

# 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.

**UNFCCC**

## Types of climate finance

## Key Barriers

Private sector needs

### Climate finance mobilization: commitment and disbursement



- Commitments at multilateral, bilateral, regional, and (sub)national-levels for climate finance mobilization.

### Climate finance Tracking



- Development of methodology and framework.
- Alignment with international framework (e.g., ETF, MRV).

### Acceleration of climate investments: induce finance towards sectors and projects in need using policies and regulations



- Unlock private capital and introduce innovative financial solutions.
- A more efficient use of resources (finance towards the right sector and project).

## International Public Finance

### Dedicated CF

Concessional funds with climate focus.

### Development Finance with Climate co-benefits

MDB balance sheet tagged as climate.

## Other Climate Finance

### Private Finance

Commercial investments that contribute to climate action.

### Local Gov't Budgets

Domestic gov't spending supporting climate goals.

### Carbon Finance

Revenues from selling emission reductions / offsets.

- Limited technical assistance and international cooperation.
- High risk perception from investors.
- High uncertainty on technologies.



- Mainstreaming of CC into all relevant sectors.
- CC as a cross-cutting issue.
- Need of a better climate finance tracking and mobilization aligning with NDC plans.



- Knowledge of climate finance and its reporting.
- Alignment with international transparency frameworks.

# What is Climate Finance Tracking?

## Objective

- Enhance understanding of climate finance tracking methodologies.
- Seek for partnership / collaboration opportunities between public sector and private sector.

## The Establishment of Key Parameters for Tracking of Climate Finance

### Private Sector

### Public Sector

#### Definition and criteria of climate-related expenditure.

- Mitigation, Adaptation, Cross-cutting.
- Direct or Indirect actions.

#### Classification and Weighing climate relevance

- Applying different scoring depending on the climate-relevant level.
- International practices (e.g., OECD, CPEIR, TCFD).

#### Reporting framework / methodology

- Taxonomies and systems for required data.

#### Level of information to be tagged

- Domestic, International, Both.
- Activity, Programme, or Operational unit level across economic classification.

#### Level of information to be tagged

- Asset level or project level.
- Reporting data level (in the supply chain).

#### Data management system

- Online system or manual tagging.

#### Lead disclosure team (in-house / outsource)

- Data collection, consolidation and reporting.

#### Lead institutions

- Data collection, consolidation and reporting.