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CLIMATE FINANCE MODULE

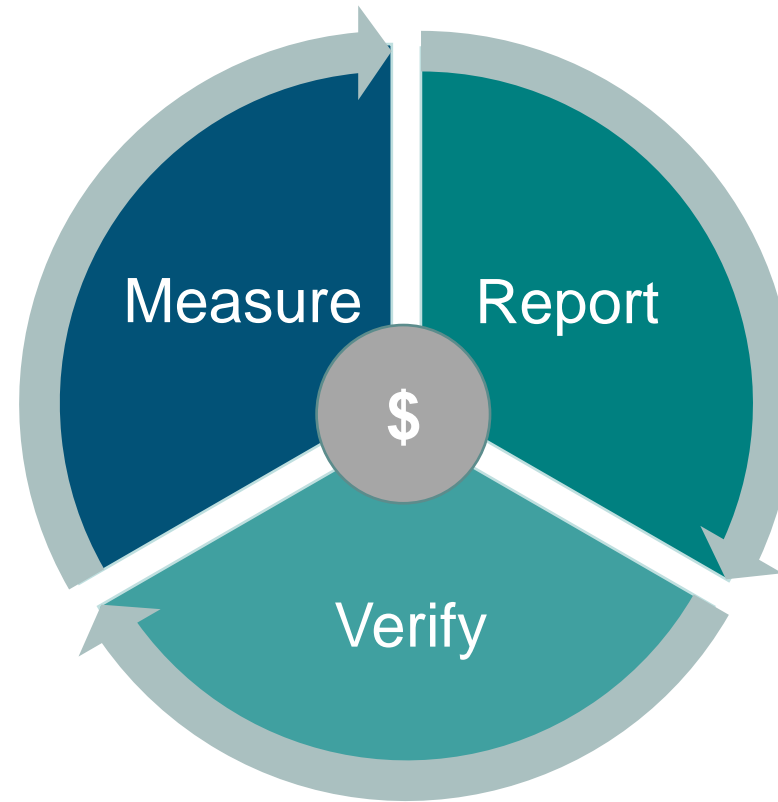
KATRIN SEUSS, DENIS MASINOVIC, 15 DECEMBER 2022

AGENDA

9:40-12:00	MRV-IT module: Climate Finance
9:40 – 10.00	Introduction to MRV of Climate Finance with a focus on Reporting on Climate Finance – UNFCCC and EU requirements
10.00 – 10.30	Overview of Climate Finance module in the MRV IT tool – Features and functionalities
10.30 – 11.30	Hands on training session for internal users

INTRODUCTION TO MRV OF CLIMATE FINANCE

- How to measure climate finance flows?
- How to define climate finance?



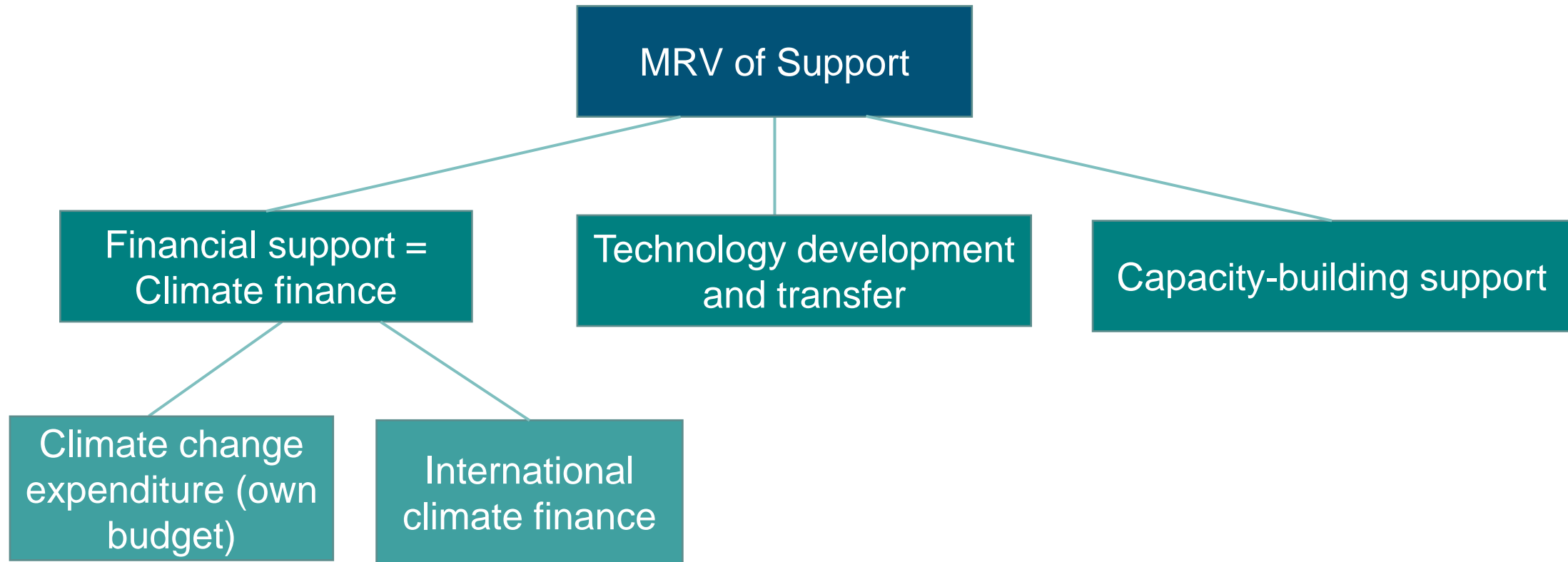
- What has to be reported when, to whom and in which format?

- How to verify data to ensure that it is correct and accurate?

WHY DO WE NEED AN MRV SYSTEM FOR CLIMATE FINANCE?

- To fulfill Serbia's international reporting obligations of the UNFCCC and the Paris Agreement (and later the EU Governance and its Implementing Regulation)
- Provide policy makers with evidence to take decisions
- To inform donors how their funds are used
- To publish data on climate finance to inform the public and ensure transparency

OVERVIEW OF MRV OF SUPPORT UNDER THE UNFCCC / PARIS AGREEMENT



MEASURING OF CLIMATE FINANCE

Before you can measure something, you need to define what it is that you are measuring.



Need to establish a definition of climate finance



WHAT IS CLIMATE FINANCE?

Climate finance refers to *local, national or transnational* financing — drawn from *public, private and alternative* sources of financing — that seeks to support mitigation and adaptation actions that will address climate change.



The Convention, the Kyoto Protocol and the Paris Agreement call for support from Parties with more financial resources to those that are less endowed and more vulnerable. This recognizes that the contribution of countries to climate change and their capacity to prevent it and cope with its consequences vary enormously.



Climate finance

is needed for *mitigation*, because large-scale investments are required to significantly reduce emissions.

is equally important for *adaptation*, as significant financial resources are needed to adapt to the adverse effects and reduce the impacts of a changing climate.

DEFINITION OF CLIMATE FINANCE

- Serbian legislation lacks a definition of climate finance
- Need to define criteria to identify and classify investment in climate finance



DAC Rio Markers for Climate

- Rio markers are policy markers used for monitoring and statistical reporting on the development finance flows (ODA)
- Handbook on Rio markers:

[https://www.oecd.org/dac/environment-development/Revised climate marker handbook_FINAL.pdf](https://www.oecd.org/dac/environment-development/Revised_climate_marker_handbook_FINAL.pdf)

DEFINITIONS OFFERED BY OECD

An activity should be classified as climate-related (score Principal or Significant) if:

Climate change mitigation marker

It contributes to the objective of stabilisation of greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by promoting efforts to reduce or limit GHG emissions or to enhance GHG sequestration.

Climate change adaptation marker

It intends to reduce the vulnerability of human or natural systems to the current and expected impacts of climate change, including climate variability, by maintaining or increasing resilience, through increased ability to adapt to, or absorb, climate change stresses, shocks and variability and/or by helping reduce exposure to them. This encompasses a range of activities from information and knowledge generation, to capacity development, planning and the implementation of climate change adaptation actions.

Source: OECD DAC Rio markers for climate handbook

SCORING SYSTEM FOR CLIMATE MARKERS

Description	Code	Definition
Principal (primary) objective	2	An activity can be marked as <u>principal</u> when the objective (climate change mitigation or adaptation) is explicitly stated as fundamental in the design of, or the motivation for, the activity . Promoting the objective will thus be stated in the activity documentation as one of the principal reasons for undertaking it. In other words, the activity would not have been funded (or designed that way) but for that objective.
Significant (secondary) objective	1	An activity can be marked as <u>significant</u> when the objective (climate change mitigation or adaptation) is explicitly stated but it is not the fundamental driver or motivation for undertaking it. Instead, the activity has other prime objectives but it has been formulated or adjusted to help meet the relevant climate concerns.
Not targeted to the policy objective	0	The score “0” means that the activity was examined but found not to target the objective (climate change mitigation or adaptation) in any significant way.
Not screened	empty	The measure has not been assessed. (Category for technical-statistical purposes)

REPORTING ON CLIMATE FINANCE



The draft **Serbian Climate Change Law** does not foresee any reporting requirement on climate finance.

REPORTING TO THE EU

- Reporting requirements are specified in Regulation EU 2018/1999 on the Governance of the Energy Union and Climate Action and Implementing Regulation (EU 2020/1208)
- Annex VIII Information on national adaptation actions, **financial and technology support provided to developing countries** and auctioning revenues
- Part 2 Reporting on support provided to developing countries
- Currently not relevant for Serbia as requirements only refer to financial support (and technology development and transfer and capacity building) **provided**

PROVISION OF SUPPORT IN THE PARIS AGREEMENT

Article 9 of the **Paris Agreement** stipulates that

1. **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.
2. other Parties are **encouraged** to **provide or continue to provide** such support voluntarily.

TRANSPARENCY OF SUPPORT

- The modalities, procedures and guidelines (MPGs) for the **transparency framework for action and support**, referred to in Article 13 of the Paris Agreement are defined in **Decision 18/CMA.1**.
- VI. Information on **financial, technology development and transfer and capacity-building support needed and received** under Articles 9-11 of the Paris Agreement (para. 130-145)

REPORTING REQUIREMENT

With regard to the **issue of transparency of support** reporting from **2024** is required:

- developed country Parties **shall** → provide **transparent and consistent information** on support for developing country Parties *provided* and *mobilized* through public interventions **biennially**.
- other Parties are **encouraged** to →
- developing country Parties **should** → provide (transparent and consistent) **information** on support *needed* and *received* **biennially**.

DECISION 18/CMA.1 - MPGS

VI. Information on financial, technology development and transfer and capacity-building support **needed and received** under Articles 9–11 of the Paris Agreement

- A. National circumstances, institutional arrangements and country-driven strategies
- B. Underlying assumptions, definitions and methodologies
- C. Information on **financial support needed** by developing country Parties under Article 9 of the Paris Agreement
- D. Information on **financial support received** by developing country Parties under Article 9 of the Paris Agreement
- E. Information on **technology development and transfer support needed** by developing country Parties under Article 10 of the PA
- F. Information on **technology development and transfer support received** by developing country Parties under Article 10 of the PA
- G. Information on **capacity-building support needed** by developing country Parties under Article 11 of the Paris Agreement
- H. Information on **capacity-building support received** by developing country Parties under Article 11 of the Paris Agreement
- I. Information on **support needed and received by developing country Parties for the implementation of Article 13 of the Paris Agreement and transparency-related activities**, including for transparency-related capacity-building

Tabular information Included
in the climate finance module

C. INFORMATION ON FINANCIAL SUPPORT NEEDED BY DEVELOPING COUNTRY PARTIES UNDER ARTICLE 9 OF THE PARIS AGREEMENT

132. Developing country Parties **should** provide information on financial **support needed** under Article 9 of the Paris Agreement **in textual format**, including, to the extent possible and as available and as applicable:
- (a) **Sectors** for which the Party wishes to **attract international finance, including existing barriers** to attracting international finance;
 - (b) Description of how the **support will contribute to its NDC** and to the **long-term goals** of the Paris Agreement.

C. INFORMATION ON FINANCIAL SUPPORT NEEDED BY DEVELOPING COUNTRY PARTIES UNDER ART. 9 OF PA

133. Developing country Parties **should provide**, in a common tabular format (CTF), information on **financial support needed**, including the following, to the extent possible, and as available and as applicable:

133. Information on financial support needed	
(a) Title	of activity, programme or project
(b) Description	of programme / project
(c) Estimated amount	in domestic currency in United States dollars
(d) Expected time frame	
(e) Expected financial instrument	grant concessional loan non-concessional loan equity guarantee other
(f) Type of support	mitigation adaptation cross-cutting
(g) Sector and subsector	
(h) Contribution to technology development and transfer and/or capacity-building, if relevant;	
(i) Activity is anchored in	national strategy NDC
(j) Expected use, impact and estimated results	

D. INFORMATION ON FINANCIAL SUPPORT RECEIVED BY DEVELOPING COUNTRY PARTIES UNDER ART. 9 OF PA

134. Developing country Parties **should provide**, in a common tabular format (CTF), information on **financial support received**, including, to the extent possible, and as available and as applicable:

134. Information on financial support received		
(a)	Title	of activity, programme or project
(b)	Description	of programme / project
(c)	Channel	
(d)	Recipient entity	
(e)	Implementing entity	
(f)	Amount received	in domestic currency in United States dollars
(g)	Time frame	
(h)	Financial instrument	grant concessional loan non-concessional loan equity guarantee other
(i)	Status	committed received
(j)	Sector and subsector	
(k)	Type of support	mitigation adaptation cross-cutting
(l)	Contribution to technology development and transfer and/or capacity-building, if relevant;	
(m)	Status of activity	planned ongoing completed
(n)	Use, impact and estimated results	

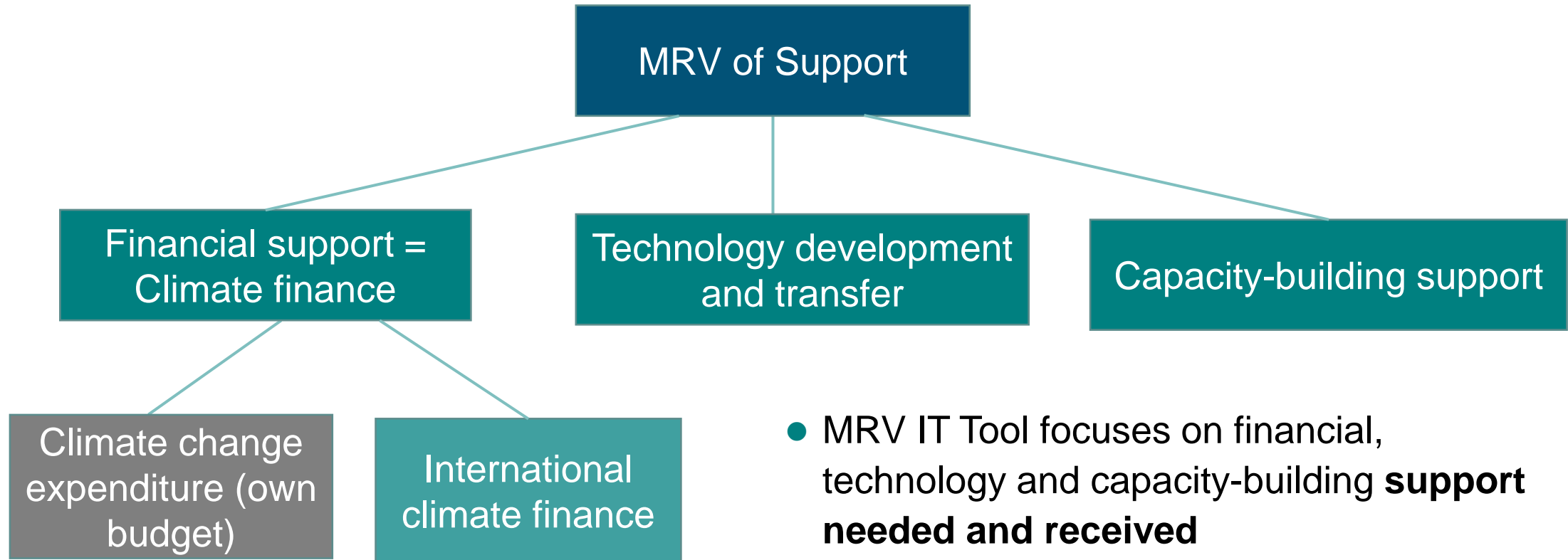
VERIFYING CLIMATE FINANCE DATA

- Verification refers to the quality assurance and control of information, calculations or reports on climate finance
- Climate finance data could be verified by e.g.:
 - 2nd person to check data/reports (4-eyes principle)
 - Independent entities could check data/reports
 - Formal review process of reports
 - Comparison with other datasets
- MRV Tool offers to mark climate finance data as verified or not

MAIN CHALLENGES

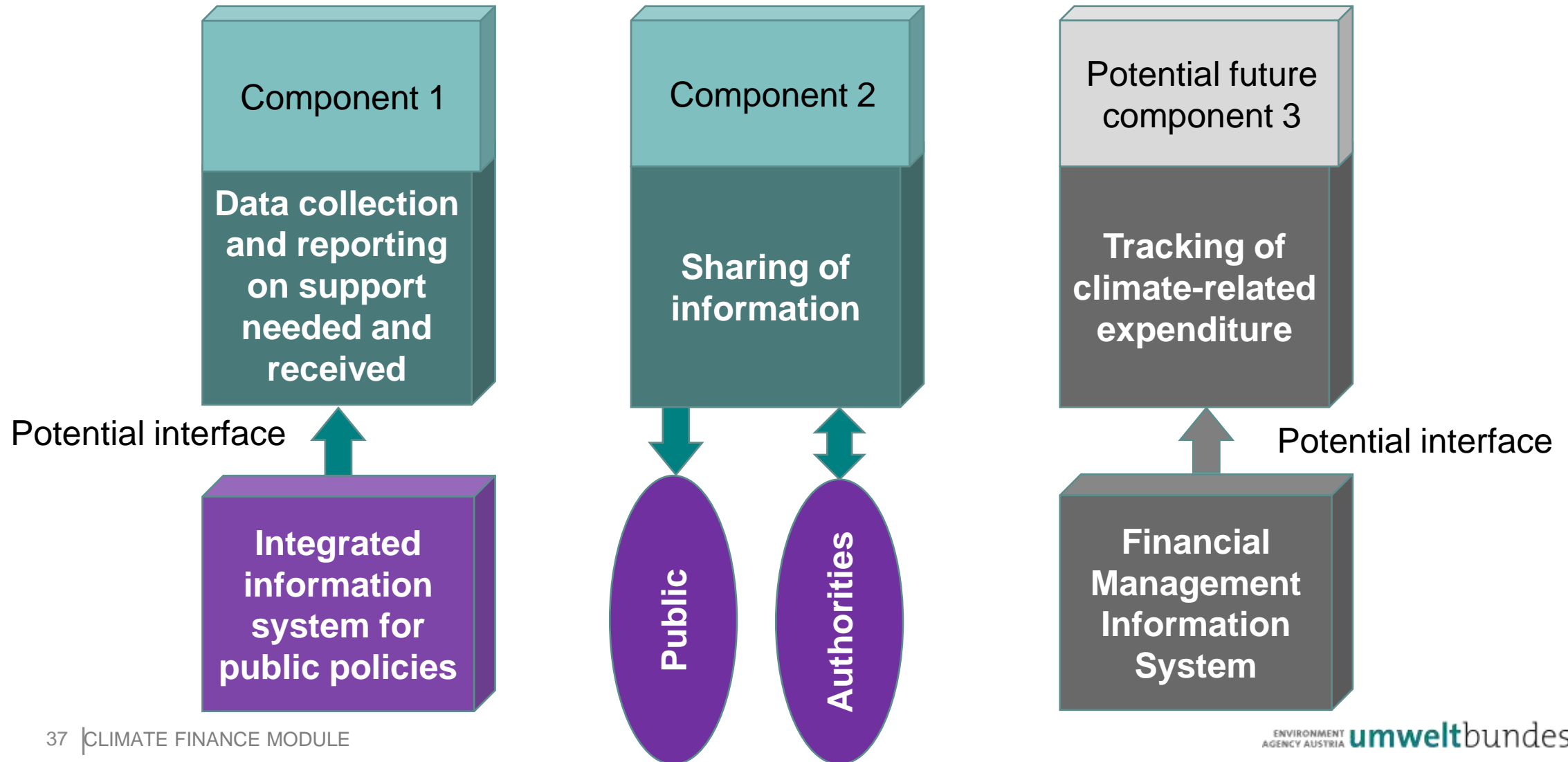
- There are no official methodologies for tracking climate finance. Many countries use OECD methodologies, which need to be adapted to the national context and priorities.
- The definition of institutional arrangements with key roles and responsibilities for climate finance
- Numerous entities receive climate finance at the national level (public entities, private entities and NGOs).
- Non-monetary support such as capacity building or technology transfer also has to be tracked.

FOCUS OF THE CLIMATE FINANCE MODULE



- MRV IT Tool focuses on financial, technology and capacity-building **support needed and received**
- Climate-budget tagging of Serbia's own budget is not yet implemented

OVERVIEW OF CLIMATE FINANCE MODULE



FEATURES AND FUNCTIONALITIES

Users's part	Public part
<ul style="list-style-type: none"> • Handling data on support needed received 	<ul style="list-style-type: none"> • Access data support needed and received
<ul style="list-style-type: none"> ✓ Data entry 	<ul style="list-style-type: none"> ✓ See project statistics (number of projects)
<ul style="list-style-type: none"> ✓ Verify data 	<ul style="list-style-type: none"> ✓ See project list
<ul style="list-style-type: none"> ✓ See project statistics (number of projects) 	<ul style="list-style-type: none"> • Access additional information (documents, links)
<ul style="list-style-type: none"> ✓ Create report 	
<ul style="list-style-type: none"> • Content management for public part 	
<ul style="list-style-type: none"> • Information sharing (documents, links, collaboration workspace) 	

DATA ENTRY

- Create support needed:
 - Financial support
 - Technology support
 - Capacity-building support
- Create support received:
 - Financial support
 - Technology support
 - Capacity-building support
- Create support needed and received:
 - Capacity-building support

Create support needed



Create project that needs support

Title *

Description *

Expected timeframe start *

Expected timeframe end *

Type of support

Adaptation Cross-cutting Mitigation

Expected use, impact and estimated results

Expected financial instrument *

Estimated amount (RSD) *

Estimated amount (USD) *

Sector / sub sector

Whether the activity will contribute to technology development and transfer and/or capacity-building, if relevant

Whether the activity is anchored in a national strategy and/or an NDC

DATA VERIFICATION

- Users with the role „quality check“ may verify existing projects by clicking a check mark in the editing section
- Tool shows who has verified the data when
- Users with the role „quality check“ may remove the quality check mark by deactivating the check mark in the edition section

Update support needed
Update project that needs support

Quality checked
Mark this item as approved for reporting

Title * Charlie Project

Description * Charlie Project

Update support needed
Update project that needs support

01/12/2021, 09:48
U Administrator
Ministry of Environmental Protection

Remove quality check
Remove approval from this item

Title * Delta Project

PROJECT STATISTICS

The overview page displays the following statistics:

- Aggregated number of projects that need support and of projects that received support (separately) for
 - ✓ Financial support
 - ✓ Technology support
 - ✓ Capacity-building support
- For financial support and transparency support the aggregated amount of financing) (in USD) of all projects that need support and of all projects that received support (separately)
- Statistics are displayed separately for quality checked projects and for all entered projects

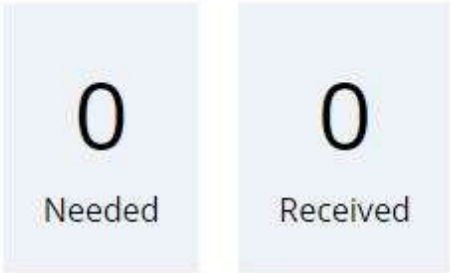
PROJECT STATISTICS EXAMPLE

☰ Quality checked projects

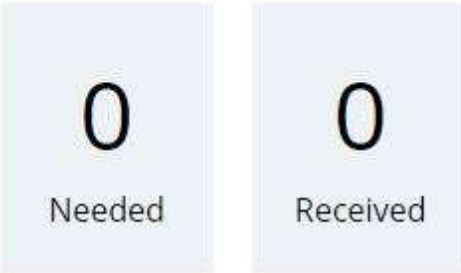
Financial support



Technology support



Capacity-building support



Transparency support



DOWNLOAD REPORT

- On the Overview page two different types of reports can be downloaded:
 - ✓ Report that contains only quality-checked projects
 - ✓ Report that contains all projects
- Download file lists all projects for
 - ✓ Financial support
 - ✓ Technology support
 - ✓ Capacity-building support
 - ✓ Transparency support

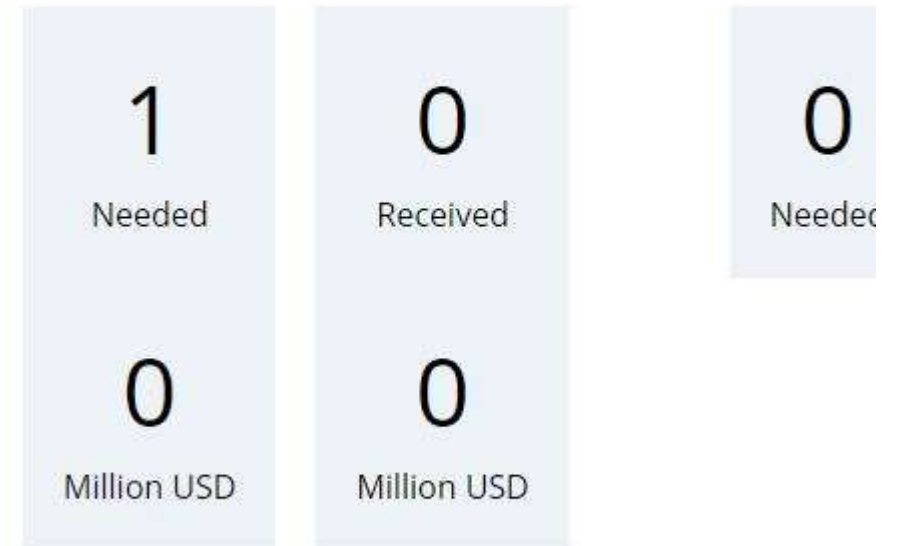
Overview

Statistics about climate finance.

☰ Quality checked projects

Financial support

Technolo



Download quality checked report

Click here to create report with only quality checked entries

CONTENT MANAGEMENT

- Under the different headings, the texts that are displayed on the public website can be added and changed:
 - ✓ Module introduction
 - ✓ Financial support
 - ✓ Technology support
 - ✓ Capacity-building support
 - ✓ Transparency support

INFORMATION SHARING

- Sharing of information via the sections related documents, external sources and collaboration workspace
- Share available information on climate finance, e.g.
 - ✓ List of support needed from the Second National Communication / First Biennial Update report (available)
 - ✓ Analysis of climate-related expenditure in Serbia in the years 2016-2018 (available)
 - ✓ Future reports to the UN and the EU on support needed and received / provided
 - ✓ Data on climate-related expenditure from financial information system for future years
- Publish selected documents and links (transparency)

PUBLIC PART

- Introductory text on climate finance and different subsections
- Access projects that need support or have received support
 - ✓ See project statistics (number of projects)
 - ✓ See project list
- Access additional information (documents, links)

The screenshot displays a user interface for project management. At the top, there are two blue summary cards. The left card shows a document icon, the number '1', and the text 'Projects that need support'. The right card shows a document icon with a checkmark, the number '0', and the text 'Projects that received support'. Below these cards is a dark grey modal window titled 'Projects that need support' with a close button (X) in the top right corner. Inside the modal, there is a table with the following data:

Title	Description	Timeframe	Type of s
Delta Project	Test test test tes...	2022 - 2024	Cross-cut

HANDS-ON TRAINING SESSION

- Create financial support needed project
 - Create financial support received project
 - Verify financial support received project
 - View project statistics
 - Extract report
- Training system link:
<https://vprod.umweltbundesamt.at/dccmrv/>
 - Username: **training**
 - Password: **training2021!**

CONTACT & INFORMATION

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Training on climate finance module

15 December 2021