan for climate finance is not quite as dire as it may seem. On a positive note, the Agreement "encourages" Parties not formally defined as developed countries under the UN Climate Convention to provide climate finance voluntarily.[16] Though this does not seem like a drastic change in policy, it is actually significant. These changes reflect important shifts in the global economy over the past 20 years. Now, other high- or middle- income countries, such as China, South Korea, Mexico and Kuwait, are encouraged to help poorer countries in their efforts to curb emissions and to build climate resilient societies. China has already made such an effort, pledging US$3.1 billion to climate efforts in developing countries to be delivered through South-South financing.

In addition, the need for public and grant-based resources for adaptation is recognized in the Paris Agreement.[17] This addresses the issue that climate adaptation funding is often difficult to come by, especially from private sources. An important caveat, however, is that without a clear quantified target and means to assess and ensure national contributions to meeting it, such a provision is likely just empty talk.

The growing impacts of climate change over the coming years will influence the effectiveness of climate financing plans. For instance, the decision to set a new collective target by 2025 from a floor of US$100 billion per year[18] may quickly be made obsolete or insufficient by the next ten years of stronger climate impacts. On the mitigation side, staying under the aspirational goal of 1.5 degrees Celsius is certain to require far more funding than current budgets suggest. Trillions of dollars will have to be shifted away from carbon intensive and climate vulnerable investments in the coming decades and toward a new low carbon and resilient economy to even come close to this goal.

For the poorest and most vulnerable countries, climate finance is key to securing a safer and more just future. To hold developed countries accountable for their responsibility in helping those countries fight climate change, a robust accounting and reporting framework under the UNFCCC is paramount. This need will be detailed in Chapter 2. There is also a dire need to have burden-sharing arrangements between developed countries to assure the provision of adequate and predictable climate finance, another central demand of developing nations and of some developed countries that has been reiterated again and again over the years. If there is no appetite or ability to provide national-level targets for finance, then innovative international sources of climate finance are all the more critical.

In the current climate finance accounting and reporting landscape, each developed country has an interest in maximizing its claimed contribution while putting up the least cash possible, including through non-transparent and "creative" accounting, and in putting the burden on other developed countries to deliver on their joint financial commitments. These questionable accounting practices must become a thing of the past. The next few years will be crucial in redressing this "non-system" of climate finance reporting. The Paris Agreement offers several opportunities for the necessary changes to happen, but we need to take them.

16 UNFCCC 2015, Article 9.2.
17 UNFCCC 2015, Article 9.4.
18 UNFCCC 2015 Decision 1/CP.21, paragraph 53.

1.6 The Transparency Gap

The following chapters will elucidate the intricacies of the current state of climate finance and what has changed in the Paris Agreement. Chapter 2 will focus on accounting modalities for climate finance, analyzing the policies that have organized our systems of finance thus far and identifying gaps that still exist. The third chapter then breaks down the text of the Paris Agreement and assesses the often vague language that is used to set standards for transparency. It then goes on to discuss the issue of support for transparency, as many of the transparency frameworks set up by Paris will require significant resources on the part of developed countries.

Chapter 4 brings to light original research analyzing climate finance transparency in the first and second Biennial Reports of 24 developed countries. This chapter finds that transparency is at best stagnating, and more likely in decline. Broadly, our results are surprising given the normative strength of the commitment to climate finance transparency within the UNFCCC. This suggests that while transparency has been a central rhetorical feature of the UNFCCC negotiation process, climate finance transparency is incompletely realized in practice, and structural transparency deficits exist that persist from year to year.

Chapter 2

Accounting Modalities for Climate Finance

Romain Weikmans, Timmons Roberts,
Martin Stadelmann and AdaptationWatch

2.1 Introduction

This chapter focuses on the inconsistency, vagueness, and tension that plague climate adaptation finance. Though there is an urgent need for clear and well-defined accounting modalities for accounting for climate finance (what counts as climate finance, how to count it, etc.), the UNFCCC is yet to settle on such modalities. The main difficulty stemming from this gap is that reporting has been non-transparent and incomplete, so it is impossible to compare contributions to adaptation by developed countries. This leads to contrasting statements on the fulfilment of developed countries' financial promises and erodes trust between Parties in the negotiations. It also deeply complicates the identification of areas where additional climate finance is needed but not being received. We outline necessary components for effective financing modalities, and conclude that the UNFCCC must outline a timeline and work programme as soon as possible to seize this opportunity to fill a major gap in accountability.[19]

19 Part of this chapter appeared in Weikmans et al. 2016.

2.2 Bottom-up Financing

Six years prior to Paris, the 15th Conference of the Parties in Copenhagen resulted in an unprecedented commitment by developed countries to provide funds to help developing countries mitigate their greenhouse gas emissions and adapt to the adverse effects of climate change. Developed countries promised to provide "new and additional" financial resources approaching US$30 billion during 2010-2012 with balanced allocation between mitigation and adaptation (a short-term commitment known as "Fast-Start Finance"). They also pledged to jointly mobilize US$100 billion per year by 2020 to address the needs of developing countries.[20]

The Copenhagen climate finance commitments have been largely celebrated, with some commentators[21] even comparing them to current official development assistance (ODA) flows in volume, which totalled more than US$135 billion in 2014.[22] These comparisons are not perfect, however, and, while ODA only comprises public flows, the US$100 billion commitment included the mobilization of both public and private finance, without any precision regarding the respective proportions of each.[23]

Copenhagen also left other climate finance parameters vague. Indeed, while the allocation of the Fast-Start Finance was also supposed to be "balanced between adaptation and mitigation,"[24] the term "balanced allocation" was never defined. In addition, there was no agreement on what the "significant portion" of "new multilateral funding for adaptation" would be that should flow through the Green Climate Fund.[25] Similarly, it was agreed that adaptation funding was to be prioritized to the "most vulnerable developing countries, such as the Least Developed Countries, Small Island Developing States and Africa"[26] but it was unclear how to prioritize between them and how to determine which other countries might classify as "most vulnerable."

The absence of precision on each of these issues reflects the lack of consensus under the UNFCCC – both between developed and developing countries and within each of these groups – on key parameters of climate finance.

20 UNFCCC 2009, paragraph 8.
21 E.g. Keohane & Victor 2011; Pickering et al. 2015a.
22 OECD 2015a.
23 UNFCCC 2009, paragraph 8.
24 Ibid.
25 Ibid.
26 Ibid.

This has left considerable discretion to developed countries in the implementation of their climate finance commitments. This has led to a diversity of approaches, as can be observed in their Second Biennial Reports that were to be submitted to the UNFCCC Secretariat by January 1st, 2016. For example, as we revealed in the AdaptationWatch Transparency Gap report in 2015, while some developed countries like Australia or Denmark provided climate finance exclusively in the forms of grants, other countries mainly provided their climate finance through loans, guarantees, equity and export credits. The allocation of climate finance also largely varies regionally from one contributor to another. For example, Australia strongly focuses on Pacific islands, Japan mainly concentrates its climate finance on Asian countries.

This self-determined approach (where contributor countries got to decide what they would count as climate finance) has had important implications. In development aid – which also has many similar features – it is often argued that a bottom-up (nationally-determined) approach brings flexibility and innovation to development finance. Such an approach suits well with the many motivations for providing ODA, and with the diverse willingness and capabilities to contribute to development finance efforts.[27] The same could probably be said about climate finance, but to the best of our knowledge we are yet to see evidence of the advantage of the current system of climate finance delivery.

Alternatively, the bottom-up approach to climate finance has created a particularly complex and fragmented climate finance landscape.[28] There are currently at least 99 different climate funds for mitigation and adaptation,[29] and even more finance flowing through non-specific channels, such as those established for other forms of foreign aid. The governance of this financing is largely decentralized and poorly coordinated,[30] which makes double-counting of finance contributions more likely.[31]

A bottom-up approach to climate finance is also probably associated with overall smaller contributions to climate finance.[32] This is especially a problem for those who consider climate finance as a tool for international justice, or as a kind of compensation for the disproportionate responsibility of some countries in causing climate change.[33] (That is the understanding expressed in fundamental UNFCCC texts.) Transparency in climate finance can reduce some of the shortcomings of a fragmented system.[34] Some recent decisions pose significant barriers to climate finance transparency, which we examine in the next section.

27 E.g. Severino & Charnoz 2005.
28 Climate Policy Initiative 2015.
29 OECD 2015b.
30 UNFCCC SCF 2014.
31 Greene 2004.
32 Pickering et al. 2015b.
33 E.g. Barrett 2012; Ciplet et al. 2013.
34 Forstater 2012; Adaptation-Watch 2015; Pickering et al. 2015b.

2.3 Complexities in Climate Finance

For many years, developed countries have committed to reporting the climate finance they provided to developing countries to the UNFCCC Secretariat.[35] The current climate finance reporting guidelines for Annex II (contributor) Parties were decided in 2011 in Durban and in 2012 in Doha. With the Paris Agreement these guidelines will change, but it is important to understand what the new guidelines will build upon, and what issues exist in the current system.

Compared to previous reporting guidelines under the UNFCCC, the comprehensiveness and transparency of those reporting requirements were considerably improved. Previously, developed countries only reported on climate

35 E.g. UNFCCC 1999 Decision 4/CP.5; UNFCCC 2011 Decision 2/CP.17; UNFCCC 2012 Decision 19/CP.18.

36 UNFCCC 2011 Decision 2/CP.17.
37 UNFCCC 2012 Decision 19/CP.18.
38 Weikmans & Roberts 2015.
39 AdaptationWatch 2015

finance through their National Communications, submitted every four years to the Convention Secretariat. The 2011 Durban and 2012 Doha guidelines[36] required Annex II Parties to report on climate finance both in their National Communications and in their Biennial Reports, the latter submitted every two years. Also, since 2012 Annex II Parties are required to report to the UNFCCC using a standard format known as the "common tabular format,"[37] making comparisons across countries somewhat easier.

Despite recent progress on reporting guidelines, current UNFCCC decisions still leave us with an inadequate accounting framework for climate finance. Most fundamentally, nearly seven years after Copenhagen, the question of "what counts" as climate finance is still not internationally agreed upon.

Negotiators have still not determined a baseline for newness and additionality of contributions. With the disappearance of this phrase from the Paris text, such a baseline is even more crucial. This lack is particularly problematic: if we compare this with mitigation policy, for example, this would be like the European Union or the United States committing to reduce its emissions by 30 per cent by 2020, without indicating if this percentage was below 1990 or 2005 levels, which gases were included in their pledge, and which measurement methods were going to be used. A climate finance pledge is almost meaningless without such clarifications.[38]

In all, the guidelines leave extreme discretion to developed countries regarding climate finance accounting. Currently, each developed country can decide what it counts as climate finance and why its climate finance can be considered "new and additional." As the next section will explore in more detail, this has led to a wide variety of accounting practices. Such a variety of accounting practices is not inherently a problem but it makes it nearly impossible to compare developed countries' contributions and assess their fulfillment of finance promises. The greater problem lies in the fact that many developed countries have so far failed to be transparent and complete in their reporting to the UNFCCC on the methodologies that they used to account for climate finance.

Accounting methodologies used by some countries have changed over time, making any assessment of trends in the provision of climate finance extremely difficult. Similarly, climate finance figures contained in a given developed country's National Communications are sometimes inconsistent with the figures provided in its Biennial Reports.[39] This makes it impossible to track climate financing across nations and complicates the assessment of gaps in adaptation funding in developing countries.

2.4 Bilateral Public Flows and the Rio Marker Methodology

So far, most developed countries have relied heavily, though not exclusively, on data collected using the OECD DAC Rio marker methodology to report to the UNFCCC Secretariat on their financial commitments towards developing countries. However, this methodology was not originally designed to monitor financial pledges. Instead, it was intended to produce descriptive data to track the mainstreaming of Rio Conventions' considerations into development cooperation practices. The OECD's Creditor Reporting System upon which the Rio Marker

40 Tierney et al. 2011.
41 See e.g. OECD 2012, 62.
42 OECD 2012, 62.
43 Weikmans & Roberts 2016.
44 OECD 2012, 62.

system was built was itself constructed to allow donor countries keep each other accountable in meeting their pledges for aid.[40] Here we explore the limits of the Rio marker methodology to accurately monitor the fulfilment of climate finance pledges. Some of these limits have been partly recognized by a number of developed countries, which have gone on to modify the methodology for their own financial reporting to the Convention. The result of this is a variety of poorly harmonized accounting and reporting practices of climate finance to the UNFCCC.

Since 1998, OECD DAC countries have used a scoring system for bilateral projects, in which projects are "marked" as either targeting climate change mitigation as its "principal" objective or as a "significant" objective, or as not targeting the objective. This was called the "Rio Marker" system, since it grew out of the desire to document progress towards meeting the pledges made in Rio de Janeiro at the 1992 UN Conference on Environment and Development. The climate change adaptation marker – which uses the same system – was only introduced in 2009, and the first data on this marker became available in March 2012, for 2010 flows. Generally, projects marked as having mitigation or adaptation as their "principal" objective would not have been funded but for that objective; projects marked "significant" have other primary objectives but have been formulated or adjusted to help meet mitigation or adaptation concerns, or may do so by chance.

The Rio marker system exclusively relies on developed countries' self-reporting. The data are then collected, double-checked and made available online by the DAC Secretariat. Furthermore, while constituting the basis of most developed countries' reporting to the UNFCCC, these numbers do not equal the climate finance figures that those countries actually report to the UNFCCC.

Notably, the OECD DAC has called for care in using the Rio Marker data for reporting on climate financial support to developing countries.[41] In particular, they have highlighted two of the main weaknesses of the methodology in this regard: (i) "the Rio markers do not allow the identification of 'new and additional resources' as stipulated in the [Rio] Conventions"; and (ii) "(...) [even if] the marker data are quite well-suited for describing individual donors' various activities (…), a problem arises from the moment donor reports are summarized and compared to one another, or when the data are used for pledge-monitoring purposes."[42]

The Rio marker methodology also lacks several other features that would make it a relevant indicator for monitoring pledges.[43] First, this system allows for an aid project to be marked as targeting several Rio markers. While there is certainly overlap between the objectives of different Rio Conventions, the situation is problematic when the same aid project is marked as "principally" targeting more than one of the four Rio markers. In those cases, the use of the Rio marker methodology for financial accounting can result in double-, triple- or even quadruple-counting towards different financial pledges made under the three Rio Conventions, which "seems inappropriate" according to the DAC Secretariat, and does not allow for an accurate assessment of contributions.[44]

The Rio marker methodology also lacks granularity. When an aid project is marked as "principally" or "significantly" targeting mitigation or adaptation, the whole cost of the project is considered to be mitigation or adaptation related, though only a component of the project may actually target a mitigation or

adaptation objective. In addition, the Rio markers are only applicable to bilateral ODA commitments; data on climate-related disbursements are not available in DAC statistics. Consequently, there is no way to know whether an intended aid project has actually been carried out.

Several studies[45] have called into question the quality of the "mitigation" and "adaptation" Rio markers data. They largely highlight that the current reporting system – which exclusively depends on developed countries' self-reporting – is prone to huge overestimations. In last year's AdaptationWatch report, for example, we re-evaluated 5,201 projects that countries reported as "adaptation related" to the OECD for 2012 (that is, if they had adaptation as a principal or significant objective). Developed countries claimed that US$ 10.1 billion of bilateral development aid that year was "adaptation related", with US$ 2.68 billion "explicitly targeting adaptation as a principal objective." However, we found that only US$ 2.34 billion appears to be truly adaptation related, and only US$ 1.2 billion targeted adaptation as a "principal objective." Though we only described the level of the discrepancy, we and others have argued that human errors, the OECD DAC's broad definitions of adaptation, political incentives to miscategorize, and lack of clarity about what activities constitute "adaptation" are likely all to blame.[46]

Many critiques leveled by those studies against the quality of the Rio marker data have also been acknowledged by the DAC Secretariat[47] and by several DAC members.[48] The Rio marker system has always had problems with different DAC member countries using different staff, in different positions and disparate methods to categorize projects.[49] For its part, the UNFCCC Standing Committee on Finance recently observed that, "There is scope for interpretation in how the markers are applied. This provides flexibility, but can lead to non-comparable data submissions from donors."[50]

Efforts to modify the Rio marker methodology toward a quantitative rather than a descriptive approach have been underway for several years,[51] but have still not been nailed down. These efforts are informed by those of several multilateral development banks, which have elaborated their own methodology to track climate finance. Following a recommendation made by AdaptationWatch and other observers,[52] the DAC has recently (14 April 2016) updated its guidance for applying the Rio marker "adaptation" by recommending as a "best practice" that DAC members use the so-called "three-step approach" elaborated and used by a group of multilateral development banks to justify for a "principal score", signifying that a project has climate change as its principal objective.[53] A change in the Rio marker methodology to take into account the "newness and additionality" of financial contributions, however, seems to be explicitly rejected by the DAC.[54]

As a new innovation, the OECD also increasingly collects project-level data for climate finance of Multilateral Development Banks (MDBs) and publishes the main results along bilateral flows.[55] This MDB data is mostly consistent with the joint reporting of the MDBs on climate finance but not necessarily with Rio Marker data, as MDBs use different definitions (see also 2.7 below).

45 E.g., Michaelowa & Michaelowa 2011; Junghans & Harmeling 2012; Oxfam 2012; AdaptationWatch 2015; Weikmans & Roberts 2015; Roberts et al. (forthcoming).
46 Junghans & Harmeling 2012; Michaelowa & Michaelowa 2011; Oxfam 2012; AdaptationWatch 2015; Weikmans & Roberts 2016.
47 E.g. OECD 2013a for the "adaptation marker."
48 E.g. for Sweden, see Wingqvist et al. 2011; for Finland and Switzerland, see OECD 2012, 66; for Belgium, see ADE 2013, 23-24; for Austria, see Ledant 2016, 66-69.
49 Confidential interviews 2015.
50 UNFCCC SCF 2014.
51 See OECD 2013b, p. 10.
52 See AdaptationWatch 2015.
53 OECD 2016, 58.
54 See OECD 2013b, 10.
55 OECD 2015c.

2.5 Reporting to the UNFCCC on Bilateral Flows by Annex II Countries

56 OECD-CPI 2015, 49.
57 OECD-CPI 2015, 32.
58 Norway 2015, 59.
59 United States 2016, 46.

As we reported above, most developed countries base their financial reporting to the UNFCCC on the data that they collect with the Rio marker methodology,[56] but most have modified it in different ways to overcome its many problems. The result is a variety of poorly harmonized monitoring and reporting practices. One way countries have altered the methodology is to use coefficients to scale down the volume of finance for projects categorized as having climate change only as a "significant" (and not "primary") objective. These weighting coefficients, however, differ across DAC members and range from 0 to 100 per cent (see table 1). This is plainly problematic, and as the OECD acknowledges "there has been limited transparency regarding these practices to date."[57]

As stated earlier, current accounting practices impede meaningful comparisons between the financial effort of each developed country. One notable example is that Annex II Parties – with the exception of Germany which provides budgetary effort figures – account for all their financial instruments at cash face value. This inflates reported figures of those contributors who distribute mainly loans in their portfolio, in comparison with countries that mainly provide their climate finance in grants. This situation is exacerbated by the absence of a definition of "concessionality" under the UNFCCC, as developed countries can indeed decide to count loans to developing countries at market rates as part of their climate finance, which is clearly not what developing countries expected from the Copenhagen pledges.

In addition, in the absence of an internationally agreed upon definition of the terms "new and additional," each country can use its own definition. These range from recognizing that "climate financing should be additional to the international development aid goal of 0.7% of gross national income"[58] to stating with regard to additionality that "since ratifying the UNFCCC in 1992, United States international climate finance increased from virtually zero to around $2.7 billion per year in fiscal years 2013 and 2014."[59] Most definitions provided by developed countries are ambiguous.

Table 1 Diversity of approaches in accounting and reporting to the UNFCCC for bilateral public climate finance (2013-14)

	COVERAGE			POINT OF MEASUREMENT		QUANTIFICATION			FORMAT OF DATA	
	ODA	OOF	PRIVATE CLIMATE FINANCE	COMMITMENTS	DISBURSEMENTS	COMPONENT APPROACH	COEFFICIENT ON RIO MARKER "PRINCIPAL"	COEFFICIENT ON RIO MARKER "SIGNIFICANT"	PROJECT LEVEL	AGGREGATES OR SEMI-AGGREGATES
Australia	×	×	×		×	×	100%	30%[a]		×
Austria	×	×		×			100%	50%		×
Belgium	×	×			×		Range of Coefficients		×	
Canada	×				×		100%	–[b]		×
Denmark	×			×	×		100%	100%	×	
EU Institutions	×	×		×			100%	50%		×
Finland	×				×		Range of Coefficients			×
France	×	×		×		×	100%	40%	×	
Germany	×	×		×	×		100%	50%	×	×
Greece	×				×		100%	100%	×	
Iceland	×			×			100%	100%		×
Ireland	×				×		100%	50%		×
Italy	×	×		×	×		100%	40%		×
Japan	×	×	×	–[c]	–[d]		100%	100%		×
Luxembourg	×	×			×		100%	100%		×
Netherlands	×				×		100%	40%		×
New Zealand	×				×		100%	30%		×
Norway	×				×		100%	100%		×
Portugal	×	×		×			100%	0%		×
Spain	×	×			×		100%	20–40%[f]	×	×
Sweden	×			×	×		100%	40%	×	
Switzerland	×				×		51–100%	1–50%		×
United Kingdom	×				×	×	Uses another methodology for its reporting to the UNFCCC		×	×
United States	×			×			Uses another methodology for its reporting to the UNFCCC			×

Source: Modified from OECD-CPI (2015, p. 43; pp. 45-46) (based on responses to OECD survey on expected reporting by Annex II Parties in their Second Biennial Reports), with additions from our screening of Annex II Parties' Second Biennial Reports that were to be submitted to the UNFCCC Secretariat by January 2016.
Notes: [a]Where climate change is a significant objective, project-by-project assessment is undertaken to determine the climate change component, and that component is counted as climate support. Where it is not possible to disaggregate the climate change component, Australia uses a 30% coefficient of the "significant" portfolio; [b]"Significant" activities are screened and the most climate-relevant are counted; [c]For loans and grants; [d]For technical assistance; [e]Default, unless an activity-specific coefficient is available; [f]Activities targeting climate mitigation or adaptation as a significant objective (only) are accounted as 20% and operations targeting both mitigation and adaptation as a significant objective are accounted as 40%.

Table 1 shows other differing practices between Annex II Parties with regard to a number of important accounting and reporting parameters. While some countries only report climate finance that meets the ODA criteria, others also account for other official flows (OOF) – i.e. non-concessional developmental flows such as non-concessional loans, equity or guarantees. Additionally, while some countries report "committed" climate finance in their Second Biennial Reports, others report figures on their climate finance disbursements. For those countries using mostly grants, the difference between committed and disbursed funding would not significantly change their climate finance numbers, but for developed countries with large multi-year loans, significant differences and fluctuations could occur between yearly commitments and disbursements.[60]

Only some countries account for finance based on the portion of an aid project that is relevant to climate finance, known as component-level finance accounting. Furthermore, only 8 out of 24 Annex II Parties report their climate finance data at the project level; all other developed countries only report aggregates or semi-aggregates (e.g. figures for world regions or countries). This is despite the fact that international experience in tracking development aid suggests that individual project-level data are crucial for improving effectiveness and coordination among contributors, recipients, implementing agencies, and civil society (see also Chapter 4).[61] These data are also important for allowing watchdog groups and citizens in recipient nations to hold decision makers accountable for the climate funds they receive.[62]

Another complication makes multi-year comparisons almost impossible: many countries have changed their climate finance accounting and reporting methodologies between their First and their Second Biennial Reports. A rise in contributions between the reports, therefore, could be due to either actual increases in climate finance or changes in their methodology of accounting. Details obtained from some developed countries make it clear that such methodological changes can play an important role in the observed rise in bilateral climate finance.[63]

60 See OECD-CPI 2015, 31.
61 Tierney et al. 2011.
62 AdaptationWatch 2015.
63 Confidential interviews 2015.

2.6 Multilateral Public Flows

For Annex II Parties, obtaining data on climate-related contributions flowing through multilateral agencies is crucial for the reporting of multilateral climate-specific funding in Biennial Reports. Reporting on contributions made to multilateral climate change funds (such as the Least Developed Countries Fund or the Adaptation Fund of the Kyoto Protocol) is relatively straightforward. However, estimating the climate-specific share of core contributions made to multilateral institutions is far more complex. So far, developed countries have adopted a variety of approaches in this regard, which again impede meaningful comparisons between their performances.[64]

Since 2012, the seven biggest multilateral development banks, joined in 2015 by the 20 members of the International Development Finance Club, have been using a new methodology for their climate finance tracking.[65] The multilateral development banks' tracking methodology is interesting to look at as it is arguably more rigorous and granular compared to the Rio marker approach. The

64 UNFCCC SCF 2014; OECD-CPI 2015.
65 See MDB 2015a.

two methodologies have similarities (e.g. comparable definitions of mitigation/adaptation and application of the method at the level of commitments of projects) but differ in some crucial aspects.[66]

For adaptation finance tracking, the group of multilateral development banks laid out a "three-step approach", consisting of the following steps: (i) setting out the context of risks, vulnerabilities and impacts related to climate variability and climate change a project or program seeks to address; (ii) stating the intent to address the identified risks, vulnerabilities and impacts in project documentation; and (iii) demonstrating a direct link between the identified risks, vulnerabilities and impacts, and the actual activities financed by that project or program.[67] This requires more documentation and analysis, compared to the Rio Marker methodology, before a project can be deemed as addressing adaptation.

Additionally, rather than reporting an entire project as "climate relevant," only components, sub-components, elements or proportions of projects can be reported as "climate finance" in the multilateral development banks' methodology. This can lead to huge differences. For example, when screening a climate-proofed infrastructure project, the three-step methodology would only measure the incremental cost of adaptation within the project, while the full value of the project would be counted under the Rio marker methodology. There is however limited transparency associated with the multilateral development banks' climate finance reporting as the data are currently not released at the project level; only aggregates or semi-aggregates of climate finance are available publically.[68]

66 For a detailed analysis, see OECD 2013c.
67 MDB 2015a.
68 Ibid.

2.7 Private Flows Mobilized through Public Interventions

Repeated statements from developed country officials and high-level experts state that most climate finance will have to come from private sources, as the private economy moves trillions of dollars in investments that set the energy consumption and climate resilience patterns for communities and nations.[69] However, there is no agreement under the UNFCCC on what should count as "mobilized private finance" toward meeting the US$ 100 billion goal. So far, most developed countries have not reported on private climate finance to the UNFCCC Secretariat.

Some countries have very recently started assessing the private finance that they mobilize through their public interventions.[70] However, the methodologies used are very preliminary and differ from one country to another. In addition, some bilateral development finance institutions have elaborated their own accounting methodology;[71] complementing similar efforts made by multilateral development banks.[72] The OECD DAC Secretariat is also currently coordinating major research efforts on the tracking of private climate finance. These diverse and preliminary practices do not allow observers to meaningfully assess the current levels of private finance, let alone to compare each developed country's performance in mobilizing private climate finance. It is crucial that methodologies are solidified soon, as the developed Parties increasingly plan to rely upon private finance for adaptation support.

69 E.g. Green Growth Alliance 2014; Global Commission on the Economy and Climate 2014.
70 Ibid. See also Stadelmann et al. 2013.
71 Stumhofer et al. 2015.
72 MDB 2015b.

2.8 Changes Going Forward

It is clear that the UNFCCC has much work ahead regarding accounting modalities for climate finance reporting. In the development of new, standardized and consistent accounting modalities, we stress that a strict delineation be made between the accounting of financial resources (i) "provided" and (ii) "mobilized through public interventions." These two types of financial flows are indeed of very different nature: while "provided financial resources" represents an input indicator (measuring the financial effort made by contributor countries through the provision of public finance), "financial resources mobilized through public interventions" corresponds to an output indicator (private finance mobilized in developing countries through public finance provided by contributor countries).[73] Below we elaborate upon the necessary changes that must be made for each type of financial flow.

73 Weikmans and Roberts 2016.
74 This section is based on Stadelmann et al. 2010. See that piece and Stadelmann et al. 2011 for further detail on these points.

2.8.1 "Provided" financial resources

1. **Common definition of a baseline**[74]
   To allow meaningful comparison between the financial effort of each developed country in the provision of climate finance, it is necessary to define a common baseline against which to measure the financial effort of developed countries. There are eight options for such a baseline (see Figure 1 and Table 2). We consider baseline options 7 and 8 most worth pursuing because they steer clear of the extremes of being too overbearing or too loophole-ridden. Mostly, we must change the current path of having no baseline.

Figure 1 Continuum of options for establishing a baseline against which increases in climate finance can be assessed

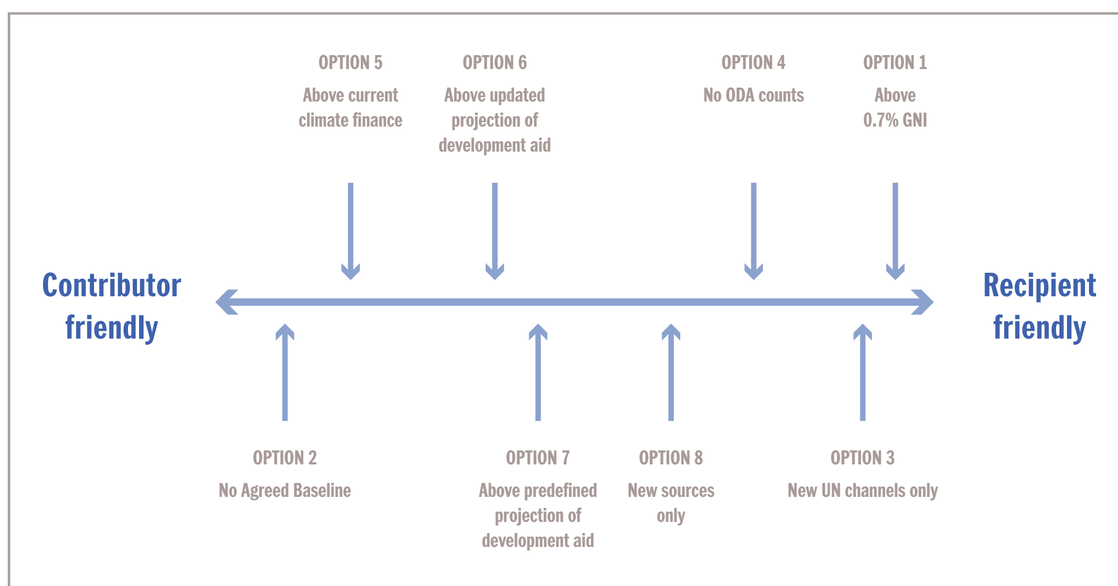

Table 2 Eight options for a baseline for climate finance

OPTION	ADVANTAGES	DISADVANTAGES
1. ABOVE 0.7% OF GNI	– Objective criterion – Based on past ODA pledges	– No pressure on countries above the threshold – Countries very far from the threshold (e.g. the US) likely to ignore the criterion *Too directive?*
2. NO AGREED BASELINE	– Acceptable for most contributors	– No comparability of commitments and disbursements – Even low pledges can be labelled as major – Front-runners do not get recognition *Vacuous*
3. NEW UN CHANNELS ONLY	– Objective criterion – Proportion of contributors vs recipients on UN boards is about equal	– Existing mechanisms may be more suited for certain purposes – Diversion of ODA still possible – Contributors provide only token contributions *Too directive*
4. NO ODA COUNTS	– Objective criterion – Relabeling of aid as 'climate finance' is avoided	– Likely unacceptable for most contributors – Old ODA funding sources may still be used *Too directive*
5. ABOVE CURRENT CLIMATE FINANCE	– Acceptable for contributors	– Diversion of ODA still possible – Required controversial decisions on whether projects are climate related *Vacuous*
6. ABOVE UPDATED PROJECTION OF DEVELOPMENT AID	– Technically correct definition	– Hypothetical, very difficult to assess, very contested – Diversion of ODA still possible *Vacuous*
7. ABOVE PREDEFINED PROJECTION OF DEVELOPMENT AID	– Objective criterion after being defined – Predictability of funds	– Definition of baseline will be contested – Diversion of ODA still possible but not likely *Workable short-term option*
8. NEW SOURCES ONLY	– Newness appears guaranteed – Additionality likely	– Contributors are restricted in their choice of instruments and may reduce funding – Not clearly objective in some cases *Workable long-term option?*

2. **Flows should be consistently reported in grant equivalent**

To overcome this problem, discussed earlier, of those nations providing predominantly loans having inflated climate finance figure, it is necessary that developed country Parties report the climate finance that they provide to developing countries in grant equivalent. UNFCCC negotiators need to agree on a common methodology to calculate the grant equivalent of loans and other financial instruments.

2.8.2 Both "provided" and "mobilized through public interventions" financial resources

1. **Granularity**

The whole cost of a project or programme cannot be reported as "climate finance" if only a component of this project or programme targets mitigation or adaptation. Only those components, sub-components, elements or proportions of projects that target mitigation or adaptation can be reported as "climate finance".

2. **Categorization as "climate finance" and control on self-reporting**

Control on developed country Parties' self-reporting could be achieved through triple validation, that is, a type of project can be approved as counting as climate finance: (i) proposed categorization by the contributing country (for bilateral climate finance) or by the multilateral institution (for multilateral climate finance); (ii) validation by the beneficiary country; and (iii) validation by an international committee under the authority of the COP. In addition, UNFCCC negotiators could agree on the exclusion of some intervention types (for example, support to so-called "high efficiency" coal plants).

3. **Information needs to be provided at the project-level by all contributors**

Aggregate financial contribution information prevents the accurate assessment of the funding going toward adaptation. We can learn more and improve effectiveness and efficiency in financing with data at the project level.

4. **Agreement on what information should be supplied for each project**

This information should build upon the International Aid Transparency Initiative (IATI) standard, and include georeferencing to the best precision possible, so that projects can be mapped and coordinated by location. We suggest that a given project cannot be validated and reported as climate finance if required details are not provided regarding that given project.

2.9 Conclusion

In conclusion, there is a great need for urgent change. Almost a quarter of a century into climate change negotiations, we still lack an adequate system for defining, categorizing and tracking international climate change finance. At virtually all milestones in climate talks, promises of funding have been critical in breaking impasses: in Rio de Janeiro in 1992, in Kyoto in 1997, Marrakesh in 2001, Copenhagen in 2009 and Paris in 2015. Each time, the construction of systems to ensure real transparency in funding delivery has been neglected or avoided, and opportunities for inclusivity and trust-building have been missed. The absence of modalities to account for climate finance considerably impede the effective functioning of the nationally-determined approach to climate finance under the UNFCCC.

For climate finance to be politically sustainable, transparent and mutually-agreed systems for accounting and tracking flows are fundamental.[75] To develop a credible system, it is crucial that a timeline and work programme be agreed on as soon as possible. A notable development took place in December 2015 during Paris COP 21: the Decision text calls for the development under the UNFCCC of "modalities for the accounting of financial resources provided and mobilized through public interventions."[76] Such modalities are supposed to be "considered" in December 2018 and could lead to the adoption of a recommendation by the COP.[77] These issues will be explored further in Chapter 3. The complexities that lie ahead of negotiators in the elaboration of accounting modalities for climate finance cannot be overstated.

75 Roberts & Weikmans 2015.
76 UNFCCC 2015 Decision 1/CP.21, paragraph 57.
77 Ibid.

Chapter 3

Transparency of Support and Support for Transparency: Taking Stock of Paris and Moving Ahead

Romain Weikmans, Timmons Roberts,
Danielle Falzon, Harro van Asselt and AdaptationWatch

3.1 Introduction

Thus far we have outlined the historical context of climate financing, including the continued lack of accounting modalities clarifying what counts and how accounting should take place. In this chapter we turn to Paris, assessing the different components of the Agreement and the accompanying Decision text to explore the new language on transparency of support and support for transparency. Ultimately, we make recommendations for what is needed to fill the gaps still present in these two areas.[78]

78 Part of this chapter appeared in van Asselt et al. 2016.

3.2 Transparency of Support

The Paris Agreement outlines important steps toward the elaboration of a transparent system of climate finance, but lacks details on how to enable donors and recipients to track support, report its impact, and openly disseminate the findings. Operationalizing this transparency into a standardized, yet differentiated system is the challenge.

Beyond climate action, transparency in international aid has been defined as "the availability and accessibility of aid flow information in a timely, systematic and comparable manner that allows for public participation in government accountability."[79] From this we learn that complete aid transparency requires that donors, donation amounts, project details, and project outcomes must be included in aid reporting, and that this reporting should be accessible to civil society members.

79 Moon & Williamson 2010, 2.

Under the Convention (and now in the Paris Agreement) the transparency of Parties' actions – as well as the finance, technology, and capacity-building support provided by some Parties – is important for several reasons. First, transparency can build trust among Parties by exposing their respective levels of effort to implement the commitments they made in the Agreement. Second, transparency can foster shared understandings by clarifying the information and assumptions related to Parties' commitments, including nationally determined contributions (NDCs). Third, the information generated through the transparency framework can help mobilize domestic support for stronger climate action. This domestic support coupled with international peer-pressure can hold Parties accountable for implementing their actions and increasing their levels of ambition. Finally, transparency and mutual accountability have been agreed to be the cornerstone principles in development cooperation in Paris, Accra and Busan.

One of the key elements of the Paris Agreement is its "enhanced transparency framework," set out in Article 13. Importantly, the enhanced transparency framework of the Paris Agreement departs from previous reporting and review processes under the UNFCCC in that it establishes one framework applicable to all Parties to the Agreement. Nonetheless, it provides for "built-in flexibility which takes into account Parties' different capacities" (Article 13.1). Developed countries were required to report at the highest level, and Least Developed Countries and Small Island Developing States were given an exemption from reporting, but the boundaries and expectations of the middle group of

countries was not fully defined. This means that the design of the transparency framework will raise important questions concerning the differentiation between Parties.

Although the approach to reporting and review may be different under the Paris Agreement, this is not to say the "old" system becomes irrelevant. Past various reporting and review processes have yielded important experience with reporting on climate change action and support, leading to an evolving system for the review of those reports.[80]

80 van Asselt et al. 2015.

The Agreement, along with its accompanying Decision 1/CP.21, contains a fair amount of directives on the design and operation of the transparency framework, but it postpones important decisions – notably on the modalities, procedures, and guidelines for the framework, as detailed in Chapter 2 – to future negotiations, specifically CMA1 is requested to do this job. Article 13 also contains various terms and phrases that will likely be heavily contested between Parties.

3.3 Assessing Paris

Instead of creating clear guidelines by which support can be measured, made transparent, and countries held accountable, the 2015 Paris Climate Conference left most of the development of crucial technical details for later meetings and various working groups. Article 13 of the Paris Agreement deals primarily with transparency in climate finance. Article 13.6 states that the purpose of the framework for transparency of support is to provide clarity on support provided and received by relevant individual Parties (on mitigation, adaptation, finance, technology transfer and capacity building) and to provide a full overview of aggregate financial support provided, in order to inform the global stocktake under Article 14. This provision implies that both the support provided and/or received by Parties and the "aggregate financial support provided" will be considered in the global stocktake. However, it seems that information on support needed will not be considered in the global stocktake.

Importantly, the Paris Agreement differentiates between the reporting responsibilities for developed and developing countries. While developed country Parties shall provide information on financial, technology transfer, and capacity-building support provided, other Parties that provide such support should submit this information.[81] These Parties shall submit information no less frequently than on a biennial basis,[82] something that is not new for developed country Parties. The Agreement also encourages other Parties to report on support provided, though it is uncertain whether China and other "emerging donors" will do so.

81 UNFCCC 2015, Article 13.9.
82 UNFCCC 2015 Decision 1/CP.21, Paragraph 90.
83 UNFCCC 2015, Article 13.10.
84 UNFCCC 2015 Decision 1/CP.21, Paragraph 90.

Developing country Parties, meanwhile, should provide information on financial, technology transfer and capacity-building support received.[83] These Parties shall also submit this information no less frequently than on a biennial basis, except for the Least Developed Country Parties and Small Island Developing States that may submit this information at their discretion.[84] Doing the bulk of this reporting biennially will require significant work, additional support, and capacity building for developing country Parties, as will be discussed in depth later in this chapter. In the recent past, few developing country Parties have reported on what

support they received (and the timing of such reporting was at their discretion). Since LDCs and SIDS (perhaps the countries most needing adaptation support) will still report at their discretion, the picture that will emerge from the reporting system of the Paris Agreement may not be clear or comprehensive.

In another important component of Article 13, Paragraph 13.11 states that only the information submitted by developed country Parties, and other Parties that provide financial, technology transfer, and capacity-building support, shall undergo a technical expert review. Each of these Parties will have to participate in a facilitative, multilateral consideration of progress with respect to these efforts.[85] This language improves existing practice, especially on creating the expectation that developed nation Parties sit in front of other negotiators at a CMA (meeting of the Parties to the Agreement) for a "multilateral consideration." However, the ability of both expert written reviews and those held in person before other countries at CMAs to drive better reporting and further support is uncertain. These reviews might enable NGOs to "name and shame" nations based on their on transparency and contributing their "fair share." Otherwise, the Agreement states that these reviews are "non-intrusive," "non-punitive," "respectful of national sovereignty," and "avoid undue burdens." This could potentially provide a way out for countries with poor records on transparency and support.

Article 13.13 indicates that the CMA shall at its first session adopt common modalities, procedures, and guidelines for the transparency of support, building on experience from the arrangements related to transparency under the Convention. The APA is tasked to develop recommendations for these modalities, procedures, and guidelines for the transparency of support, and to define the year of their first and subsequent review and update.[86] In doing so, the APA is requested in Paragraph 94 (d) to consider inter alia: (1) Support provided, enhancing delivery of support for both adaptation and mitigation through the common tabular formats for reporting support, and taking into accounting issues considered by the Subsidiary Body for Scientific and Technological Advice (SBSTA) on methodologies for reporting on financial information, and (2) enhancing the reporting by developing country Parties on support received, including the use, impact and estimated results thereof.

The "methodologies for reporting on financial information" referred to in Paragraph 94 (d) points to a crucial task devoted to the SBSTA: the development of modalities for the accounting of financial resources provided and mobilized through public interventions.[87] The COP 24, in November 2018, will consider these new modalities and recommend them for consideration and adoption at CMA1.[88] The 2018 timeline for defining what counts as climate finance is an important opportunity for developing countries to finally have input on this crucial question. The outcome of those decisions, however, is highly uncertain, as there will be pressure by developed countries to minimize extra reporting and to not exclude the support they are currently claiming. Thus, there is a risk that at the end of this process we will have a system that is just as problematic as what we currently have.

There are three further points of concern. First, it is not clear whether or not these new accounting modalities will also apply to the financial support received. The accordance of these two pieces of reporting is important to identify discrepancies. Second, there is no specific mandate for work on how to report on non-financial support (i.e., technology transfer and capacity-building) provided

85 UNFCCC 2015, Article 13.11.
86 UNFCCC 2015 Decision 1/CP.21, Paragraph 91.
87 UNFCCC 2015 Decision 1/CP.21, Paragraph 57.
88 Ibid.

and received. Such support is a crucial aspect of building adaptive capacity in developing countries and thus must be tracked effectively. Third, there is no specific mandate for work on how developing countries can report on the use, impact, and estimated results of the support received, something that will help the Convention assess the results of support.

Moving on to Article 9, Article 9.7 states that developed country Parties shall provide information on financial support for developing country Parties provided and mobilized through public interventions biennially in accordance with the guidelines referred to in Article 13.13. Other Parties are only encouraged to do so.[89] This is repetitive of material in other parts of the Paris text (notably article 13). In addition, developed country Parties shall biennially communicate indicative quantitative and qualitative information on financial support, including as available on projected levels of public financial resources to be provided to developing country Parties.[90] Other Parties providing resources are encouraged to communicate biennially such information on a voluntary basis. There are plans to initiate a process to identify the quantitative and qualitative information referred to in Article 9.5 at COP 22, with a view to providing a recommendation for consideration and adoption at CMA 1.

89 UNFCCC 2015, Article 9.7.
90 UNFCCC 2015, Article 9.5.

Although the indefinite inclusion of forward-looking finance projections is new, developed country Parties had been expected to report earlier on how they were going to "scale up" finance to meet the 2020 pledge of jointly mobilizing $100 billion per year. It is important that Marrakech is identified as the key date to begin solidifying the contents of countries' reporting. However, it is unclear what qualitative information is envisioned. The voluntary nature of reporting for developing country contributors is emphasized, so it will be important to identify incentives for countries to provide this information.

Finally, on capacity-building support, Article 11.4 reaffirms that all Parties enhancing the capacity of developing country Parties to implement this Agreement, including through regional, bilateral and multilateral approaches, shall regularly communicate on these actions or measures on capacity-building. However, clarity is still sorely needed in the parameters for building the capacity of developing country research institutes, NGOs, and state agencies to understand and address climate change. This Article in the Agreement does not require such support, it only stipulates that any support that is provided be reported. Furthermore, on technology development and transfer in the Paris Agreement, there is no reaffirmation of the need for reporting outside of Article 13.

Table 3 outlines the persisting issues with sections of the Paris Agreement text that give updated transparency guidelines.

Table 3 Breaking Down the Paris Text on Transparency

Note: The acronym "PA" stands for "Paris Agreement."

	PARIS TEXT ON TRANSPARENCY	ISSUES
PA, Art. 13.6	"The purpose of the framework for transparency of support is to provide clarity on support provided and received by relevant individual Parties in the context of climate change actions under Articles 4, 7, 9, 10 and 11, and, to the extent possible, to provide a full overview of aggregatevtt financial support provided, to inform the global stocktake under Article 14."	It seems that information on support needed will not be considered in the global stocktake.
PA, Art. 13.9	"Developed country Parties shall, and other Parties that provide support should, provide information on financial, technology transfer and capacity-building support provided to developing country Parties under Articles 9, 10 and 11."	It is uncertain whether "emerging donors" will communicate information on the support that they provide, though they are newly encouraged to do so.
PA, Art. 13.10	"Developing country Parties should provide information on financial, technology transfer and capacity-building support needed and received under Articles 9, 10 and 11."	— Reporting on support biennially will require significant resources for developing countries. — LDCs and SIDS can continue to report at their discretion, so reporting may not be comprehensive.
Decision 1/ CP.21, Para. 90	"Also decides that all Parties, except for the LDC Parties and SIDS, shall submit the information referred to in Article 13, paragraphs 7, 8, 9 and 10, of the Agreement, as appropriate, no less frequently than on a biennial basis, and that the LDC Parties and SIDS may submit this information at their discretion."	
PA, Art. 13.11	"Information submitted by each Party under paragraphs 7 and 9 of this Article shall undergo a technical expert review, in accordance with decision 1/CP.21. (...) "	It is uncertain whether these technical expert reviews (which are among others "non-intrusive", "non-punitive" and "respectful of national sovereignty") will drive better reporting and more support.
PA, Art. 13.13	"The Conference of the Parties serving as the meeting of the Parties to this Agreement shall, at its first session, building on experience from the arrangements related to transparency under the Convention, and elaborating on the provisions in this Article, adopt common modalities, procedures and guidelines, as appropriate, for the transparency of action and support."	— The outcome of current discussions on the "methodologies for reporting on financial information" is highly uncertain, and there will be pressure to minimize extra reporting effort by developed countries. — No specific mandate for work on how to report on non-financial support (i.e., technology transfer and capacity-building) provided and received. — No specific mandate for work on how developing countries can report on the use, impact and estimated results of the support received.
Decision 1/ CP.21, Para. 94(d)	"Requests the Ad Hoc Working Group on the Paris Agreement, in developing the modalities, procedures and guidelines referred to in paragraph 91 above, to consider, inter alia: (...) Support provided, enhancing delivery of support for both adaptation and mitigation through, inter alia, the common tabular formats for reporting support, and taking into account issues considered by the Subsidiary Body for Scientific and Technological Advice on methodologies for reporting on financial information, and enhancing the reporting by developing country Parties on support received, including the use, impact and estimated results thereof (...)"	

PA, Art. 9.7	"Developed country Parties shall provide transparent and consistent information on support for developing country Parties provided and mobilized through public interventions biennially in accordance with the modalities, procedures and guidelines to be adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement, at its first session, as stipulated in Article 13, paragraph 13. Other Parties are encouraged to do so."	This is repetitive of material in other parts of the Paris texts.
PA, Art. 9.5	"Developed country Parties shall biennially communicate indicative quantitative and qualitative information related to paragraphs 1 and 3 of this Article, as applicable, 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."	— Developed countries have already been expected to report on how they are going to "scale up" financing to meet existing goals. — Unclear what qualitative information is envisioned. — Voluntariness of reporting is still emphasized.
PA, Art. 11.4	"All Parties enhancing the capacity of developing country Parties to implement this Agreement, including through regional, bilateral and multilateral approaches, shall regularly communicate on these actions or measures on capacity-building. (...)"	— Capacity-building is still an area that needs substantial clarification. — No reaffirmation of transparency on technology development and transfer.

3.4 What is needed?

Significant progress has been made in recent years in improving the transparency of information in international development cooperation. This includes massive increases in the amount of information available on the web about millions of projects accounting for hundreds of billions of dollars.[91] Mapping of projects (pioneered in the World Bank's "Mapping for Results" initiative) increases the potential for coordination among funders, implementers, state and non-state actors. Now such progress must be applied to climate finance. It is also critical that such projects be accessible to all governments and populations, particularly locals in recipient nations, in order to increase accountability in the implementation of adaptation projects.

91 See, e.g. AidData.org, World Bank project information, and the OECD CRS data systems.

At this point it remains unclear what transparency of adaptation is. Tracking adaptation finance helps you understand what actions on adaptation are taking place. But there is a separate set of actions which often take place without any transfer of financial support. Metrics and indicators are needed to assess the level of implementation of adaptation and level of resilience and preparation. The gap that exists is defining what should be reported in these communications, which in turn will need to be in discussion with an outlined global goal for adaptation. This is a long-standing gap that has been raised in the past but which has never received adequate attention. The efforts to develop National Adaptation Plan (NAP) guidelines will be a helpful start in addressing this long-standing gap.

It is also unclear how the transparency mechanism will feed into the global stocktake. The stocktake is declared in the Paris Agreement but how it will work and what will be required are not clarified. There is also a major lack of clarity of how we will transition from older systems of transparency to the next system. This leaves many questions unanswered: When will this happen and how? What parts of the old system will be kept and which jettisoned? Who will manage this transition? Relatedly, will older information have to be re-calculated based on new clarifications and definitions?

Finally, it is important to think about for whom climate financing must be transparent. The components outlined above ensure that financing is not only transparent to UNFCCC officials. Governments of all countries must be able to track and monitor climate financing, as must the public, particularly locals in recipient nations. When climate finance is made completely transparent, so that anyone from any country can access and understand how and where the money is flowing and being spent, there is a much greater level of accountability. Such accountability improves the potential for adaptation projects to be implemented effectively.

3.5 Support for Transparency

As the UNFCCC has begun to strengthen its policies on transparency of support for Parties across the board including in the Paris Agreement, developing nations will face difficulties in mustering the staffing resources and funding needed to comply with the new requirements. Developing countries, especially LDCs and

SIDS, are those most in need of the financial support for adaptation in the first place, so it follows that they would need additional support to meet any new standards of reporting. Without such support, developing countries may not only fail to meet the requirements set out by the UNFCCC, but crucial information about the support process and results will be lost. The new standards for both support and transparency of support set out by Paris are worthless if those countries that need support the most cannot report on what funds they are actually receiving and how they are governing them.

3.6 CBIT: the Capacity-Building Initiative for Transparency

In light of the support needed by some developing country Parties in meeting the enhanced transparency requirements of the Paris Agreement, Parties decided to establish a Capacity-Building Initiative for Transparency (CBIT) in order to build institutional and technical capacity, both pre- and post-2020.[92] The CBIT has three aims: (a) To strengthen national institutions for transparency-related activities in line with national priorities; (b) To provide relevant tools, training and assistance for meeting the provisions stipulated in Article 13 of the Agreement; and (c) To assist in the improvement of transparency over time.[93] Most importantly, the CBIT is accessible to all developing countries.

In Paris, Parties requested the Global Environment Facility (GEF) to make arrangements to support the establishment and operation of the CBIT.[94] The implementation of the CBIT will be assessed in the context of the seventh review of the Financial Mechanism of the Convention.[95] Parties also requested that the GEF includes in its annual report (starting in 2016) to the COP the progress of work in the design, development and implementation of the CBIT.[96]

In June 2016, the GEF Council approved the establishment and programming directions of the CBIT trust fund, for which the World Bank will serve as the trustee.[97] The trust fund will be populated by voluntary contributions like most other forms of support in the UNFCCC, but importantly will be in addition to funds that have already been collected. Furthermore, the allocation of funds will be demand-driven. A developing country, for example, will request resources on one or more support items (such as integrating knowledge from transparency initiatives into national policy and decision-making, assistance in quantifying and reporting on support provided and received, and support to introduce and maintain progress tracking tools for transparency-related actions and progress toward targets and goals).[98] Additionally, projects can be proposed at the global or regional level.

The first set of projects financed by the CBIT might be approved prior to COP 22. Project proposals will be prioritized based on demonstrated responsiveness to Paris Agreement transparency requirements under Article 13, and will also be prioritized for those countries that are in most need of capacity-building assistance for transparency-related activities, in particular SIDS and LDCs.[99] The CBIT will also aim to fund a diversity of countries and regions.

92 UNFCCC 2015 Decision 1/CP.21, Paragraph 84.
93 UNFCCC 2015 Decision 1/CP.21, Paragraph 85.
94 UNFCCC 2015 Decision 1/CP.21, Paragraph 86.
95 UNFCCC 2015 Decision 1/CP.21, Paragraph 87.
96 UNFCCC 2015 Decision 1/CP.21, Paragraph 88.
97 GEF 2016.
98 Ibid.
99 GEF 2016.

3.7 Current Support for Transparency Projects

Initial pledges for the CBIT totaled approximately US$35 million, which may be quickly exhausted. Capacity for transparent reporting is an ongoing need, so an ongoing and stable source of funding needs to be identified. Three existing initiatives are relevant and underway. First, UNDP and UNEP have provided support for developing countries in the National Communications Support Program (NCSP),[100] with funding from the GEF. The NCSP works primarily to provide technical support to non-Annex I countries in preparing their Second or Third National Communications. This support includes, but is not limited to, developing and disseminating guidance documents to assist national communications teams; serving as a helpdesk to respond to technical queries; planning, developing, delivering and evaluating in-depth technical training workshops; and organizing the technical review of national communications drafts. NCSP is thus providing a variety of resources in terms of technical expertise and expert guidance on key required reporting mechanisms for developing countries.

100 http://ncsp.undp.org/
101 http://mitigationpartnership.net/
102 http://www.climateaction-transparency.org/about/

A second initiative is led by the German government and consists of the creation of the International Partnership for Mitigation and MRV[101] (Measurement, Reporting, and Verification), which focuses on creating productive dialogue between developed and developing countries on these topics. Though the Partnership deals with issues of mitigation and therefore not adaptation or transparency specifically, they serve as an important community for cross-country learning and sharing of knowledge and best practices. In addition to meetings that are held multiple times per year for their approximately 90 member countries, the Partnership provides resources such as a webinar series on good practice and a search engine for documents on mitigation-related topics by country. Regarding support for transparency of adaptation initiatives, such a resource (or one like it, focused on adaptation) could be integral to exchanging information on best practices for MRV as well as exchanging knowledge on programs available and how to best make use of them.

Third, the Initiative for Climate Action Transparency[102] (founded in 2015 and supported by the German and Italian Governments, by the Children's Investment Fund Foundation and by the ClimateWorks Foundation) aims to help developing countries build capacity to measure and assess the impacts of their climate actions.

Other initiatives exist as well. For example, as part of national Climate Public Expenditure and Institutional Reviews (CPEIRs), at least seven developing countries[103] – supported by international organizations and research institutes – have been elaborating tracking systems for international and national climate finance. CPEIR is useful in that it focuses on analyzing a country's public expenditures, both quantitatively and qualitatively, and how they relate to climate change. It is therefore useful for national budgeting and determining how to allocate funds for climate change-related issues. CPEIR has thus far been used to take on projects such as developing a climate fiscal framework in Bangladesh and creating a climate change financing framework at both national and sub-national levels in Cambodia.

103 https://www.climatefinance-developmenteffectiveness.org/CPEIR-Database

These initiatives are good starting points for a framework to support developing countries with expertise and guidance. The NCSP especially has created a strong system that links developing countries to resources to which they would

not typically have access. Additionally, one can imagine Germany's Partnership expanding to include issues of adaptation, or alternatively the creation of a parallel Partnership that focuses specifically on exchanging ideas and resources that support transparency. It is important to note that neither of these programs works to populate the CBIT trust, but they provide direct support in other ways that are perhaps more useful to developing countries.

3.8 Conclusion

Climate finance as a whole can drastically improve with the implementation of effective transparency measures. This includes the possibility for a step-change in the tracking of investments in climate adaptation and resilience, including socially monitoring and documenting spending at the local level. Eyes on the ground in recipient countries can support meaningful assessment of project effectiveness, yielding stronger outcomes, while enhancing community investment. This should alleviate many of the problems present in current climate finance frameworks where contributions are largely voluntary and funding is measured differently in each country, making comparisons and assessments nearly impossible. In addition, through transparency, greater trust can be built between donor and recipient countries, leading to improved relations for future investments in adaptation and resilience.

Building relations between the developed and developing world is an important benefit of transparency in climate finance. Historically, developed and developing countries have often been tensely divided in climate negotiations, with the needs of developing nations unfortunately too often getting overlooked for the economic interests of the developed world. Although some of the demands of developing countries have recently been incorporated into the UNFCCC's goals (i.e. the mention of a 1.5°C added as an aspirational goal for global temperature rise in the Paris Agreement), the divide continues. Increased trust through greater transparency in climate financing could lay much needed groundwork for bridging this divide, by ensuring that developed nations provide their promised funding and by allowing developing countries to hold them accountable. A new relationship can be built upon this more balanced foundation.

Additionally, substantial support is needed for developing countries, especially LDCs and SIDS to meet the reporting guidelines set out by the Paris Agreement. While the new transparency standards are an important step forward in guaranteeing efficient and adequate financing for adaptation, they are meaningless if they cannot be met by all Parties. It is critical that we know both from the donor and recipient countries how much support for adaptation is being provided, and how that support is being governed. This transparency requires its own substantial support (financial and otherwise), that is additional to the support needed for adaptation in the first place. Developed countries must make a real and binding commitment to assist developing countries in tackling the effects of climate change.

Support for transparency is needed in four areas. First, both financial and expert support are needed to help developing countries to carry out adaptation finance calculations and tracking on their own. Second, technology must be

transferred to developing countries that will facilitate this tracking. Third, people are needed to carry out the tracking and create the reports. Government workers and bureaucrats are often stretched thin on their responsibilities, and thus additional people trained in tracking adaptation finance and with time devoted specifically to this task are necessary. Research institutions in developing countries are potential sites to build this capacity. Finally, and perhaps most importantly, Parties need adequate and specific guidelines for how reporting information should be measured and gathered and what information needs to be reported (as well as what information does not count and should not be reported).

Support for transparency will likely come from a variety of different sources. The CBIT and associated trust fund will provide a significant foundation, but we must consider other sources that must also be incorporated to make these efforts sustainable. It will be important to track and assess this support for transparency moving forward.

Chapter 4

Assessing Developed Countries' Transparency: A review of 2016 Biennial Reports

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4.1 Introduction

How complete and transparent are developed country reports to the UNFCCC on their climate finance? Given that the Paris Agreement's success rests largely on its review and transparency mechanisms, are the existing levels of transparency within national reports adequate to allow for the international assessment of their progress? In response to urging from developing nations and civil society to do better, are developed countries improving? Which countries are making improvements and in what ways?

This chapter presents an assessment of developed countries' transparency with regard to their financial reporting to the Convention. As detailed in chapter 2, current guidelines under the UNFCCC require developed country Parties to report on climate finance both in their National Communications and in their Biennial Reports, the latter submitted every two years. Developed country Parties were required to submit to the Convention Secretariat their first Biennial Report by January 1, 2014 and their second Biennial Report by January 1, 2016. The 2015 AdaptationWatch[104] report synthesized our review of the 24 first Biennial Reports submitted by Annex II Parties in 2014. It identified transparency dimensions where countries tended to perform poorly and highlighted the leaders and laggards in climate finance transparency. This chapter relies on the methodology used for the 2015 AdaptationWatch report and developed in a 2011 report we published with the International Institute for Environment and Development.[105] We use this methodology in order to assess the transparency of the second Biennial Reports submitted in 2016 by developed countries.

104 AdaptationWatch, 2015.
105 International Institute for Environment and Development, 2011.

This chapter first sets out the methodology used to score developed countries' climate finance reporting to the UNFCCC. It then ranks the most transparent and least transparent contributing countries based on their second Biennial Reports. It includes a comparison of climate finance transparency between the Biennial Reports submitted in 2014 and in 2016. Finally, the chapter concludes with directions for further inquiry in this area of research and makes several policy recommendations for formulating new reporting structures. Greater transparency can build trust and effectiveness of climate finance, and biennial reports are a proving ground to show that such systems can work.

4.2 Methodology

This chapter relies on a methodology used for the 2015 AdaptationWatch report[106] in order to assess the transparency of the first Biennial Reports submitted in 2014 by developed countries, and developed in our 2011 report published with the International Institute for Environment and Development[107]. We based this year's assessment on the second Biennial Reports submitted by Annex II Parties, as well as associated "Common Tabular Format" tables they provided. Developed countries were required to submit those documents by January 1, 2016. We also consulted the Technical Reviews of those documents, prepared by international teams of experts from Annex I and non-Annex I Parties, which were available for 19 of the 24 submissions at the time that this research was conducted.[108]

106 AdaptationWatch, 2015.
107 International Institute for Environment and Development, 2011.
108 Each Annex II Parties' second Biennial Report was reviewed by an expert review team in accordance with the 'Guidelines for the technical review of information reported under the Convention related to greenhouse gas inventories, Biennial Reports and National Communications by Parties included in Annex I to the Convention' (see UNFCCC, 2013, Decision 23/CP.19). These Technical Reviews are available online at: <http://unfccc.int/national_reports/biennial_reports_and_iar/technical_reviews/items/9534.php>. Some Technical Reviews (those reviewing the Biennial Reports of Canada, Japan, Luxembourg, Spain and the United States) were not available at the time of coding (mid-September 2016). When discrepancies arose between a Technical Review and a Biennial Report, we scored only information found in the latter.

109 UNFCCC 1999, Paragraphs 50-56; UNFCCC 2011b, Annex I, Paragraphs 13-20; UNFCCC 2012, Tables 7(a) and 7(b).

Our methodology is based on a list of criteria reflecting the requirements contained in the most recent relevant UNFCCC reporting guidelines.[109] In addition to assessing Annex II countries' compliance toward UNFCCC climate finance transparency provisions, we also scored developed countries based on the quality and completeness of climate finance project-level data. We added these criteria because there is no way for recipient governments, civil society groups nor research organizations to assess the veracity of claims by contributor governments without complete information at the project level that lays out where aggregate data were obtained. Further, project-level information provides a better opportunity to understand project effectiveness and allows better planning and coordination among funders for future interventions. In our results section, we separate items required by the UNFCCC reporting guidelines and project-level data, in addition to providing a combined score.

For each criterion, countries were scored on a scale of 0, 0.5, or 1, from lowest to highest, depending on the completeness of the information provided (see Appendices 1 and 2). Our criteria fall into three main category sets: how well countries reported their information in summary form, how transparent they were about the methodologies they use to track adaptation, and the quality and completeness of information at the project level.

(i) Reporting of summary information

This first category focuses on the reporting of basic summary information, which is necessary to begin evaluating transparency within climate finance. Not all climate finance goes through climate funds established under the UNFCCC; Most is distributed through bilateral and other multilateral channels. But there is no globally agreed framework to assess this fragmented landscape and to measure, report, and verify (MRV) how much climate finance is being delivered. This means developing countries do not know how much assistance to expect, whether climate funds are simply replacing money previously committed to address other development needs, or whether the funds are being delivered at all. Long-term planning for climate change action by national officials in developing countries in this context is almost impossible. And a lack of transparency in climate finance also hinders governments, non-governmental organizations and communities from monitoring the flow and use of funds on the ground.

(ii) Transparency regarding methodologies used to track adaptation finance

As detailed in Chapters 1 and 2, the Copenhagen Accord and subsequent COP decisions permit significant discretion for individual Annex II countries to decide what they consider to be climate finance. The least we can expect from them is to be transparent regarding their methodologies, such as how they determine what qualifies as climate finance, why their climate finance can be seen as "new and additional" and how it meets the needs of developing countries.

(iii) Quality and completeness of project-level data

Our experience in tracking development aid suggests that individual project-level data are necessary to verify summary numbers, to understand where finance goes, and to improve transparency, effectiveness, and coordination among contributors, recipients, implementing agencies, and civil society. As we have argued above,

robust project data are important to allow watchdog groups and citizens in recipient nations to hold decision-makers accountable for the climate funds they receive, and make sure it's being well spent. Project-level data are also critical for development agencies and national/local administrations to make and coordinate effective plans. Since the reporting of this information is not mandated by the UNFCCC but is critical for transparency, we report these figures separately, and countries were rewarded for even limited attempts to provide project-level data.

The methodology used here has several clear limitations. The uniform weight of each criterion in calculating our rankings is problematic, as countries are rewarded similarly for complying with 'simple' criteria (e.g., such as finance provided, submitting the report on time) and for observing more complex requirements (e.g., how climate finance will be scaled-up to 2020). As such, countries are more likely to score well in the reporting of summary information than in the methodology section. However, weightings would introduce a new set of biases, so were avoided. At the same time, it was possible to earn points in some of the more difficult categories (description of how resource addresses needs, for example) with minimal information. In these cases, it is very difficult for a report to be completely transparent and earn a "1," but fairly simple to earn a "0.5," even when the information included was far from adequately transparent. These limitations quite clearly impact our ability to distinguish between similar performers, and prevent the use of more sophisticated analytical tools. Yet, this methodology does provide a means to assess the overall state of compliance toward UNFCCC climate finance transparency guidelines, and allows us to offer rough indicators of higher and lower performers. Our results, therefore, should be seen as indicative, not definitive.

4.3 Results: Which countries were more transparent? Who's less?

After evaluating each country based on the criteria set out in Appendix 1, we totaled the scores and allocated each country percentage of transparency calculated against the total points possible. Our results are divided in two categories: information required by UNFCCC guidelines (including summary information and methodological information) and project level data. Table 4.1 ranks the transparency of reporting according to just the UNFCCC guidelines, Table 4.2 does so utilizing only project level data, and Table 4.3 provides a combined ranking.

Our findings show that countries vary widely in the transparency of their climate finance reporting. Very few countries scored well on the project-level data category (see Table 4.2), with four countries earning zeroes in all 11 items (see complete results in Appendix 4). Even with this set not included in our overall ranking, however, only 16 of 24 countries earned 50% or greater, with only 7 scoring above a 60%, and the median donor countries were only awarded 55% of points possible. On our criteria that included project-level reporting, the median score was just 36%.

Table 4 Ranking of Annex II Parties' reporting to the UNFCCC (2016 Biennial Reports)

TABLE 4.1

Compliance Toward UNFCCC Climate Finance Transparency Requirements

TRANSPARENCY RANK	ANNEX II COUNTRIES	OVERALL SCORE
1	Germany	70%
2	Ireland	68%
2	Sweden	68%
4	Australia	65%
4	Japan	65%
6	European Union	60%
6	Switzerland	60%
8	Netherlands	58%
8	Norway	58%
8	United States	58%
11	Finland	55%
11	Spain	55%
11	United Kingdom	55%
14	Belgium	53%
15	France	50%
15	Portugal	50%
17	Canada	48%
18	Iceland	45%
19	Italy	43%
20	Luxembourg	38%
20	New Zealand	38%
22	Austria	35%
22	Denmark	35%
24	Greece	15%

TABLE 4.2

Completeness of Project-Level Data

TRANSPARENCY RANK	ANNEX II COUNTRIES	OVERALL SCORE
1	Germany	50%
1	Ireland	50%
3	Belgium	45%
3	European Union	45%
5	Canada	41%
5	Italy	41%
5	United Kingdom	41%
8	Denmark	36%
8	Finland	36%
8	Japan	36%
8	Sweden	36%
8	Switzerland	36%
13	France	32%
13	Luxembourg	32%
13	Netherlands	32%
13	Portugal	32%
17	Iceland	27%
17	Spain	27%
17	United States	27%
20	New Zealand	18%
21	Australia	0%
21	Austria	0%
21	Greece	0%
21	Norway	0%

TABLE 4.3

Overall Transparency Score (Including UNFCCC transparency requirements and Project-Level Data

TRANSPARENCY RANK	ANNEX II COUNTRIES	OVERALL SCORE
1	Germany	63%
2	Ireland	61%
3	Sweden	56%
4	European Union	55%
4	Japan	55%
6	Switzerland	52%
7	Belgium	50%
7	United Kingdom	50%
9	Finland	48%
9	Netherlands	48%
11	United States	47%
12	Canada	45%
12	Spain	45%
14	France	44%
14	Portugal	44%
16	Australia	42%
16	Italy	42%
18	Iceland	39%
19	Norway	37%
20	Denmark	35%
20	Luxembourg	35%
22	New Zealand	31%
23	Austria	23%
24	Greece	10%

Note: Table 4.1 is based on scores obtained in the 'Reporting of summary information' and 'Transparency regarding tracking methodologies' category sets; Table 4.2 ranks countries according to the 'Quality and completeness of project-level data'; Table 4.3 ranks countries according to all three sets of information.

Overall, these findings suggest that countries are not being adequately transparent in their reporting of climate finance, and at the very least are failing to meet UNFCCC guidelines in their reporting process. In particular, points were commonly lost on the following criteria:

Reporting the proportion of their funding that went to Least Developed Countries (LDCs), Small Island Developing States (SIDS), and Africa (A7), and the proportion to global regions and countries (A8)

Most countries scored poorly for the transparency of their funding allocation by region (A8) and to LDCs (A7). Some countries referenced a contribution to LDCs, SIDS, or Africa, but few mentioned the amount or proportion that these

vulnerable countries received. In addition, though the majority of CTF documents and project-level data contained some degree of geographic reference, the text of the second Biennial Reports often lacks an adequate explanation of how funding was distributed across regions and countries.

Indication of how "fair share" calculated (B4)

In their first Biennial Reports, many countries failed to indicate how they calculated their "fair share" of climate finance. In their second Biennial Reports, all countries failed to fulfill this criterion. A discussion of how Annex II countries determined their "fair share" is crucial to understanding how they are taking the bedrock UNFCCC "common but differentiated responsibilities and respective capabilities" principle into account. Because developed countries are historically responsible for the lion's share of greenhouse gas emissions, and most capable of addressing climate change, a "Polluter Pays" framework would suggest that they should be responsible for helping non-Annex I Parties mitigate and adapt to the impacts of global climate change. Without a discussion of how their climate finance contributions account for their "fair share" of funding, it is unclear how Annex II countries are incorporating equity into their climate financing process.

Indication of how country are planning to scale up to 2020 (B5)

Given the collective goal of mobilizing US$100 billion per year by 2020 in climate finance for developing countries stated in Copenhagen in 2009 and confirmed in Cancun in 2010 and since, it is critical that all parties report on this criterion. Of the Annex II countries that did report projections for future financing, many did not explain how or from where the funds would be appropriated. Setting and reporting on intentions for future climate finance is important information for developing countries to strategize in the long-term.

Project-Level data (Section C): Start date (C4), georeferenced location (C10), links to full documents (C11)

Almost all countries performed poorly on project-level reporting. The highest any country scored in the project-level data category was 50% for Germany and Iceland. In particular, all countries failed to specify the start dates and specific locations of funded projects. Not a single country provided links to full documents for their funded projects. These criteria are necessary for observers and recipients to ensure that climate finance is going to active, valid programs in non-Annex I countries.

4.3.1 Hall of fame: overview of the most transparent Annex II countries

#1: Germany

(2016 Overall Transparency Score: 63%; UNFCCC Requirements Score: 70%)

Germany's second Biennial Report had the highest score of any Annex II country, earning almost two-thirds of all possible points. Germany's financial reporting was extensive, well-organized, and contained a number of useful visual graphics illustrating key data such as the country's historical contributions and the amount dedicated to adaptation and mitigation efforts. Germany had especially strong methodological reporting, losing points only for a lack of transparency in how its "fair share" was calculated and for ambiguity in the logic for which countries received financing. As with many countries, Germany lost points for lack of specificity regarding the proportion of finance allocated to various global regions and LDCs, SIDS, and Africa, as well as the proportion of finance provided in grant vs. loan form. Relatively minor additions in these areas would cement Germany's status as a leader in climate finance transparency.

#2: Ireland

(2016 Overall Transparency Score: 61%; UNFCCC Requirements Score: 68%)

Ireland fell just short of Germany, earning 61% of all points possible. Ireland's report was very accessible and well-organized, with many key criteria specifically highlighted. Ireland provided more data than most other countries on their proportional allocation of climate finance to LDC's and through public vs. private channels. Ireland could increase their overall score by improving specificity in these areas, particularly regarding the proportion of finance provided to various global regions and countries. Ireland also had very strong methodological and historical reporting, and provided a thorough report of the ways in which their resources were addressing the specific needs of beneficiaries. Ireland's main weakness was in its reporting of project level data, which could be greatly improved by adding information regarding the start dates of various projects and the amount of funding committed to each.

#3: Sweden

(2016 Overall Transparency Score: 56%; UNFCCC Requirements Score: 68%)

Sweden earned 56% of all points possible. In its tidy, cohesive report, Sweden scored high marks for its overall summary information, including excellent definitions of terms and strong descriptions of mechanisms for providing and tracking climate finance. Sweden provided a link to its foreign aid database, where detailed information on individual projects was readily available, although a more transparent report would have included the information itself. Similar to Germany and Ireland, Sweden lost points for weaknesses in their reporting of private financing, proportions of climate finance directed to SIDS and LDCs and different regions of the globe more generally. These three countries joined most other Annex II states in failing to report how they calculated their "fair share" of climate finance and how they planned to scale up efforts for the 2020 goal.

#3: Sweden (cont.)

It is worth briefly noting that each of the three countries with the highest overall score also scored highest based on UNFCCC requirements alone. In terms of project-level data Germany and Ireland retain their top two rankings, but Sweden drops to 8th place with only 36% of possible points. Instead, Belgium and the European Union rise to the third-place spot. In general, nearly all countries lost points for a lack of specificity regarding the start dates of projects and the amount of finance committed to projects listed, as well as a need for more thorough accounting for the georeferenced location of various projects, and links to full project documents. Broadly, project-level reporting has improved (but modestly) since the last reporting period, with 20 of 24 countries assessed earning at least some points for country-level data, compared with only 8 in the 2014 Biennial Reports.

4.3.2 Wall of shame: overview of the least transparent Annex II countries

#24: Greece [Also, Biggest Backslider Award]

(2016 Overall Transparency Score: 10%; UNFCCC Requirements Score: 15%)

Greece's 2016 Biennial Report had almost no relevant information on climate finance and, accordingly, scored the lowest of all countries with 10% of points possible. They received points for only three criteria: their clarifications on "new and additional" climate finance, the submission of a CTF, and no double counting. This dismal score is markedly lower than their 2014 score and less than half the second worst 2016 score (Austria). The report had no information regarding the amount of climate finance given nor the recipients and purpose of any contributions, instead just directing readers to their CTF. The report referred vaguely to the Greek institutions that track contributions but provided no specifics on the actual mechanisms or channels that tracked or provided climate finance.

#23 Austria

(2016 Overall Transparency Score: 23%; UNFCCC Requirements Score: 35%)

Thanks to Greece's dismal reporting, Austria rose from last place in 2014, but still failed to meet most of the UNFCCC guidelines. Austria included their detailed, mostly complete common tabular formats within the Biennial Report, which included project-level information on the amount, purpose, status and sector of projects. Yet, points were lost due to a disappointingly thin summary section. For example, Austria lost points for omitting the proportions of climate finance committed from private and public donors, and to adaptation versus mitigation efforts. Austria was also penalized for omitting descriptions of their rationales for determining climate finance allocation, defining "new and additional" and "adaptation," indicating how fair share was calculated, or how they plan to scale up climate finance for 2020.

#22 New Zealand

(2016 Overall Transparency Score: 31%; UNFCCC Requirements Score: 38%)

Despite being ranked sixth last year, New Zealand received only 31% of possible points for their 2016 Biennial Report. While their report included a lengthy section outlining their general approach to tracking climate finance, New Zealand did not include necessary information summarizing the proportions of where their climate finance went and what it was for. Specific data regarding the percentage of climate finance devoted to mitigation versus adaptation, or also the proportion to LDCs and SIDS, could only be inferred from the CTF tables included in the Biennial Report. New Zealand very clearly outlined their methodology for tracking and reporting finance, yet provided no explanation of their determination of where they provided climate finance.

4.4 Who's improving? A comparison of 2014 and 2016 Biennial Reports

In this section, our goal is to compare the climate finance transparency of the 2014 and 2016 Biennial Reports. Our data for the 2014 Biennial Reports comes from the 2015 AdaptationWatch report "Toward Mutual Accountability".[110] Additionally, we have limited our comparison here to UNFCCC requirements only (summary information reporting and methodological reporting, not project-level reporting). This choice has been made for two reasons: firstly, while we continue to reiterate the importance of project-level data for climate finance transparency, we believe our results (and the corresponding critique) to be more robust if limited only to the items that were requested specifically by the UNFCCC. Secondly, 20 of the 24 countries earned no points for project-level data in the 2015 assessment, and including these criteria would seriously reduce the overall transparency scores for the 2014 biennial reports. The result of this inclusion, then, would likely give the false appearance of great improvements in climate finance transparency when this may or may not be the case.

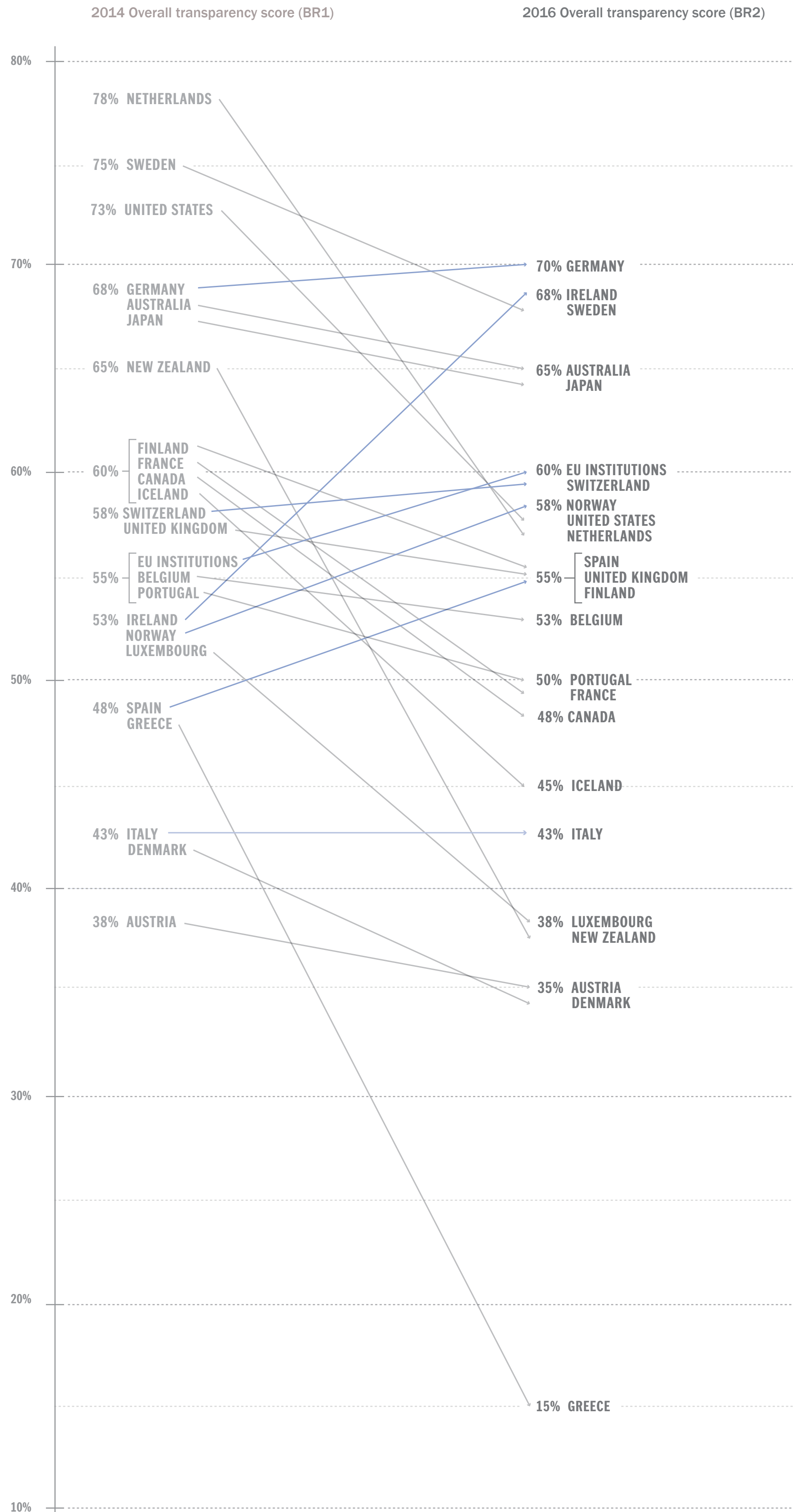
Based on UNFCCC criteria alone, the average level of climate finance transparency among donor countries slightly declined in the 2016 Biennial Reports (Table 5). The level of transparency in six countries improved, one (Italy) scored the same, while 17 countries declined (Figure 2). The average transparency score declined from 58% in 2014 to 52% in 2016, while the median score declined from 58% in 2014 to 55% in 2016.

110 AdaptationWatch, 2015. A keen observer may notice that two items were included in the 2015 AdaptationWatch report that have not been assessed in our new analysis. The 2014 scores have been adjusted for this so scoring criteria are now identical.

Table 5 Comparison of 2014 and 2016 Annex II Parties' performances in transparency

ANNEX II COUNTRY	BR1 (2014) UNFCCC TRANSPARENCY SCORE	BR2 (2016) UNFCCC TRANSPARENCY SCORE	DIFFERENCE
Ireland	53%	68%	+15%
Spain	48%	55%	+8%
EU Institutions	55%	60%	+5%
Norway	53%	58%	+5%
Switzerland	58%	60%	+2%
Germany	68%	70%	+2%
Italy	43%	43%	0%
United Kingdom	58%	55%	-3%
Australia	68%	65%	-3%
Austria	38%	35%	-3%
Belgium	55%	53%	-2%
Japan	68%	65%	-3%
Finland	60%	55%	-5%
Portugal	55%	50%	-5%
Sweden	75%	68%	-7%
Denmark	43%	35%	-8%
France	60%	50%	-10%
Canada	60%	48%	-12%
Iceland	60%	45%	-15%
Luxembourg	53%	38%	-15%
United States	73%	58%	-15%
Netherlands	78%	58%	-20%
New Zealand	65%	38%	-27%
Greece	48%	15%	-33%
Average	58%	52%	-6%

Figure 2 Comparison of 2014 and 2016 Annex II Parties' performances in transparency



As indicated in Table 5, Ireland, Spain, and the EU Institutions were the most improved donors, earning respectively 68% instead of 53% (+15%), 55% instead of 48% (+7%), and 60% instead of 55% (+5%). Ireland's biggest improvements came in the methodologies section, where they added a definition for adaptation, made clear reference to the Rio Markers for tracking climate finance, and provided a rationale for allocating funding to various countries. Spain similarly made progress in their methodologies section, resolving issues with double counting in their first Biennial Report and updating several categories on which they had previously earned partial credit. Finally, the EU Institutions saw their improvements in the summary information section. Their second Biennial Report was submitted on time, earning them another point, and they were able to provide a more comprehensive list regarding the channels through which climate finance was being distributed.

Additionally, while project-level data has not been included in these figures, it is worth noting at this point that project-level reporting has been substantially improved, with 12 countries earning points for the first time in this category.

On the other hand, Greece, New Zealand, and Netherlands experienced the greatest decline between these two assessments, dropping respectively from 48% to 15% (-33%), from 65% to 38% (-27%), and from 78% to 58% (-20%). Greece's fall is certainly the most jarring of the three. While Greece's methodology section declined 0.5 point from the 2014 Biennial Report, the largest difference can be seen in their reporting of summary information. Whereas Greece earned six of the possible ten points in 2014, their 2016 report scored no points at all, as their brief discussion of climate financing included no information about total financial commitments, how finance may be divided between sectors or countries, or the mechanisms through which this funding is disbursed. It is challenging to overstate the decline of Greece's transparency scoring between their first and second Biennial Reports.

New Zealand's summary information section also suffered, though not to the extent that Greece's did. While Greece had only 6 points to lose, New Zealand scored a 7.5 for summary information in 2014, and managed to retain 3 of those points in 2016. Summary information about funding channels, the proportion of funding to global regions and countries, and indications of finance provided historically were all removed in the 2016 report to New Zealand's clear detriment. The Netherlands had a slightly more moderated drop, losing 2.5 points in their summary information section, and 1.5 points in the methodologies section. Similar to New Zealand, the Netherlands did not include information about the channels through which finance was provided or the proportions to global regions and countries as they had in the past, but while New Zealand added a definition of how finance was determined 'new and additional,' Netherlands made no reference to the definition they had used in 2014.

In addition to understanding the differences between the countries themselves, it is also helpful to explore the particular items that saw significant changes in reporting between 2014 and 2016. Of the 20 scoring items included in the summary information and methodologies section, seven items saw modest improvements, two items were identically reported, and 11 items saw declines (Table 6). In particular, of the summary information category, two items saw improvements, one remained the same, and seven declined. In the methodologies category, five items improved, one did not change, and four declined. In conjunction,

this suggests that while methodology reporting tended to improve slightly between the first and second biennial report, the reporting of summary information declined.

Keeping with this trend, the item that saw the largest improvement was the "indication of methodologies used for tracking climate finance" item (B2). While 52% of possible points were awarded for this item in 2014, 77% of points were awarded in 2016. Timely reporting (A1), definitions of adaptation (B1) also saw improvements. Importantly, information about scaling up finances to 2020 levels (B5) saw a 10% improvement, though this is certainly related to its low reporting in 2014. In the first Biennial Reports, only 13% of points were awarded for this item, and while 23% of points awarded is notable, transparency is still sorely lacking in this area.

In terms of major declines, both the clarity on total committed or pledged (A2) and the proportion to global regions and countries (A8) saw declines between 2014 and 2016. For clarity on total committed or pledged, 75% of possible points were awarded in 2014, but only 38% of possible points were awarded in 2016. The proportion to global regions and countries suffered a similar drop, going from 58% of possible points awarded in 2014 to 21% of possible points in 2016. Similarly sizable declines were seen in other summary information criteria. Within the methodologies criteria category, both the rationale for allocation to countries (B6) and sectors (B7) declined by 17% less points were awarded in 2016. Allocation to countries declined from 48% of possible points awarded to 31%, while allocation to sectors declined from 44% of possible points awarded to 27% in 2016. Lastly, and particularly unfortunate given the importance of this item for broader concerns of equity, information regarding how a country calculates their 'fair share' of climate finance (B4) also declined. While one country mentioned 'fair shares' in 2014 (4% of possible points were awarded), none of the 24 contributing countries included a discussion of 'fair shares' of climate finance in their 2016 Biennial Reports.

Table 6 Comparison of 2014 and 2016 Annex II Parties' performances by item

SCORING CRITERIA		AVERAGE BR1 SCORE (2014)	AVERAGE BR2 SCORE (2016)	DIFFERENCE
B2.	Indication of methodologies used for tracking finance	52%	77%	+25%
A1.	Timely reporting: met deadline (January 1st, 2016)	58%	79%	+21%
B1.	Definitions of adaptation	44%	56%	+13%
B5.	Indication of how country is planning to scale up to 2020	13%	23%	+10%
B10.	How resources address the needs of beneficiaries	46%	54%	+8%
A3.	Clarity on total provided (public finance)	77%	83%	+6%
B9.	No double counting of previous years	96%	100%	+4%
A9.	Proportion adaptation vs. mitigation	71%	71%	0%
B3.	Clarified how determined whether "new and additional"	65%	65%	0%
A6.	Proportion public vs. private	44%	42%	-2%
B8.	Submitted "common tabular format"	100%	96%	-4%
B4.	Indication of how "fair share" calculated	4%	0%	-4%
A7.	Proportion to LDCs, SIDS and Africa	29%	21%	-8%
B6.	Clear rationale for allocation to countries	48%	31%	-17%
B7.	Clear rationale for allocation to sectors	44%	27%	-17%
A4.	Summary information about channels	94%	69%	-25%
A10.	Reported annual historical climate funding	73%	46%	-27%
A5.	Proportion grants vs. loans	67%	35%	-31%
A2.	Clarity on total committed or pledged (public finance)	75%	38%	-38%
A8.	Proportion to global regions and countries	58%	21%	-38%

Broadly, these results are surprising given the normative strength of the commitment to climate finance transparency within the UNFCCC. Dominant narratives suggest that donor countries are working toward a more transparent climate finance process, yet we see instead that donor countries continue to struggle to meet even basic UNFCCC guidelines. Instead of donor countries making steady progress over time as they continue to wade through a new and unfolding bureaucratic process, this report finds that transparency is at best stagnating, and more likely in decline. This suggests that while transparency has been a central rhetorical feature of the UNFCCC negotiation process, climate finance transparency is incompletely realized in practice, and structural transparency deficits exist that persist from year to year.

4.5 Conclusion – A Collective Failure

As our analysis demonstrates, many developed countries continue to fail to be transparent and complete in their reporting of climate finance to the Convention. While it is true that each Party can be held individually accountable for failing to comply with UNFCCC climate finance reporting guidelines, we argue that the general lack of transparency around climate finance also is a collective failure embedded within the UNFCCC process.

Indeed, even as progress is made on broad reporting guidelines, current decisions under the UNFCCC still fall short of what is necessary to assure a robust accounting and reporting framework of climate finance. Additionally, because there is a substantial time-lag between the data included in the Biennial Reports and the submission of the reports, it is difficult for negotiators to recognize broad trends in climate finance as time goes on. While both transparency gaps and the overall inadequacy of funding are apparent when looking at data submitted with the second Biennial Reports in January 2016, negotiators in Paris in December 2015 would not have had the information necessary to identify these issues at the time the Paris Agreements were prepared.

In particular, our ranking exercise demonstrates a pressing need for a uniform definition of 'climate finance', applicable to all contributing countries. If nations are reporting flows from a wide variety of sources, and different nations include different flows, comparisons between nations (especially with regard to 'fair share') and statements on total flows quickly become meaningless. In the same vein, this is an excellent argument for requiring project-level data from each country as this is the only way to truly understand where climate finance goes and whether it is being used to address the types of mitigation and adaptation goals that are accepted by both donor and recipient countries.

Additionally, many donor countries have encountered difficulties with tracking private climate finance. The elaboration of international methodologies under the UNFCCC for the tracking of private climate finance could greatly improve the transparency of reporting on the contributor side. Finally, many developed countries did not provide information about the scaling up of climate finance to 2020 levels. This information, however, is crucial for governments of developing country Parties to know how much funding to expect and plan accordingly. Prior to COP22, developed countries are expected to deliver credible roadmaps on how they are going to achieve the 2020 mobilization goal.

The weaknesses of current guidelines are well known to the Convention Parties. In its 2014 Biennial Assessment and Overview of Climate Finance Flows report, the UNFCCC Standing Committee on Finance[111] reviewed existing measurement and reporting systems for tracking a broad range of climate finance and climate-related finance flows. The SCF made a series of recommendations to improve the measurement, reporting and verification of climate finance. However, these recommendations are yet to be taken into serious consideration by the COP. The agreement on an enhanced transparency framework was a key outcome of the international climate conference held in Paris in December 2015. This framework will play an important role in tracking progress towards the individual nationally determined contributions (NDCs) and collective goals set out in the Paris Agreement for mitigation, adaptation and financial support. A significant amount of

111 UNFCCC SCF 2014.

preparatory work is now needed to agree on modalities, procedures and guidelines for the enhanced transparency framework. As we consider in tandem the difficulty with which contributing countries adhere to UNFCCC climate finance reporting guidelines and the overall inadequacy of the UNFCCC climate finance reporting frameworks, it becomes clear that much work remains to be done.

Chapter 5

Conclusions and Recommendations

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5.1 Our Findings

The Paris Agreement has the potential to usher in a new age of accountability in climate finance. Its text lays the groundwork for stronger support and better guidelines for transparency, and has the potential to close some of the glaring gaps that have been a feature of past frameworks. In the coming years, it will be crucial that these terms and modalities for accounting and reporting are clearly defined and outlined. The Agreement makes several promises, and now, as it is set to go into force before the COP22 meeting in Marrakesh, it is time for countries to step up to make good on those promises.

In the first chapter of this report we reviewed the history of climate finance and the gaps in transparency that have limited its effectiveness thus far. This began with an assessment of the US$100 billion promise that was made in the Copenhagen Accord. While the goal of reaching this level of annual contribution has been seen as a floor for most developing countries by 2020, with the Paris Agreement we have seen an extension of the US$100 billion per year until 2025, dashing hopes that the promise would be increased immediately after the 2020 deadlines. We discussed the primary issues with climate finance: the continued lack of a strict definition for what counts, and the need for uniform and universal modalities for accounting. Clear rules and procedures need to be created and followed in order to build trust between developed and developing countries, and to finance just futures for those that are most vulnerable.

In chapter 2 we took on the issue of accounting modalities for climate finance. We explained the urgent need for such modalities to be defined, and for them to be transparent and verifiable. Currently, countries all measure and report their contributions to climate finance differently and methodologies have varied from one year to the next, making comparisons across nations and time impossible. As we documented in the 2015 AdaptationWatch report, the biggest problem in climate finance as it stands, before any changes from the Paris Agreement have been implemented, is the reliance on the Rio Marker methodology to score bilateral contributions. This methodology not only allows for nation-specific accounting for contributions, it also has lead to significant overcounting, as more projects are claimed to have climate adaptation as their principal or a significant objective. Also problematic is that funding for entire projects are labeled climate finance even if only a small portion actually went to adaptation. Thus, the granularity of project details in reporting varies widely across countries, making it difficult to accurately assess contributions. Starkly different claims have been made on that count.

We have also discussed a need to create comprehensive guidelines for multilateral flows and private flows. Private flows, which have been identified as one of the most important sources of future climate finance, are in dire need of a robust tracking system. Right now observers cannot meaningfully assess the success of developed countries in mobilizing such private finance. Finally, above all in climate finance as a whole, Parties must define a common baseline against which "new and additional" contributions can be measured.

Chapter 3 then analyzed the new transparency rules laid out by the Paris Agreement for climate finance, and the additional support that will be needed for all countries to meet the new standards of reporting. Most lacking in the Paris

text are specifics about what reporting should include, which has been left for a negotiating group under SBSTA. Additionally, the parameters of qualitative assessments have been left vague, as have the definition of and plans for capacity-building for transparency. In this chapter we called for clear and meaningful guidelines for transparency, and a thorough framework for supporting those nations who need additional resources to produce reports on the finances they receive and how they are governed.

Finally, Chapter 4 presented empirical research assessing climate finance transparency in the first and second Biennial Reports submitted by developed countries (in 2014 and 2016). As our analysis demonstrates, many developed countries remain poor on transparency. Instead of donor countries making steady progress over time as they continue to wade through a new and unfolding bureaucratic process, this report finds that transparency is at best stagnating, and may actually be declining.

The information presented in this report emphasizes the urgency of the need to close the transparency gap in climate adaptation finance. With the entry into force of the Paris Agreement, we are at a potentially crucial juncture to take on these issues. Parties now have an enormous opportunity before them to ensure that climate financing in the coming years is not only sufficient, but universally measured, reported, and made verifiable. In this final chapter, we outline ten recommendations to ensure an improved system of climate finance accountability is in place to support the Paris Agreement. As we approach the first meeting of the Parties to the Paris Agreement in Marrakesh, we call on negotiators to take steps to implement these strategies.

5.2 Recommendations: Ten steps to stronger adaptation finance accountability

Step 1: Create a clear and universal system of accounting modalities for adaptation finance. A new framework of accounting modalities must be developed by the SBSTA that creates clear and uniform guidelines across nations for how to measure and report climate finance contributions. The framework must be granular and project-specific. For a good model for a way to categorize projects, the committee can turn to the Multilateral Development Banks' three-step method, which allows for components or proportions of projects to be reported as finance and requires the specific climate vulnerabilities and risks that each project seeks to address be specified. Furthermore, the new accounting modalities must be coordinated and streamlined across bilateral, multilateral, and private flows, and funds must be accounted for and compared over calculations of finance contributed and received. For all forms of finance, but for private flows in particular, the obvious question of what counts as climate finance must be answered.

Step 2: Continue Project Tracking and Data Checking from the OECD CRS system, but discontinue the Rio Marker categorization system. The OECD's methodology of collecting information on each aid project and activity provides useful project-level information, and their data checking is important. However poor classification by

contributor countries has distorted climate finance claims and leaves unclear how much money is actually going to address the problem. In order to prevent future overcounting of contributions due to over-inclusive counting practices, a three step method to identify climate vulnerability and adaptive strategies (as the MDBs are developing) should be required, as well as third party verification.

Step 3: Assign a common baseline against which "new and additional" funding can be assessed. Even though the phrase "new and additional" was not included in the Paris Agreement text[112], it is still important that a baseline for measurement be defined in order to assess the validity of claims about contributions. This will be the first step in establishing a solid definition for climate finance. For this baseline we recommend two options from the eight outlined in Chapter 2.[113] The first option is that only sources that are completely new can be counted. While this seems simple and newness would be guaranteed, it could reduce funding due to contribution restrictions and may be difficult in the long term. Second, contributions can be defined above a predefined projection of development aid. While initial development of the baseline will likely be contested, once agreed this could allow for an objective measurement of additional effort. These two options come closest to balancing the needs of contributor and recipient countries. Above all, we must move away from our current position of having no baseline.

112 However there is clear reference to the Convention, reflecting the continuing importance of this issue.

113 This point is clarified in Stadelmann et al. 2011.

Step 4: Raise standards for the governance of climate adaptation finance. The complex landscape of finance for climate adaptation is complicating efforts to track financial flows, and to ascertain who should be held accountable for decisions and results. It is leading to fragmentation in financial planning, difficulty in accessing adaptation finance, complexity in implementing adaptation projects and programmes, all making efforts aimed at monitoring results nearly impossible. Climate finance is intended to be used strategically as a catalyst for transformational change to a low carbon, climate resilient global economy. In order to achieve this, better integration will be needed between climate finance and development aid, including improved harmonisation of efforts between various aid agencies, and improved standards to ensure that aid is spent on initiatives that are coherent with national climate change strategies and plans. Above all, it involves improving the interplay between government agencies, private investors and companies, and NGOs. In general, there is a need for standards to assess the quality of how climate finance is governed.

Step 5: Develop an online tracker for climate finance. The basis of the Paris Agreement accountability mechanisms lies in the identification of countries that do not live up to their mitigation, adaptation, and finance promises. For adaptation finance specifically, this can be done most effectively if the information on funding and project progress is universally acceptable. For this we propose an online tracker of climate finance that includes georeferenced (mapped) adaptation projects, and is geared toward a wide variety of users. It is important that information is not only discernible to negotiators and government officials, but also to average citizens and civil society groups interested in monitoring countries' progress toward goals.

Step 6: Engage locals to track project progress. Alongside accessible systems of tracking climate finance, it will be important to connect locals to these systems. Residents near adaptation project sites should be informed about what is going on in their area and about the current status of nearby projects. In addition, including a component to the online tracking system that allows locals to report and evaluate the progress of projects contributes to accountability and gives them a stake in what can seem like a very top-down process. As accountability increases, there will also be an increase in trust between donor and recipient countries, as well as between locals and recipient country governments, as finance and project information can now be understood and evaluated by all.

Step 7: Outline the transition between old and new systems of transparency. The Paris Agreement sets a promising groundwork for a more transparent system of climate finance, but the question still remains how we will get there. The current system, relying on inadequate and inconsistent accounting modalities, will need to be transitioned into the accounting modalities that will be set up to implement the new Agreement. The decisionmaking to outline these modalities, then, must also include a transition plan that clarifies when the transition from old to new system will take place, which pieces from the old system will be kept, who will manage the transition, and whether old information will have to be recalculated based on new rules and definitions. Finally, planners will have to determine how transparency will fit into the global stocktake.

Step 8: Clarify the definition of capacity-building. It is clear that adapting to climate change will require more than just funding, and that this support will need to work specifically on capacity-building, especially in the realm of transparency. The current Capacity-Building Initiative for Transparency (CBIT) is a promising program that seeks to build capacity in the nations that need it most, but first the term “capacity-building” itself must be defined. Though the term is malleable and allows a wide range of interpretations, a definition is needed on what it means to build capacity in a country and what kinds of efforts are imagined. We emphasize here the need for capacity-building to include a transfer of both expertise and technology between developed and developing countries, focusing on development of endogenous capacity. Furthermore, we recommend that the CBIT direct its work through local universities as hubs of knowledge and skilled professionals that can most effectively disseminate and implement the support received on a sustainable basis.

Step 9: Make reporting of CBIT progress mandatory. As capacity-building becomes a crucial part of transparency and thus of the effectiveness of climate adaptation finance, a system of regular, thorough reporting is needed. Parties already requested at Paris that the Global Environmental Facility include the progress on CBIT in its annual reports and we take up this recommendation that this is a good place to start. Ultimately there needs to be systems for evaluating efficacy of these capacity-building efforts.

Step 10: Include support needed in global stocktake. Currently, Article 13.6 of the Paris Agreement sets out that the purpose of the framework for transparency of support

is to provide clarity – in order to inform the global stocktake under Article 14 – on support provided and received by relevant individual Parties in the context of climate actions. From this we gather that support both provided and received will be considered in the stocktake, however this misses a crucial piece of information: support needed for adaptation is not mentioned. If the current frameworks are not providing the support needed by climate vulnerable countries, then climate finance goals must be evaluated.

The Paris Agreement's success rests on its review mechanism, and these ten recommendations will together take us a step forward to a transparent and effective system of monitoring adaptation finance. Excellent online tools are adaptable from other sectors to make climate adaptation finance transparent, and capacity-building efforts can be mobilized at the national and local level by indigenous civil society and research institutions. We must acknowledge that transparency and accountability are of the utmost importance, but do not magically make adequate action happen.[114] To make Paris effective, leaders must address the issues presented here, and ensure that comprehensive systems of climate adaptation finance are implemented.

114 Park & Kramarz 2016.

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Appendix 1: Summary of scoring criteria

CRITERIA	SCORING METHOD
A. Reporting of Summary Information (10)	
A1. Timely reporting: met deadline (January 1st, 2016)	0 - missed deadline; 1 - on time
A2. Clarity on total committed or pledged (public finance)	0 - no information; 0.5 - some information; 1 - if indicate how much was committed or pledged
A3. Clarity on total provided (public finance)	0 - no information; 0.5 - some ambiguity in reporting; 1 - clear reporting
A4. Summary information about channels	0 - no information; 0.5 - multilateral/bilateral proportions; 1 - specific channels listed
A5. Proportion grants vs. loans	0 - no reporting; 0.5 - partial reporting; 1 - clear reporting
A6. Proportion public vs. private	0 - no information; 0.5 - reporting only on public finance; 1 - clear reporting on share between private and public finance
A7. Proportion to LDCs, SIDS and Africa	0 - no information; 0.5 - some information; 1 - clear reporting
A8. Proportion to global regions and countries	0 - no information; 0.5 global regions; 1 - global regions and countries
A9. Proportion adaptation vs. mitigation	0 - no information; 0.5 - partial reporting; 1 - clear reporting
A10. Reported annual historical climate funding	0 - no information; 0.5 - information on previous year; 1 - information on previous four years or more
B. Transparency Regarding Methodologies Used to Track Adaptation Finance (11)	
B1. Definition of Adaptation	0 - no clear definition; 0.5 - some information, but some ambiguity; 1 - clear definition
B2. Indication of methodologies used for tracking finance	0 - no clear indication; 0.5 - some information, but some ambiguity; 1 - clear indication
B3. Clarified how determined whether “new and additional”	0 - no clear definition; 0.5 - some information, but some ambiguity; 1 - clear definition
B4. Indication of how “fair share” calculated	0 - no clear indication; 0.5 - some information, but some ambiguity; 1 - clear indication
B5. Indication of how country is planning to scale up to 2020	0 - no clear indication; 0.5 - some information, but some ambiguity; 1 - clear indication

Appendix 1: Summary of scoring criteria (cont.)

CRITERIA		SCORING METHOD
B.	Transparency Regarding Methodologies Used to Track Adaptation Finance (11)	
B6.	Clear rationale for allocation to countries	0 - no clear rationale; 0.5 - some information, but some ambiguity; 1 - clear rationale
B7.	Clear rationale for allocation to sectors	0 - no clear rationale; 0.5 - some information, but some ambiguity; 1 - clear rationale
B8.	Submitted "common tabular format"	0 - no; 1 - yes
B9.	No double counting of previous years	0 - yes, double counting; 1 - no double counting
B10.	Description of how resources address the needs of beneficiaries	0 - no information; 0.5 - general information of overall process or partial information on projects; 1 - project-specific reporting

CRITERIA		SCORING METHOD
C.	Quality and Completeness of Project-level Data (11)	
C1.	All projects are reported	0 - no or few projects reported; 0.5 - most projects listed; 1 - all projects listed
C2.	Amount committed to projects listed	0 - no information; 0.5 - most projects listed with commitments; 1 - clear reporting
C3.	Amount actually disbursed (status)	0 - no information; 0.5 - most information; 1 - clear reporting
C4.	Start date of project	0 - no information; 0.5 - most information; 1 - clear reporting
C5.	Description of the project listed	0 - no information; 0.5 - most information; 1 - clear reporting
C6.	Level of concessionality	0 - no information; 0.5 - split grant vs. loan; 1 - clear reporting on level of concessionality for loans
C7.	Implementing agencies	0 - no information; 0.5 - most information; 1 - clear reporting
C8.	Accessible database on the Internet (URL link to)	0 - no information; 0.5 - most information; 1 - clear reporting
C9.	Adaptation or mitigation	0 - no information; 0.5 - most information; 1 - clear reporting
C10.	Georeferenced location	0 - no information; 0.5 - most information; 1 - clear reporting
C11.	Links to full project documents	0 - no information; 0.5 - most information; 1 - clear reporting

I. Assessment Structure

This assessment is divided into three sections: Reporting of Summary Information, Methodologies, and Project Level Data. The sections have 10, 10, and 11 items respectively, for a total count of 31 assessment criteria. Each donor will be given a 0, 0.5, or 1 score for each item. Scores will be summed and reported as a percentage out of 31 possible points, before awarding each donor a final ranking.

The three sections are:

Reporting of Summary Information

This section assesses more general information reported by donor countries, including items such as "Clarity on Total Committed (vs. Pledged)," "Proportion Public vs. Private," and "Reported Annual Historical Climate Funding."

Methodologies

This section assesses technical information reported by donor countries, including items such as "Indication of Methodologies used for Tracking" and "Clear Rationale for Allocation to Countries."

Project Level Data

This section assesses more project specific data reported by donor countries, including items such as "All Projects Reported," "Description of Project Listed" and "Links to Full Project Documents"

II. Detailed Scoring Item Instructions

A. Reporting of Summary Information

1. **Timely Reporting**

   Donors who submitted their second Biennial Reports on or before the deadline earn a "1", all others earn a "0". Second Biennial Reports were due on January 1st, 2016.

2. **Clarity on Total Committed or Pledged**[115]

   Donors who have no information on funding earn a "0"; Donors who indicate how much funding was committed or pledged earn a "1".

3. **Clarity on total disbursed/provided**

   Donors who give no information about funding disbursed or provided earn a "0"; Donors who give information about funding disbursed or provided earn a "1". The words disbursed and provided may be used interchangeably.

4. **Summary information about Channels**

   Donors who give no information about disbursement channels earn a "0"; Donors who give information about proportions of funding (percent funding to multilateral or bilateral funds) earn a "0.5"; Donors who give information about which specific multilateral or bilateral funds funding will be disbursed earn a "1".

115 A commitment refers to a firm obligation, expressed in writing and backed by the necessary funds, undertaken by an official donor to provide specified assistance to a recipient country or a multilateral organisation. A pledge is a weaker form of engagement (not a firm obligation).

5. **Proportion as Loans and Grants**
   Donors who give no information about loan and grant proportions earn a "0"; Donors who give information about loan and grant proportions earn a "1".
6. **Proportion Public vs. Private**
   Donors who give no information about public vs. private funding earn a "0"; Donors who report clearly amounts of public and private funding (including percentages) earn a "1".
7. **Proportion or amount to LDCs, SIDS, and Africa**
   Donors who give no information about proportions of funding to LDCs, SIDS, and Africa earn a "0"; Donors who report clearly amounts of funding for LDCs, SIDS, and Africa (including percentages) earn a "1".
8. **Proportion to Global Regions and Countries**
   Donors who give no information about the global region or countries earn a "0"; Donors who report the global region earn a "0.5"; Donors who report specific countries earn a "1".
9. **Proportion to Adaptation and Mitigation**
   Donors who give no information about proportions of funding to adaptation and mitigation earn a "0"; Donors who report clearly amounts of funding for adaptation and mitigation earn a "1".
10. **Reported on Annual Historical Funding**
    Donors who give no information about previous funding earn a "0"; Donors who report funding for the past year earn a "0.5". Donors who report funding for the previous four years or more earn a "1".

B. Methodologies

1. **Definition of Adaptation**
   Donors who give no definition of adaptation earn a "0"; Donors who give some definition of adaptation, but are ambiguous, earn a "0.5"; Donors who include a clear definition of adaptation earn a "1".
2. **Indication of Methodologies Used for Finance Tracking**
   Donors who give no description of methodologies used for finance tracking earn a "0"; Donors who give some description of methodologies used, but are ambiguous, earn a "0.5"; Donors who report clearly earn a "1". Finance tracking methodologies may include the OECD (Development Assistance Committee) DAC Rio markers, as well as others.
3. **Clarification on "New and Additional" Determined**
   Donors who give no description of how 'new and additional' is determined earn a "0"; Donors who give some description of how 'new and additional' is determined, but are ambiguous, earn a "0.5"; Donors who report clearly earn a "1".
4. **Indication on how "Fair Share" Calculated**
   Donors who give no description of how 'fair share' is calculated earn a "0"; Donors who give some description of how 'fair share' is calculated, but are ambiguous, earn a "0.5"; Donors who report clearly earn a "1".

5. **Indication of 2020 Upscaling**
   Donors who give no description of how funding will be scaled up to the 2020 goal (i.e., mobilization of US$ 100 billion per year) earn a "0"; Donors who give some description of how funding will be scaled up to the 2020 goal, but are ambiguous, earn a "0.5"; Donors who report clearly earn a "1".
6. **Clear Rationale for Allocation to Countries**
   Donors who give no rationale of how recipient countries were selected earn a "0"; Donors who give some rationale of how recipient countries were selected, but are ambiguous, earn a "0.5"; Donors who report clearly earn a "1".
7. **Clear Rationale for Allocation to Sectors**
   Donors who give no rationale of how recipient sectors were selected earn a "0"; Donors who give some rationale of how recipient sectors were selected, but are ambiguous, earn a "0.5"; Donors who report clearly earn a "1".
8. **Submitted Common Tabular Format**
   Donors who did not submit their common tabular format worksheet earn a "0"; Donors who did submit their common tabular format worksheet earn a "1". This worksheet is separate from the Biennial Report and can be found on the same UNFCCC webpage.
9. **No Double Counting of Previous Years**
   Donors who are found to be 'double counting' funding from previous years earn a "0"; Donors who are not 'double counting' funding earn a "1". This information can be found in the technical reviews of the Biennial Reports (if available). If the technical review is not available for a given country, put "NA" in the table of results.
10. **Description of how resources address the needs of beneficiaries**
    Donors who do not provide any information regarding the ways in which resources address the needs of beneficiaries earn a "0"; Donors who describe the general process but without specific information earn a "0.5;. Donors who give project-level information earn a "1".

C. Project Level Data

1. **All Projects Reported**
   Donors who do not report their projects earn a "0"; Donors who report most (>50%) of their projects earn a "0.5"; Donors who report all of their projects earn a "1".
2. **Amount Committed**
   Donors who do not report or only report some of their funding commitments earn a "0"; Donors who report funding commitments for most of their projects earn a "0.5"; Donors who report funding commitments for all of their projects earn a "1".
3. **Amount Disbursed**
   Donors who do not report or only report some of the funding disbursed earn a "0"; Donors who report funding disbursed for most of their projects earn a "0.5"; Donors who report funding disbursed for all of their projects earn a "1".
4. **Start Date of Project**
   Donors who do not report the start date of their projects earn a "0"; Donors who report the start date of most of their projects earn a "0.5"; Donors who report the start date of all their projects earn a "1".

5. **Description of Project**

   Donors who do not report or only report some of their project descriptions earn a "0"; Donors who report most of their project descriptions earn a "0.5"; Donors who report all of their project descriptions earn a "1".

6. **Grant/Loan, and Level of Concessionality**[116]

   Donors who give no information about loan and grant proportions earn a "0"; Donors who give information about loan and grant proportions, but no concessionality information earn a "0.5"; Donors who give information about loan and grant proportions as well as concessionality information for each project get a "1".

7. **Implementing Agencies**

   Donors who do not report the implementing agencies for their projects earn a "0"; Donors who report the implementing agencies for most projects earn a "0.5", Donors who report the implementing agencies for all projects earn a "1".

8. **User Friendly Database**

   Donors who do not include or link to a database earn a "0"; Donors who include or link to a database, but the database is not queryable or exportable, earn a "0.5", Donors who include a link to a database that is both queryable and exportable earn a "1".

9. **Adaptation/Mitigation**

   Donors who do not report if funding is for adaptation or mitigation earn a "0"; Donors who report if funding is for adaptation or mitigation for most projects earn a "0.5", Donors who report if funding is for adaptation or mitigation for all projects earn a "1".

10. **Georeferenced Location**

    Donors who do not include a georeferenced location for each project earn a "0"; Donors who include a georeferenced location for most projects earn a "0.5", Donors who include a georeferenced location for all projects earn a "1".

11. **Links to Full Project Documents**

    Donors who do not include links to full project documents for each project earn a "0"; Donors who include links to full project documents for most projects earn a "0.5", Donors who include links to full project documents for all projects earn a "1".

116 The concessionality level is a measure of the "softness" of a credit reflecting the benefit to the borrower compared to a loan at market rate.

Appendix 3
Complete results:
2014 Biennial Reports

	CRITERIA	GERMANY	CANADA	IRELAND	BELGIUM	FINLAND	NETHERLANDS	SWEDEN
A.	Reporting of Summary Information (10 points)	9	6.5	6.5	5.5	5.5	8.5	8.5
A1.	Timely reporting: met deadline (January 1st. 2014)	1	1	0	0	1	1	1
A2.	Clarity on total committed (vs. pledged)	1	0	0.5	1	0	1	1
A3.	Clarity on total provided	1	1	1	0	1	1	1
A4.	Summary information about channels	1	1	1	1	1	1	1
A5.	Proportion grants vs. loans	1	0.5	1	1	0.5	1	0.5
A6.	Proportion public vs. private	0.5	0	0.5	0.5	0.5	0.5	1
A7.	Proportion to LDCs, SIDS and Africa	1	0.5	0.5	0.5	1	0	0
A8.	Proportion to global regions and countries	1	0.5	0.5	0	0	1	1
A9.	Proportion adaptation vs. mitigation	1	1	1	0.5	0	1	1
A10.	Reported annual historical climate funding	0.5	1	0.5	1	0.5	1	1
B.	Methodologies Used to Track Adaptation Finance (10 points)	4.5	5.5	4	5.5	6.5	7	6.5
B1.	Definition of Adaptation	0	0.5	0	0	0.5	1	1
B2.	Indication of methodologies used for tracking finance	0.5	0.5	0	1	1	1	1
B3.	Clarified how determined whether “new and additional”	1	1	0.5	0.5	1	1	1
B4.	Indication of how “fair share” calculated	0	0	0	0	0	0	0
B5.	Indication of how country is planning to scale up to 2020	0	0	0.5	0	0	0	0
B6.	Clear rationale for allocation to countries	0.5	0.5	0	0.5	1	0.5	0
B7.	Clear rationale for allocation to sectors	0	0.5	0	0.5	0.5	0.5	0.5
B8.	Submitted “common tabular format”	1	1	1	1	1	1	1
B9.	No double counting of previous years	1	1	1	1	1	1	1
B10.	Description of how resources address the needs of beneficiaries	0.5	0.5	1	1	0.5	1	1
C.	Quality and Completeness of Project-level Data (11 points)	7	6.5	6.5	6	5	0	0
C1.	All projects are reported	1	1	1	1	1	0	0
C2.	Amount committed to projects listed	1	1	1	1	1	0	0
C3.	Amount actually disbursed (status)	0	1	0	1	1	0	0
C4.	Start date of project	0	0	0.5	0	0	0	0
C5.	Description of the project listed	0.5	1	1	0.5	0	0	0
C6.	Level of concessionality	0.5	1	1	1	0.5	0	0
C7.	Implementing agencies	1	0.5	0.5	0.5	0.5	0	0
C8.	Accessible database	1	0	0	0	0	0	0
C9.	Adaptation or mitigation	1	1	1	1	1	0	0
C10.	Georeferenced location	1	0	0.5	0	0	0	0
C11.	Links to full project documents	0	0	0	0	0	0	0
	Total Score (out of 31 points)	20.5	18.5	17	17	17	15.5	15
	Ranking	1	2	3	3	3	6	7

UK	US	JAPAN	PORTUGAL	AUSTRALIA	NEW ZEALAND	ICELAND	FRANCE	SWITZERLAND	EU INSTITUTIONS	NORWAY	LUXEMBOURG	GREECE	SPAIN	DENMARK	ITALY	AUSTRIA
6.5	7	8	7	7.5	7.5	7	7.5	6.5	4.5	6.5	6.5	6	5.5	3.5	4.5	3.5
1	1	1	1	1	1	0	1	0	0	0	0	1	1	0	0	0
1	1	1	1	1	1	0.5	1	1	0	1	1	1	0.5	0.5	0	1
1	0	1	1	1	1	1	1	1	1	1	1	0	0	0.5	1	0
1	1	1	0.5	1	1	1	1	1	0.5	1	1	0.5	1	1	1	1
0.5	0.5	0.5	1	1	0.5	1	0.5	1	0.5	0.5	1	1	0.5	0	0.5	0
1	0.5	1	0	0	0.5	0.5	0.5	0.5	0	0.5	0.5	0.5	0.5	0	0.5	0
0.5	1	0	0	0.5	0	0.5	0	0	0	0	0.5	0	0.5	0	0	0
0	1	1	1	0.5	1	1	0.5	0.5	0.5	1	0	0.5	0.5	0	1	0
0.5	0.5	1	0.5	0.5	0.5	1	1	0.5	1	1	1	0.5	0.5	0.5	0.5	0.5
0	0.5	0.5	1	1	1	0.5	1	1	1	0.5	0.5	1	0.5	1	0	1
5	7.5	5.5	4	6	5.5	5	4.5	5	6.5	4	4	3.5	4	5	4	4
0	1	1	0	0.5	1	0	1	1	0.5	0.5	0	0	0.5	0.5	0	0
1	0.5	0	0	0	0.5	0.5	0.5	0	1	0	0.5	0.5	1	1	0	0.5
0	1	1	0	1	0	0.5	0	0.5	1	1	1	0	0.5	1	0	1
0.5	0	0	0	0	0	0	0	0.5	0	0	0	0	0	0	0	0
0.5	0.5	0.5	0	0.5	0	0	0	0	0.5	0	0	0	0	0	0	0
0	1	0	1	0.5	0.5	1	0.5	0	0.5	0	0.5	1	0.5	0.5	0.5	0.5
0.5	1	0.5	1	1	0.5	1	0.5	0.5	0.5	0.5	0	0	0	0	0.5	0
1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1
0.5	0.5	0.5	0	0.5	1	0	0	0.5	0.5	0	0	0	0.5	0	1	0
3.5	0	0	2.5	0	0	0	0	0	0	0	0	1	0	0	0	0
1	0	0	0.5	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
0.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
15	14.5	13.5	13.5	13.5	13	12	12	11.5	11	10.5	10.5	10.5	9.5	8.5	8.5	7.5
7	9	10	10	10	13	14	14	16	17	18	18	18	21	22	22	24

Appendix 4
Complete results:
2016 Biennial Reports

	CRITERIA	GERMANY	IRELAND	SWEDEN	EU INSTITUTIONS	JAPAN	SWITZERLAND	BELGIUM
A.	Reporting of Summary Information (10 points)	5.5	7	7	6	6.5	7	5
A1.	Timely reporting: met deadline (January 1st. 2016)	1	0	1	1	1	1	1
A2.	Clarity on total committed (vs. pledged)	0	1	1	0	1	0	0
A3.	Clarity on total provided	1	1	1	1	0.5	1	1
A4.	Summary information about channels	1	0.5	1	1	0.5	1	1
A5.	Proportion grants vs. loans	0	1	0.5	0.5	0.5	1	0.5
A6.	Proportion public vs. private	0.5	0.5	0.5	0	1	0.5	0.5
A7.	Proportion to LDCs, SIDS and Africa	0	0.5	0.5	0.5	0	0	0.5
A8.	Proportion to global regions and countries	0	0.5	0	0	0	1	0
A9.	Proportion adaptation vs. mitigation	1	1	1	1	1	1	0.5
A10.	Reported annual historical climate funding	1	1	0.5	1	1	0.5	0
B.	Methodologies Used to Track Adaptation Finance (10 points)	8.5	6.5	6.5	6	6.5	5	5.5
B1.	Definition of Adaptation	1	1	1	1	1	1	0.5
B2.	Indication of methodologies used for tracking finance	1	1	1	1	0.5	0	1
B3.	Clarified how determined whether "new and additional"	1	0.5	1	1	1	0.5	1
B4.	Indication of how "fair share" calculated	0	0	0	0	0	0	0
B5.	Indication of how country is planning to scale up to 2020	1	0	0	0.5	1	0	0
B6.	Clear rationale for allocation to countries	0.5	1	0.5	0	0	0	0.5
B7.	Clear rationale for allocation to sectors	1	0	0.5	0	0	1	0
B8.	Submitted "common tabular format"	1	1	1	1	1	1	1
B9.	No double counting of previous years	1	1	1	1	1	1	1
B10.	Description of how resources address the needs of beneficiaries	1	1	0.5	0.5	1	0.5	0.5
C.	Quality and Completeness of Project-level Data (11 points)	5.5	5.5	4	5	4	4	5
C1.	All projects are reported	1	1	1	1	0.5	1	1
C2.	Amount committed to projects listed	0	0	0	1	0	0	0
C3.	Amount actually disbursed (status)	1	1	1	0	1	1	1
C4.	Start date of project	0	0	0	0	0	0	0
C5.	Description of the project listed	0	0.5	0	1	0	0	0.5
C6.	Level of concessionality	0.5	0.5	1	0.5	0.5	1	0.5
C7.	Implementing agencies	1	1	0	0.5	1	0	1
C8.	Accessible database	1	0.5	0	0	0	0	0
C9.	Adaptation or mitigation	1	1	1	1	1	1	1
C10.	Georeferenced location	0	0	0	0	0	0	0
C11.	Links to full project documents	0	0	0	0	0	0	0
	Total Score (out of 31 points)	19.5	19	17.5	17	17	16	15.5
	Ranking	1	2	3	4	4	6	7

UK	FINLAND	NETHERLANDS	US	CANADA	SPAIN	FRANCE	PORTUGAL	AUSTRALIA	ITALY	ICELAND	NORWAY	DENMARK	LUXEMBOURG	NEW ZEALAND	AUSTRIA	GREECE
5.5	5	6	6.5	3.5	4.5	5	7	7.5	4.5	4	6	2.5	3	3	3.5	0
1	1	1	1	0	1	1	1	1	1	1	1	0	0	1	1	0
0.5	0	1	1	0.5	0	0	1	0	1	0	0	0	0	0.5	0.5	0
1	1	1	0	1	1	1	1	1	1	1	0.5	0.5	1	1	0.5	0
1	0.5	0	1	0.5	1	1	1	1	0	0.5	1	1	0	0	1	0
0	0	0.5	0.5	0	0	0	0.5	1	0	0	0.5	0	1	0.5	0	0
0.5	0.5	0.5	0.5	1	0.5	1	0	0.5	0	0.5	0.5	0.5	0	0	0	0
0.5	0	0.5	0	0	0	0	0	1	0.5	0	0	0	0.5	0	0	0
0	0	0	1	0	0	0	1	0.5	0	0	1	0	0	0	0	0
0.5	1	1	1	0.5	0.5	1	1	1	0.5	0.5	1	0.5	0	0	0.5	0
0.5	1	0.5	0.5	0	0.5	0	0.5	0.5	0.5	0.5	0.5	0	0.5	0	0	0
5.5	6	5.5	5	6	6.5	5	3	5.5	4	5	5.5	4.5	4.5	4.5	3.5	3
0.5	0.5	0.5	0.5	0	0.5	1	0.5	0.5	0	0	1	0.5	0	0.5	0.5	0
1	1	1	1	1	1	1	0.5	1	0.5	0	1	1	0	1	1	0
0	1	0	0.5	1	1	0	0	0.5	0	1	1	0.5	1	1	0	1
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0.5	0	0	0	1	0	1	0	0	0	0	0.5	0	0	0	0	0
0.5	0	0.5	0	0	1	0	0	0.5	0.5	1	0	0.5	0.5	0	0	0
0.5	0.5	0.5	0.5	0.5	0	0	0	0.5	0	0.5	0	0	0.5	0	0	0
1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1
1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
0.5	1	1	0.5	0.5	1	0	0	0.5	1	0.5	0	0	0.5	1	0	0
4.5	4	3.5	3	4.5	3	3.5	3.5	0	4.5	3	0	4	3.5	2	0	0
1	1	1	0.5	1	0.5	1	1	0	0.5	1	0	1	0.5	1	0	0
0	0	0	1	0	0	1	0	0	1	0	0	0	0	0	0	0
1	1	1	0	1	1	0	1	0	0	1	0	1	1	1	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	0	0	0	1	0	0	0	0	0.5	0	0	0	0.5	0	0	0
0.5	1	0.5	0.5	0.5	0.5	0.5	0.5	0	0.5	0	0	1	0.5	0	0	0
0	0	0	0	0	0	0	0	0	0.5	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0.5	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	0	1	1	0	1	1	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15.5	15	15	14.5	14	14	13.5	13.5	13	13	12	11.5	11	11	9.5	7	3
7	9	9	11	12	12	14	14	16	16	18	19	20	20	22	23	24

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