

Fast-start finance to address climate change: what we know at the mid-point

By Jessica Brown, Martin
Stadelmann and Lena Hörnlein

The 2009 Copenhagen Accord includes a collective pledge by industrialised countries to provide 'new and additional resources, including forestry and investments through international institutions, approaching \$30 billion for the period 2010-2012. The allocation of these new resources is to be balanced between adaptation and mitigation' (UNFCCC, 2009). These resources are commonly called 'fast-start finance' (FSF). As fast-start finance is seen as a testing ground for longer-term arrangements for climate finance, it is important to explore how this funding has been used to date and what lessons should be drawn for the future.

This Background Note looks at how FSF promises have been implemented in practice. It draws on a literature and policy document review that analyses the following questions: is the collective \$30 bn pledge really being met? What is the balance between support for mitigation and adaptation? What is the share of investment flows (loans, equity) and funding through international institutions?

We begin by providing an overview of the knowledge on FSF as of June 2011, roughly halfway through the 2010-2012 period. We analyse funding volumes, the mitigation-adaptation balance, the grant-loan share and the proportion of multilateral and bilateral channels. We then go on to focus on governance, transparency, and sources of finance.

This Background Note is based on a longer chapter entitled 'Fast start finance: scattered governance, information and programmes' to be published in the forthcoming Routledge book *Carbon markets or climate finance: Low carbon and adaptation investment choices for the developing world* (Michaelowa, forthcoming).

The emergence of fast-start finance

What is the purpose of fast-start finance (FSF)? The \$30 bn can be seen to serve three implicit goals: meeting the

financing needs of developing countries to address climate change; sharing the global burden of addressing climate change, and reaching an international climate policy agreement for the post-2012 period.

The first goal of FSF is a contribution to the costs of financing mitigation and adaptation in the developing world. On the one hand, mitigation of climate change may entail incremental costs to developing countries of \$140-175 bn annually by 2030, with the amount of necessary investment estimated to be \$250-550 bn per year (World Bank, 2009). This is under a scenario whereby greenhouse gas concentration is stabilised at 450ppm CO₂-eq and assumes this will hold the increase in global warming to 2°C (ibid.).

On the other hand, adaptation to climate change may cost developing countries as much as \$75-100 bn a year (on average, 2010-2050) according to the World Bank (2010). The costs estimated by the UN Framework Convention on Climate Change (UNFCCC, 2008) of \$28-67 bn by 2030 may, therefore, be underestimated (Parry et al., 2009). The slow process of international climate negotiations and current low ambition of national mitigation policies make it very unlikely that the 2°C target will be met, and this is likely to increase adaptation costs.

The second goal of FSF is burden sharing. In article 3.1 of the UNFCCC (1992), the principle of common but differentiated responsibilities and respective capabilities has been defined. Developing countries have a lower historical responsibility for climate change than industrialised countries (often measured by historical CO₂ emissions or current per capita emissions) and are also less capable of adapting and paying for mitigation and adaptation (Dellink et al., 2009; Müller et al., 2009). Furthermore, developing countries are likely to face larger climate change related losses relative to their income than industrialised countries and their capacity to cope with climate change is on average lower (Parry et al., 2007). Therefore, the climate financing needs of developing countries need to be met, at least partly, by payments from industrialised countries.

The third goal of FSF is a contribution to reach an

ambitious international climate agreement. As part of a post-2012 deal, industrialised countries want developing countries to undertake their own mitigation policies and measures. Many developing countries, however, are only willing to commit to such actions if they receive financial and technological support for both mitigation and adaptation measures. While the Copenhagen climate summit in December 2009 did not result in the ambitious legally binding emissions reduction agreement many had hoped for, it resulted in the promise of longer-term finance (up to \$100 bn by 2020) and of FSF. The volume of \$30 bn of FSF over three years is an order of magnitude below developing countries' funding needs but it is nevertheless ambitious as it implies a doubling of international climate-specific public financial flows. FSF is therefore seen as a testing ground for future climate finance, especially for the longer-term \$100 bn of 'public and private' funding to be provided annually by 2020 (UNFCCC, 2009).

What we currently know about FSF

FSF has no specific structure or form, and it has no direct legal implications. It is simply a tool to demonstrate a scaling up of support towards immediate climate change activities in developing countries. FSF does not create new funds or initiatives, but rather uses existing channels of delivery and disbursement. Therefore, trying to track FSF and separate out what is counted as FSF alongside existing flows is rather difficult, given that most funding channels overlap. For example Australia, Belgium, Norway, Spain, Sweden, Switzerland and the US consider funding to the Global Environmental Facility (GEF) as part of their FSF pledges, others (Canada, Finland, France, the UK) only partly count it, while Denmark and Germany, for example, do not count it at all.

Hence, separating out FSF as a financial flow is rather difficult and has only limited application. Analysing the amount of 'new and additional' FSF gives some indications as to whether climate funds have been stepped-up since Copenhagen, but FSF is – apart from its requirement to be 'new and additional' – no different to other public climate finance flows.

As is the case for other public funding between industrialised and developing countries, FSF can be split along the following phases:

1. **Pledges:** finance pledged by an industrialised country to a developing country made through a political statement (either oral or written).
2. **Commitments:** funding that has been firmly obligated within the contributor country for FSF, for example earmarked within a national budget. (This differs from the OECD definition, which sees commitments as firm obligations in writing and backed by the necessary funds undertaken by an official donor to assist a country or a multilateral organisation.)
3. **Allocations:** funding that has been earmarked to a specific climate initiative or fund, or for specific

projects/programmes in recipient countries.

4. **Disbursements:** funds that have been spent, either through administrative means, payment to a fund, or directly to an implementation programme or project, with proof of spending.

Data sources

Currently, www.faststartfinance.org is the only government-initiated and supported reporting initiative collecting data on FSF. This website, initiated by the Netherlands and supported by other contributor governments as well as international organisations, came online in mid-2010 and provides information on the funding provided by individual industrialised countries. Since reporting is ad hoc and voluntary, individual country funding reports vary in granularity and detail and are neither complete or comprehensive, nor comparable in nature.

Some NGOs analysed fast-start funds before this governmental website was set up, with the World Resources Institute (WRI, 2011) website being the one that is most encompassing and most regularly updated. As the WRI takes a critical view on the information provided on www.faststartfinance.org, and also includes some additional data, we make some use of this information.

Most Annex-1 countries reported on their FSF programmes in May/June 2011, as, in the Cancun Agreement, all Annex I countries to the UNFCCC are invited to report annually on their fast-start activities by May 2011, 2012 and 2013 (UNFCCC, 2010). These reports provide even less comparable data than the above mentioned sources but we are including some of its updated information. One step to comparability may be the information document on the fast-start reports the UNFCCC wants to publish in summer 2011 (IISD, 2011).

The data we present below are based on the following sources:

- Pledged amounts come from the faststartfinance.org (2011) website, which provides the same data for pledged funds as WRI. If allocations as reported in the 2011 fast-start reports (UNFCCC, 2011) were higher, then these pledges were updated.
- Committed amounts are taken from two sources. First, we take commitments from faststartfinance.org showing the figures reported by the countries themselves. These data have a quasi-official status, but unfortunately there is no agreed definition of 'commitments' across reporting countries and the figures may not be comparable. Therefore, we also show the committed-requested amounts from WRI (2011), which defines this category as 'actions taken by either the executive and/or legislative bodies of the country to make the resources pledged available to developing countries'. The WRI figures include some funding not reported as 'committed' on faststartfinance.org – either funds that are requested but not committed or funds

where parties have forgotten to inscribe the commitments on the website – but it excludes funds where the reported ‘commitment’ is doubtful, as it has not yet resulted in any legislative action.

- Allocated amounts are taken from the data presented on individual projects, programmes and funds included in the contributing country reports on faststartfinance.org and accompanying links to websites providing country-specific information, while some figures are updated with data from the 2011 fast-start reports submitted to the UNFCCC (2011).

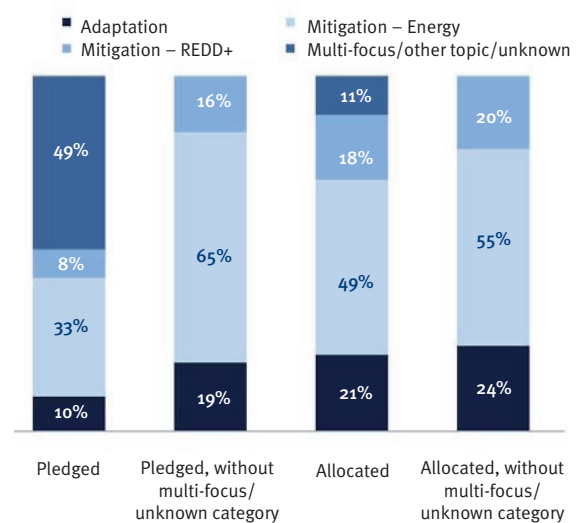
The main challenge is to assure comparability, which is aggravated by at least two issues: exchange rate and additionality. First, because exchange rates vary continuously, certain comparisons are only valid for one moment in time. We used exchange rates in June 2011 from Oanda (2011). Second, countries use different baselines to justify their funding as ‘new and additional’ (Brown et al., 2010; Stadelmann et al., 2010). Therefore, some countries may provide totally fresh resources while others just re-label already promised pledges. We do not control for the ‘additionality’ of FSF because of the methodological challenges involved but we discuss overall additionality of FSF below.

Table 1 (overleaf) demonstrates the amounts reported as pledged, committed and allocated to FSF. While 94% of the promised \$30 bn has been pledged, only 21-45% has been ‘committed-requested’, and an even lower 29% has been allocated to specific projects. The volume of allocated funds can be higher than the committed funds, as some countries may plan spending funds for specific programmes and funds without it being approved by the legislative bodies in charge. The pledges range from around \$1 million (Iceland, Liechtenstein and Malta) to Japan’s \$15 bn. Relative to GNI, we see some countries pledging close to 0.1% of their 2009 GNI for FSF (Japan, Norway and Sweden), while the average is 0.02% (based on the annual average FSF pledge). All in all, the comparability between country data is so low that we can only conclude that the promise of \$30 bn is almost met by pledges but that far less has been yet committed and allocated.

Thematic focus of fast-start finance

For the FSF pledges and allocations that specify their thematic focus, there appears to be a greater focus on mitigation (including reducing emissions from deforestation and forest degradation: REDD) than on adaptation. In all, 67% has been pledged or allocated to mitigation (which includes 17% to REDD), and only 21% to adaptation, with 11% going to a multiple or unknown focus (see Figure 1). Certainly these overall figures hide some important differences between individual donors: Australia and the EU Commission are providing an equal share of their resources to both mitigation

Figure 1: Share of mitigation and adaptation in FSF



Source: The authors from faststartfinance.org, WRI (2011).

and adaptation, while Japan has allocated a mere 10% towards adaptation.

Many civil society organisations and developing countries in need of immediate support for adaptation argue that the ‘balanced’ allocation between mitigation and adaptation to which developed countries committed themselves in the Copenhagen Accord requires an equal split in resources being allocated to adaptation and mitigation. Others argue that a ‘balanced’ allocation can be interpreted in a variety of ways, and that an increased investment in mitigation today means lower emissions and hence less need for adaptation tomorrow, justifying prioritisation of mitigation finance in the immediate term.

Bilateral versus multilateral FSF channels

In terms of delivery channels, some countries do not report on whether FSF funding will be delivered through bilateral or multilateral channels. For those that do, it appears there is a fairly close split between the two – roughly 41% has been allocated to multilateral delivery channels, 51% bilateral and 8% unknown (see Figure 2 overleaf). This means that FSF is channelled more through multilateral channels, relatively, than through past development and climate funds. In 2008 and 2009, multilateral channels represented only 30-45% of both general and climate-marked Official Development Assistance (ODA) and other financial flows (OOF), with OOF representing flows that are not concessional enough to be counted as ODA (OECD, 2011b). Still, even more may have been expected to be channelled through multilateral funds given their recent proliferation.

The split in FSF spending between bilateral and multilateral indicates that many donors are interested in preserving their bilateral control over climate finance. The push to work bilaterally may come out of a sense that

Table 1: Pledged, committed and allocated fast-start finance

Country	Amount pledged (\$ m.)	Average annual FSF Pledge/GNI (2009)	Amount committed-requested (\$ m.)	Amount committed (\$ m.)	Amount allocated to funds/projects (\$ m.)
Data source	<i>faststartfinance.org, UNFCCC (2011)</i>	<i>GNI: World Bank (2011)</i>	<i>WRI (2011)</i>	<i>faststartfinance.org</i>	<i>faststartfinance.org, UNFCCC (2011)</i>
EU Commission	214.7		71.6	71.6	71.6
Australia	641.1	0.02%	641.1	0.0	641.1
Austria	58.0	0.00%	-	-	58.0
Belgium	214.7	0.01%	60.1	60.1	60.1
Canada	409.5	0.01%	409.5	0.0	409.5
Cyprus	0.9	0.00%	-	0.0	0.9
Czech Republic	2.4	0.00%	-	0.0	2.4
Denmark	229.9	0.02%	59.0	59.0	7.9
Finland	157.4	0.02%	143.1	0.0	32.9
France	1,803.5	0.02%	601.2	1,803.5	609.6
Germany	1,803.5	0.02%	509.6	417.8	442.7
Greece	6.3	0.00%	-	-	6.3
Hungary	1.4	0.00%	-	-	1.4
Iceland	1.0	0.00%	1.0	0.0	1.0
Ireland	143.1	0.02%	-	-	34.7
Italy	386.2	0.01%	-	-	426.1
Japan	15,000.0	0.10%	7,200.0	0.0	1,958.7
Liechtenstein	1.2	0.00%	-	1.2	1.2
Luxembourg	12.9	0.01%	4.3	12.9	4.3
Malta	1.1	0.01%	0.2	0.2	0.2
Netherlands	443.7	0.02%	-	443.7	432.6
New Zealand	72.8	0.02%	308.8	308.8	382.8
Norway	1,000.0	0.08%	382.0	382.0	473.5
Poland	4.6	0.00%	-	0.0	4.6
Portugal	51.5	0.01%	17.2	17.2	30.4
Slovakia	1.5	0.00%	-	0.0	1.5
Slovenia	11.5	0.01%	11.5	0.0	0.1
Spain	536.8	0.01%	191.8	0.0	184.8
Sweden	1,145.1	0.08%	164.6	-	159.4
Switzerland	164.7	0.01%	-	0.0	17.7
UK	2,475.6	0.03%	937.4	937.4	1,044.1
US	1,704.0	0.004%	1,704.0	1,700.0	1,083.7
Total	28,700.5	0.02%	13,418.0	6,215.4	8,585.5
% of pledge	100%		47%	22%	30%
% of \$30 billion	96%		45%	21%	29%

Source: The authors, from data sources listed.

recent funds (such as the Climate Investment Funds of the World Bank) have been slow to take shape and to spend, and that they lack the tools (and in some countries the institutional credibility) to bring about lasting governance reform (personal communication with DFID associate).

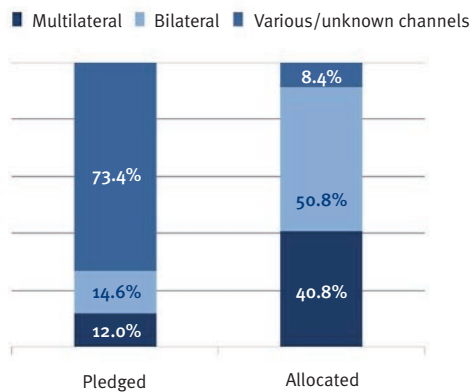
Grants vs. loans

The Copenhagen Accord states that FSF includes ‘investments through international institutions’. While

investments are not clearly defined, they are understood to include loans. Indeed, of the FSF for which the grant/loan share is known, roughly one third is paid as loans or as capital contribution (Figure 3). Capital contributions differ from one-time loans as funds receiving capital contribution can reinvest the money once loans are repaid (DECC and DFID, 2010).

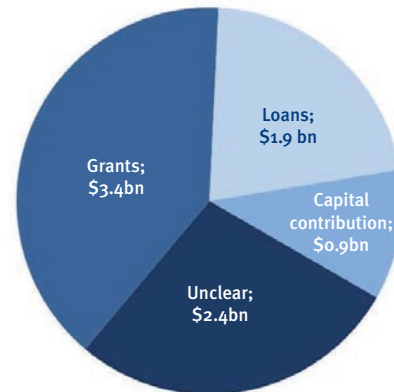
Is this inclusion of loans beneficial? There are two sides of the coin. On the one hand, many developing countries and some NGOs feel that the inclusion of

Figure 2: Share of bi- and multilateral channels in FSF



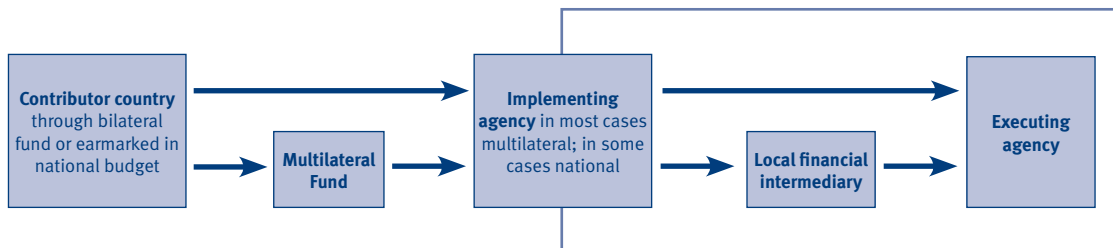
Source: The authors from faststartfinance.org, WRI (2011).

Figure 3: Share of grants and loans in allocated fast-start finance



Source: The authors from faststartfinance.org, WRI (2011).

Figure 4: The climate finance supply chain



Source: The authors.

loans may lead to higher Southern debts, and that it is inconsistent with the notion of funds for adaptation as some kind of ‘compensation’ for damages. Even a high share of one-time loans would leave the actual net-disbursed level below \$30 bn, as funds have to be repaid later on. On the other hand, loans may have some benefits. In the case of capital contributions, loans are reinvested when they are paid back, which increases the grant-equivalence over time. Furthermore, some studies have found that (in the case of re-investments) loans are more beneficial than grants for more developed, less-indebted countries with good fiscal policies, and for low-risk revenue generating projects (Cordella and Ulku, 2004; Baudienville et al., 2009).

The status of disbursed funds

Importantly, there are virtually no data on the extent to which funds have been disbursed or delivered to specific projects, programmes and countries. This is a problem, as understanding how FSF is being implemented requires understanding how the finance committed by donor countries is actually being delivered on the ground.

Some countries use words in their fast-start reports that suggest disbursements. The newest EU report on FSF (EU, 2011) provides 2010 finance numbers under the heading ‘delivering on our commitments’, but again there is no agreed definition of what ‘delivered’ actually means. It most likely refers to activities that have been approved or where money has been allocated, but not

actually spent. Similarly, Australia (2011) says that one third of its fast-start package has been ‘provided’ to countries, regions and multilateral initiatives, which seems to be one step further than commitments. But again, the term ‘provided’ is not clearly defined.

In fairness, the actual delivery and disbursement of finance is often hard to measure given the nature and complexity of how finance is channelled (Figure 4). Flows of International public finance from industrialised to developing countries tend to pass through several intermediary channels before reaching the end user, making the actual flow and delivery of finance hard to follow. Because of the intermediary steps through which the finance passes, a donor may consider the money disbursed without the project receiving any money at all. From the donor’s perspective, funds have been ‘disbursed’ from their accounts to another (implementing agency’s) account.

As a result, in part, of this complexity, FSF and climate finance in general tend to be rather slow in disbursement, getting caught up in intermediary institutions and channels. Multilateral funds often give a particular role to international implementing organisations with complex sign-off procedures, such as the GEF and its implementing agencies, the World Bank, UN Development Programme (UNDP), UN Environment Programme (UNEP) and others. International climate funds also tend to have lengthy project approval procedures, which can cause severe delays in project deliv-

ery. In addition, projects can be easily conceptualised and budgets created, but actual implementation of complex activities takes time and delays are common, particularly as addressing adaptation is a new area where there is a lack of experience and proficiency.

There are a few important takeaway points from our current knowledge of FSF:

- FSF represents financial commitments made in a political context, and does not represent the creation of any new fund or institution. Rather, FSF will be delivered through existing channels within the established international climate finance architecture.
- Pledges almost reach the promised level of \$30 bn, but actual commitments and allocations are much lower as of June 2011 and there is hardly any information on disbursements. It appears that funds are slow to get out of the door and, although funding may be committed within the period of 2010-2012, it is unlikely that funds committed will be spent in this timeframe.
- Although countries committed to a ‘balanced’ allocation of climate finance between adaptation and mitigation, FSF appears to heavily prioritise mitigation investments.
- Bilateral and multilateral support seems to be fairly split, but in many cases contributor countries have not reported on their intended FSF delivery channels.

Governance and transparency of FSF

Fast-start finance has had a complex and decentralised governance structure from the beginning. The UNFCCC provides an arena for the loose, non-institutionalised exchange of information (e.g. in side events at UNFCCC conferences), while contributors themselves decide on the amount, timing, channels and spending of their funding. Furthermore, recipients do not have any firm obligations. The decentralised and ad hoc structure certainly complicates coordination but it may also have its benefits in terms of flexibility of timing, channels

and programmes, which allows for testing.

The transparency of FSF has become a hotly debated topic, given that decentralised governance also means lack of official and verified information. Transparency is important to build trust that funding is being provided and is being spent wisely (Roberts et al., 2010; Schalatek et al., 2010; Tirpak, 2010; Transparency International, 2011b). While NGOs and scholars often call for transparency on the provision and channelling of fast-start finance, transparency may be of equal importance on the spending side to assure effective use of funding and avoid corruption.

Apart from the currently available sources (faststart-finance.org, WRI, www.climatefundsupdate.org, and fast-start reports by June 2011), two additional sources will be available after the fast-start period of 2010-2012. First, information submitted to UNFCCC, consisting of both the non-reviewed voluntary fast-start reports (May 2012, 2013) and the obligatory and reviewed National Communications of Annex-1 parties, which must report on the financial resources provided. Second, the OECD DAC data on aid flows will provide information on the level of development and climate flows, around two years after the disbursement.

At that point, the 2010-2012 disbursements can be compared with the pre-Copenhagen years of 2007-2009 to assess if climate funds have increased by \$10 bn per year without diverting non-climate ODA. This is assuming that, as a result of recent debates and more public scrutiny, the low quality of coding by donors and its vulnerability to political interests is addressed (see Michaelowa and Michaelowa, 2010).

It is unlikely that full UN documents and OECD data will be available before 2014, therefore policy-makers and researchers will have to rely on scattered, diverse and non-reviewed sources of information for the next two years.

Table 2 shows the parameters for current information and that likely to be available by 2014.

Table 2: Transparency in FSF in the short and long term

Parameter	Current information		Possible information by 2014	
	Sources	Transparency level	Sources	Transparency level
Sources of funding	FSF reports, FSF website	+(+)	NC, FSF reports, FSF website	++?
Level, pledged	FSF reports, FSF website, WRI	++	NC, FSF reports, FSF website	+
Level, disbursed	(FSF reports)	(+)	OECD, NC	+(+)?
Baseline for ‘new and additional’	FSF reports, website, WRI	(+)	NC, FSF reports, FSF website	(+)?
Grants, loans or capital contribution	FSF reports, FSF website	+	NC, FSF reports, FSF website	+(+)?
Channel: bilateral vs. multilateral	FSF reports, FSF website	+	NC, FSF reports, OECD, FSF website	+(+)?
Use: adaptation vs. mitigation	FSF reports, FSF website	+	NC, FSF reports, OECD, FSF website	+(+)?
Use: recipient	FSF reports, FSF website	+	NC, FSF reports, OECD, FSF website	+(+)?
Use: programme features	FSF reports, FSF website	(+)	NC, FSF reports, FSF website	+
Use: Effectiveness	-	o	?	o?

Notes: ++ fully transparent, comparable, + partly transparent, comparable, o not transparent, comparable. FSF reports: voluntary FSF reports; FSF website: faststartfinance.org; WRI: World Resources Institute, NC: National communications; OECD: OECD DAC statistics. Source: The authors.

Sources of 'new and additional' FSF

Even if \$30 bn is delivered, this does not guarantee the automatic fulfilment of the Copenhagen promises. The remaining question is whether the \$30 bn is really 'new and additional'.

Most contributor countries claim that their funding is 'new and additional' but this is not, in fact, apparent. The major problem is that while 'new and additional' has been a criterion for all UN climate finance since Rio, its baseline has never been properly defined. Definitions for 'new and additional' range from those that refer to funds beyond the '0.7% goal of GNI spent for ODA' to any increase in climate finance above previous spending (Brown et al., 2010; Stadelmann et al., 2010). Given the lack of one single definition, it is impossible to be conclusive on whether funds are new or additional. Comparing funding and pledges made before Copenhagen with data on FSF (on faststartfinance.org; WRI, 2011) we estimate that around half of fast-start funds were promised or planned before Copenhagen.

Linked to the issue of 'new and additional' is the sourcing of FSF: the current dependence on government budgets will make it difficult to scale-up and secure 'new and additional' climate funds. FSF has been most commonly sourced from the general national budgets of industrialised countries, but general budgets are always subject to domestic pressure and suffer from decreased income in times of economic downturns, as experienced in 2008 and 2009. Therefore, climate funds from general budgets are subject to budget cuts and unpredictability.

US climate finance, for example, has fallen from 2010 to 2011 because of fiscal constraints (Volvovici, 2011) and the FSF proposed by the Swiss Government was almost cut by its parliament. Another common argument against the use of general budgets to support climate finance is the risk that support to more mainstream development objectives will be diverted. There are concerns that instead of using new sources of finance to address climate change, governments may simply re-channel money originally planned for development to climate issues, although this claim is slightly problematic given the overlapping goals of climate mitigation, adaptation and development.

Providing reliable, predictable funds beyond FSF will require new sources, preferably instruments that put a price on carbon emissions, such as international transport levies or the auctioning of emission allowances (UN, 2010). One existing innovative source used for climate finance is the application of a 2% levy on Clean Development Mechanism (CDM) credits, used as the main funding source of the Adaptation Fund. However, this innovative source has not reached the desired scale, in part because of the current weakness of the carbon markets.

Conclusions

It is not yet possible to assess if the \$30 bn FSF promised in Copenhagen will be delivered completely and effectively. While the collective pledges by developed countries almost meet this figure, less than half of the money has been committed or allocated to projects, and even less had been disbursed by June 2011.

Given the long procedures of different channels, part of this finance will be delivered – if it is delivered at all – after 2012, which marks the close of the FSF period. Even when countries report that the money has been delivered, it is not certain that those resources will be new and additional to ODA and existing pledges. While the fact that most FSF will be counted as ODA may not be problematic in itself, the fact that around half of the funding was planned before Copenhagen and the difficulties of proving whether or not climate finance commitments divert the focus from other development spending goals raise some issues.

New sources of climate finance will be needed to avoid this diversion of funding and assure independence from general budgets, which are subject to short-term political pressure and economic cycles. Within FSF, only Germany has earmarked some funds from new sources. Much more funding will be need to be secured from such sources (e.g. carbon taxes, auctioning of emission allowances) to ensure a scale-up of FSF.

The governance of FSF has been decentralised, with various multilateral and bilateral channels. While this decentralised system helps to increase flexibility it raises questions on accountability and transparency. For example, there are no common reporting standards. Some information on sources and channels is available but little is coordinated or comparable. There is almost no centralised information about the impacts of the funding or the way in which funding is delivered.

Learning from fast-start funding, the transparency of providing climate finance can certainly be improved. Enhanced transparency could be achieved in two ways.

First, a central system for tracking climate finance could be established, either by improving the current OECD system or creating a new UN system through, for example, the extension of the planned registry of Nationally Appropriate Mitigation Actions (NAMAs) to include adaptation. In addition to official data from both contributors and recipients, third party sources from non-governmental actors should be included (see e.g. AidData and www.climatefundsupdate.org).

Second, transparency could be improved by strengthening the existing reporting requirements under the UNFCCC and associated definitions of climate finance (Buchner et al., 2011). The decisions adopted by the international community in Cancun (improved reporting, voluntary fast-start reports, establishing a NAMA registry) are first steps to more

transparency and give the UNFCCC the mandate to act on this issue (UNFCCC, 2010).

In addition to the need to enhance transparency and the need for monitoring, reporting and verification systems, our analysis of FSF concludes that longer-term climate finance should also aim for greater coordination of donor organisations, the measurement of results and improvements in procedures for learning.

References

- Australia, Government of (2011) 'Australia's fast-start finance update report. May 2011', Canberra: Government of Australia.
- Baer, P., Athanasiou, T. and Kartha, S. (2007) 'The Right to Development in a Climate Constrained World. The greenhouse development rights framework', Berlin: Heinrich Böll Foundation, Christian Aid, EcoEquity, Stockholm Environment Institute.
- Baudienville, G., Brown, J., Clay, E. and Te Velde, D.W. (2009) 'Assessing the Comparative Suitability of Loans and Grants for Climate Finance in Developing Countries. Report for DFID', London: ODI.
- Brown, J., Bird, N. and Schalatek, L. (2010) 'Climate finance additionality: emerging definitions and their implications, Climate Finance Policy Brief No. 2', Washington D.C.: Heinrich Böll Foundation North America and London: ODI.
- Buchner, B., Brown, J. and Corfee-Morlot, J. (2011) 'Monitoring and Tracking Long-Term Finance to Support Climate Action', Paris: OECD.
- Cordella, T. and Ulku, H. (2004) 'Grants Versus Loans, IMF Working Paper, WP/04/161', Washington D. C.: IMF.
- Dellink, R., den Elzen, M., Aiking, H., Bergsma, E., Berkhout, F., Dekker, T. and Gupta, J. (2009) 'Sharing the burden of financing adaptation to climate change', *Global Environmental Change-Human and Policy Dimensions*, vol 19, no 4, pp 411-21
- EU (2011) 'EU Fast start finance Report to the UNFCCC Secretariat. Submission by Hungary and the European Commission on behalf of the European Union and its Member States. Budapest, 11 May 2011'.
- Faststartfinance.org (2011) Fast Start Finance. Contributing countries, Copenhagen: Ministry of Housing, Spatial Planning and the Environment (www.faststartfinance.org/content/contributing-countries).
- IISD (2011) 'SB 32 and AWG Highlights. Tuesday, 7 June 2011', *Earth Negotiations Bulletin*, 504, Winnipeg: International Institute for Sustainable Development.
- Michaelowa, A. and Michaelowa, K. (2011) 'Coding Error or Statistical Embellishment? The Political Economy of Reporting Climate Aid', *World Development*, forthcoming.
- Müller, B., Höhne, N. and Ellermann, C. (2009) 'Differentiating (historic) responsibilities for climate change', *Climate Policy*, vol 9, no 6, pp 593-611
- Oanda (2011) Oanda. Currency Converter, New York: Oanda (www.oanda.com/lang/de/currency/converter/).
- OECD (2011a) OECD. StatExtracts. Creditor Reporting System _Full, Paris: OECD (<http://stats.oecd.org/Index.aspx>).
- OECD (2011b) DAC Glossary of Key Terms and Concepts, Paris: OECD (www.oecd.org/document/32/0,3746,en_2649_33721_4_2632800_1_1_1_1,00.html#Commitment).
- Parry, M.L., Canziani, O.F., Palutikof, J.P. and Co-authors (2007) 'Technical Summary', in M. L. Parry et al. (eds.) *Climate Change 2007. Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change*, Cambridge University Press, Cambridge ; New York.
- Parry, M., Arnell, N., Berry, P., Dodman, D., Fankhauser, S., Hope, C., Kovats, S. and Nicholls, R. (2009) 'Assessing the costs of adaptation to climate change. A review of the UNFCCC and other recent estimates', London: International Institute for Environment and Development.
- Roberts, J. T., Starr, K., Jones, T. and Abdel-Fattah, D. (2008) 'The Reality of Official Climate Aid'. Oxford Energy and Environment Comment, Oxford: Oxford Institute of Energy Studies.
- Roberts, J. T., Stadelmann, M. and Huq, S. (2010) 'Copenhagen's climate finance promise: six key questions', IIED briefing February, London: IIED.
- Schalatek, L., Bird, N. and Brown, J. (2010) 'Where's the Money? The Status of Climate Finance Post Copenhagen. The Copenhagen Accord, UNFCCC Negotiations and a Look at the Way Forward', Washington D. C.: Heinrich Böll Foundation North America and London: ODI.
- Stadelmann, M., Roberts, J.T. and Huq, S. (2010) 'Baseline for trust: defining 'new and additional' climate funding', IIED briefing June 2010, London: IIED.
- Tirpak, D., Ballesteros, A., Stasio, K. and McGray, H. (2010) Guidelines for Reporting Information on Climate Finance, Working Paper, Washington D.C.: World Resources Institute.
- Transparency International (2011) 'Global Corruption Report: Climate Change', London: Earthscan.
- UN (2010) 'Report of the Secretary-General's High-level Advisory Group on Climate Change Financing', New York: UN.
- UNFCCC (2008) 'Investment and Financial Flows to Address Climate Change', Bonn: UNFCCC.
- UNFCCC (2009) 'Copenhagen Accord. Advance unedited version', Bonn: UNFCCC.
- UNFCCC (2010) 'The Cancun Agreements: Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention. Decision 1/CP.16, FCCC/CP/2010/7/Add.1', Bonn: UNFCCC.
- UNFCCC (2011) Fast-start finance, Bonn: UNFCCC (http://unfccc.int/cooperation_support/financial_mechanism/fast_start_finance/items/5646.php).
- Volovici, V. (2011) Clinton defends climate spend in State Dept. budget, Oslo: Point Carbon (www.pointcarbon.com/1.1511718).
- World Bank (2009) 'World Development Report 2010. Development and Climate Change', Washington DC: World Bank.
- World Bank (2010) 'Economics of Adaptation to Climate Change Study (EACC). A Synthesis Report. Final Consultation Draft', Washington D.C.: World Bank.
- World Bank (2011) GNI, Atlas method (current US\$), Washington DC: World Bank (<http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>).
- WRI (2011) Summary of Developed Country 'Fast-Start' Climate Finance Pledges, Washington D. C.: World Resources Institute (www.wri.org/publication/summary-of-developed-country-fast-start-climate-finance-pledges).