

Results-Based Climate Finance under the Convention

RESULTS-BASED CLIMATE FINANCE DIALOGUE

JUNE 2, 2016, WORLD BANK OFFICE, PARIS, FRANCE



Alejandro Kilpatrick

UNFCCC secretariat, Finance, Technology and Capacity-building programme

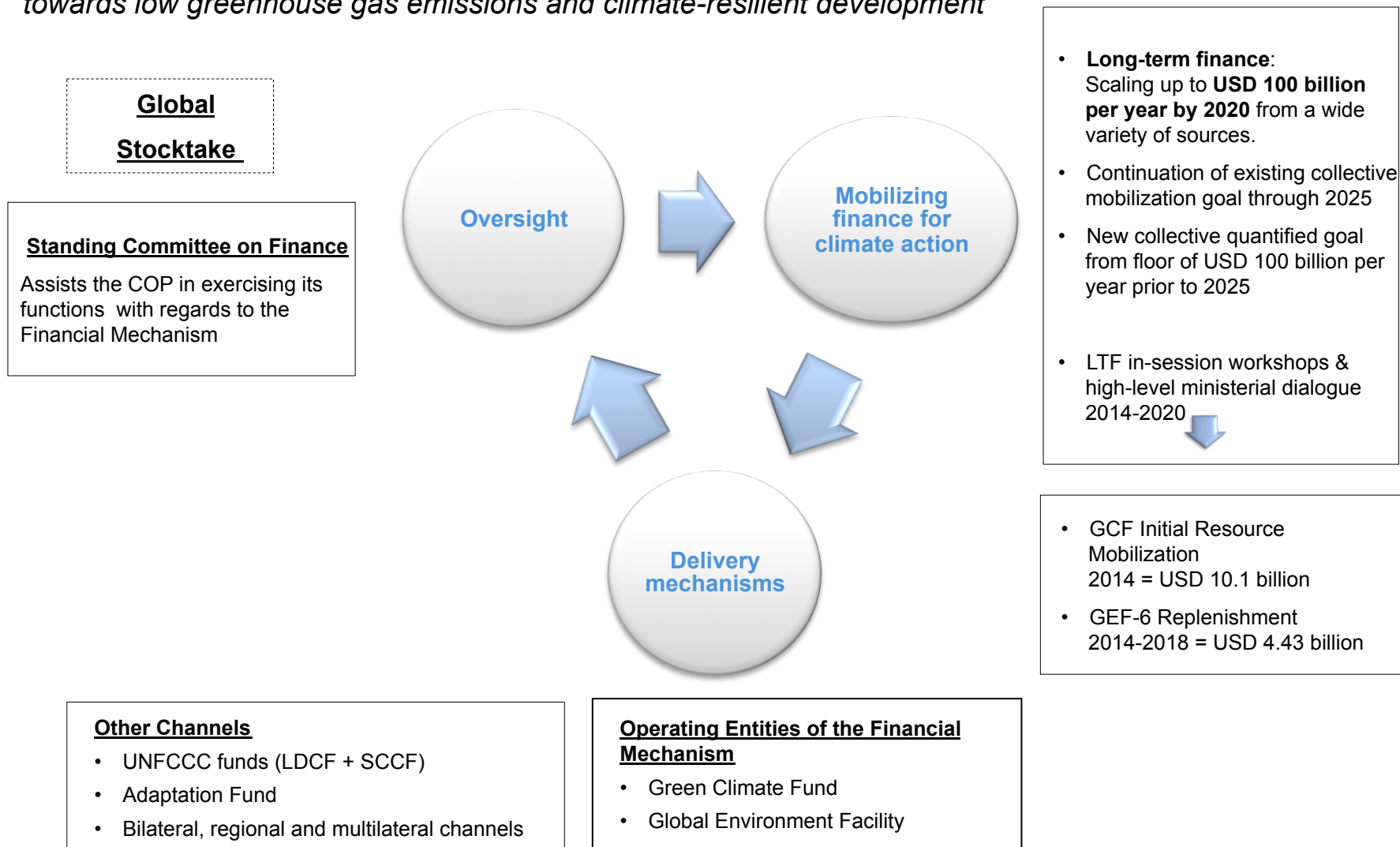
Overview of the presentation

- ❑ Provide an overview of the climate finance architecture under UNFCCC
- ❑ Results-based finance under the Convention
 - Paris Agreement
 - Standing Committee on Finance
 - Green Climate Fund
 - Global Environment Facility
- ❑ Q&A



Overview of the climate finance architecture post-Paris

Aim of Paris Agreement Article 2.1 (c): *Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development*





- Much experience gained so far under the Convention relates to the **flexible mechanisms of the Kyoto Protocol** (especially CDM).

Snapshot of discussions on the RBP for REDD+ activities under the UNFCCC:

- Discussion on REDD+ started in Bali and Parties decided at COP 16 that REDD+ activities should evolve into results-based actions that should be fully measured, reported and verified. There was a COP work programme on REDD+ finance.
- At COP 19, Parties agreed on the **Warsaw Framework for REDD+** that contains guidelines and modalities on how REDD+ activities and its payments can be taken forward.
 - It reaffirms that results-based finance may come from **a wide variety of sources**, public and private, bilateral and multilateral, including alternative sources.
 - **Financing entities, including the GCF in a key role**, were encouraged to channel adequate and predictable results-based finance in a fair and balanced manner, and to work with a view to increasing the number of countries that are in a position to obtain and receive payments for results-based actions



Paris Agreement, Article 5

- ✓ 2 Parties are encouraged to **take action to implement and support, including through results-based payments**, the existing framework as set out in related guidance and decisions already agreed under the Convention for: policy approaches and positive incentives for activities relating to reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries; and alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, while reaffirming the importance of incentivizing, as appropriate, non-carbon benefits associated with such approaches.

Relevant decision accompanying the Paris Agreement:

- ✓ 54 **Recognizes the importance of adequate and predictable financial resources, including for results-based payments**, as appropriate, for the implementation of policy approaches and positive incentives for reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks; as well as alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests; while reaffirming the importance of non-carbon benefits associated with such approaches; encouraging the coordination of support from, inter alia, public and private, bilateral and multilateral sources, such as the Green Climate Fund, and alternative sources in accordance with relevant decisions by the Conference of the Parties;



Relevant provisions in the Paris Agreement related to the new transparency framework:

Article 13

para 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 aggregate financial support provided, to inform the global stocktake under Article 14.

para 10: Developing country Parties should provide information on financial, technology transfer and capacity-building **support needed and received** under Articles 9, 10 and 11.

Accompanying decision:

94 *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:

- (d) 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;**



- The COP requested the **Standing Committee on Finance (SCF)** to consider coherence and coordination of forest finance, taking into account different policy approaches.
- The SCF Forum in 2015 generated conclusions and recommendations relevant to results-based payments for REDD+ activities.

Snapshot of 2015 SCF forum outcomes on REDD+ RBP

- Sharing of lessons learnt in readiness-building and implementation of REDD+ activities and the role of international support as the crucial enabler
- Importance of adequate and balanced support across phases
- Need for coherence and coordination among the entities providing finance for REDD-plus activities, especially on the requirements for accessing results-based finance. Warsaw Framework for REDD-plus should guide funding schemes for REDD-plus RBP.
- Importance of the role of the GCF in providing the RBP and need for coherence and coordination with other RBP providers

SCF side event on forest finance

- The SCF held a side event on the sidelines of SB44 to present its forest finance related work and discuss coherence and coordination of forest finance, including in the area of results-based payments. (Slides are available at: www.unfccc.int/8985)



- The SCF Forum in 2015 concluded with concrete recommendations (included in the SCF's report to COP21) which informed the SCF last year in preparing draft guidance to the operating entities of the Financial Mechanism.
- The following draft guidance was prepared with regard to RBF:
 - ✓ *Encourages* the GCF to **enhance its coordination and exchange of information on the provision of support, including results-based payments** guided by the Warsaw Framework for REDD-plus, with other entities financing REDD-plus;
 - ✓ *Encourages* the Green Climate Fund to **expedite work on results-based finance in 2016, applying the methodological guidance consistent with the Warsaw Framework for REDD-plus in order to improve the effectiveness and coordination of results-based finance**, as referred to in 9/CP.19, paragraph 7 and report its progress to COP 22;
- The draft guidance to the GCF provided by the SCF was taken into account by the COP and resulted in concrete COP decisions (Decision 7/CP.21).



- The GCF has put in place performance indicators and modalities for monitoring, evaluation and reporting within its Results Management Framework. In 2014, the GCF Board adopted mitigation and adaptation performance measurement frameworks as well as the Fund's mitigation and adaptation logic models. (decisions B.08/07 and B.07/04)
- On a parallel track, the GCF has adopted a Logic Model (LM) and Performance Measurement Framework (PMF) for REDD+ Result Based Payments in line with the Warsaw Framework, as per COP mandate. (Decision B.08/08)
- Approval criteria for REDD+ RBP currently under development; Board expected to make a decision on this in October 2016 (B.14)

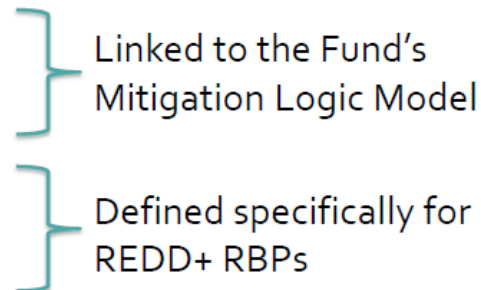
4 levels in the LM

(a) Paradigm shifts objective

(b) Impacts

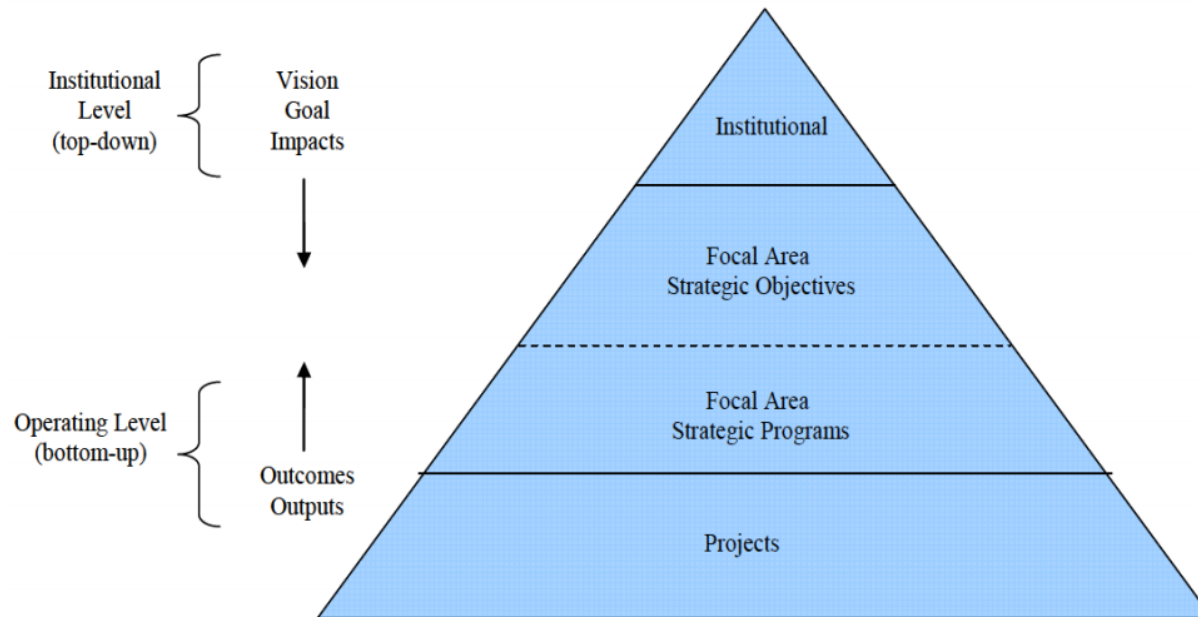
(c) Programme outcomes

(d) Programme outputs



Results-based Management Action Plan of the GEF

- The aim of the GEF’s RBM is to improve management effectiveness and accountability by defining realistic expected results and targets, monitoring progress toward the achievement of expected results and targets, integrating lessons learned into management decisions, and reporting on performance.
- *The GEF uses tracking tools for both climate change mitigation and adaptation, to “measure what matters” and “close the feedback loop”.*



Results Based Management at Different Organizational Levels

Source: Results-based Management Action Plan, GEF/C.47/05



- The Paris Agreement:
<http://unfccc.int/9485>
- REDD+ Web Platform:
<http://redd.unfccc.int/>
- REDD+ Finance:
<http://unfccc.int/7376>
- Warsaw Framework for REDD+:
www.unfccc.int/8180
- SCF webpage on enhancing coherence and coordination for forest finance:
www.unfccc.int/8985
- SCF webpage on its 2015 SCF forum:
www.unfccc.int/9053
- 2015 SCF Report to the COP:
FCCC/CP/2015/8



Thank you!

akilpatrick@unfccc.int



UNFCCC Headquarter
Bonn, Germany



RBF outside the Convention

- **BioCarbon Fund and Forest Carbon Partnership Facility (FCPF) Carbon Fund** (LULUCF sector), managed by the World Bank
- **Pilot Auction Facility (PAF)** for methane & climate change mitigation (methane and other sectors), developed by the World Bank Group
- **Energising Development (EnDev) program** managed by GIZ supported by several contributing countries (energy sector)
- **Scaling-up Renewable Energy Program (SREP)**, part of the Climate Investment Funds (CIF) (energy sector)
- **Global Partnership on Output-Based Aid (GPOBA)** (energy and five other sectors)

Other relevant points

- Voluntary carbon markets remain marginal and do not represent a significant element of the global climate finance landscape.
- There have been theoretical attempts to develop RBS markets for adaptation, however, nothing has been put in practice yet, certainly not within the funds under the Convention.