



CLIMATE FINANCE: TRACKING & EFFECTIVENESS

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Content:

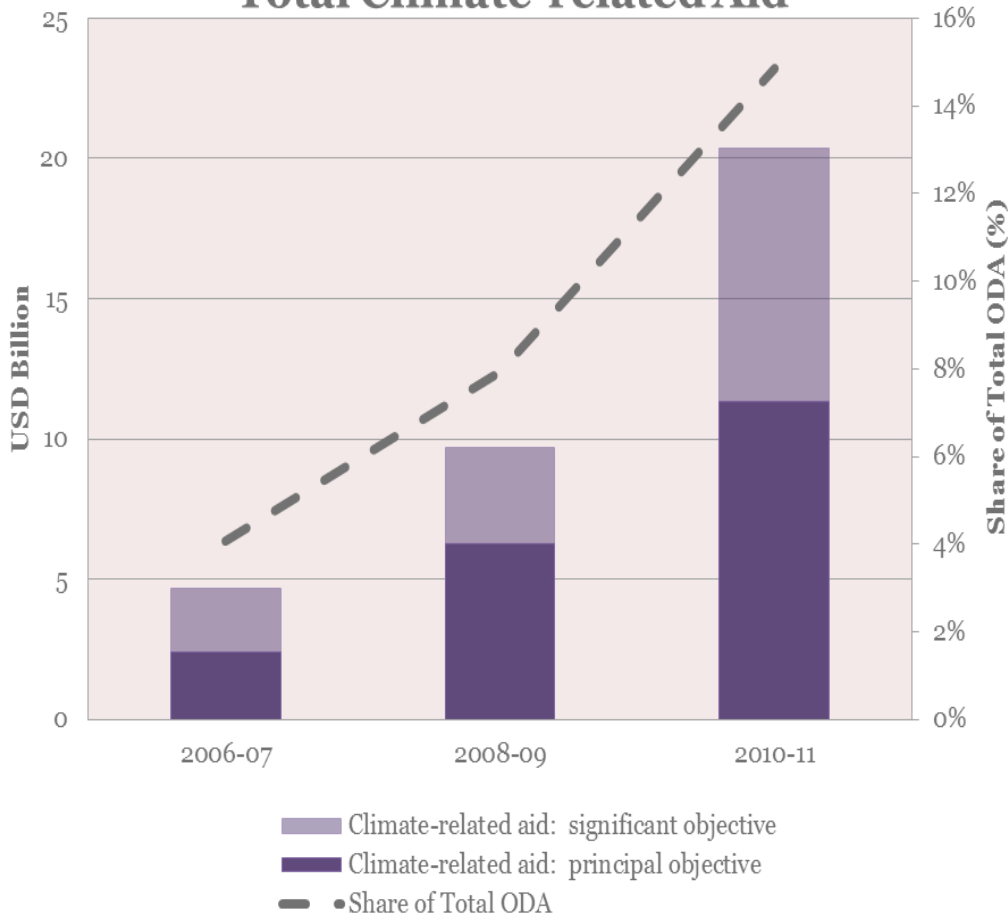
- **Tracking of climate finance:**
 - Climate-related aid
 - Private climate finance
 - Considering context of a broader measure of development finance post-2015

- **What enables effective climate finance?**
 - Different perspectives and dimensions
 - Aid effectiveness principles & Busan
 - Insights from recent OECD Survey



Climate-related ODA is on an upward trajectory & increasing as a share of ODA

Total Climate-related Aid



- **Total climate-related aid** reported at **\$7.5 - 17bn** in 2011, rising up to 13% of ODA.
- **What the Rio markers track:**
 - Bilateral ODA commitments for policies with climate mitigation or adaptation as a **principal** or **significant** objective (lower and upper bound),
 - Tracks multiple objectives
 - A comprehensive and granular activity level data set across DAC donors.
- **What counts towards \$100bn:** for parties to determine...
.....all or a subset of this...



OECD committed to improving the tracking of climate-related development finance:

1. Identifying recommendations for improvements:

- *Quality Reviews – i.e. Adaptation Marker*
- *Workshop on application and use of markers*

2. Build on existing system & widening coverage:

- *Rio markers for **non-concessional development finance** contributions (OOF – other official finance)*
- *Collaboration with **MDBs** to record their climate finance & harmonise methodological approaches.*
- *Exploratory work on **innovative official development finance** (non-concessional and private finance)*



OECD co-ordinated Research Collaborative on Tracking Private Climate Finance:

- **Identify, develop and evaluate possible methodologies to:**
 - Measure overall private climate finance flows to, between and in developing countries
 - Determine those private climate flows that could/should count as being mobilised by developed country public interventions
- **Conduct the actual tracking of:**
 - Private climate finance flows
 - Those private flows mobilised by developed countries' public sector interventions
- **Range of participating organisations:** Bloomberg NEF, CPI, ODI, OECD, Thomson Reuters Point Carbon, TIPs, UNEP, WRI, ZEIM
- **Range of development finance institutions:** AfDB, CABI, JICA, KFW, WB
- **Range of delegations:** Australia, US, Switzerland, UK, Norway, Germany, Canada, Japan, EU, France, Belgium, Ireland

www.oecd.org/env/researchcollaborative



A broader measure of external development finance in the post-2015 development debate:

- **To provide a better “anchor”** or reference point for discussing financing needs, accountability, monitoring, and more efficient allocation of resources.
- **For better comparison of “provider effort”** (e.g. guarantees, tax concessions).
- **For better ways of measuring “recipient benefits”** (e.g. the concept of Country Programmable Aid).
- **To improve understanding of, and quantification of leveraging and catalytic effects**
- **Accounting for global public goods and other development “enablers”**



There is no single definition on what is effective climate finance, nor a single dimension upon which effectiveness can be facilitated....

*“the extent to which the activity's stated objectives have been met” **

- **Range of stakeholders:** providers, recipients and supporters each with different perspectives and objectives
- **Range of sources:** traditional and new, innovative mechanisms, and global architecture widen scope

Consideration for “effectiveness” occurs across many dimensions:

- **Project Level**
- **National Level**
- **International Level**

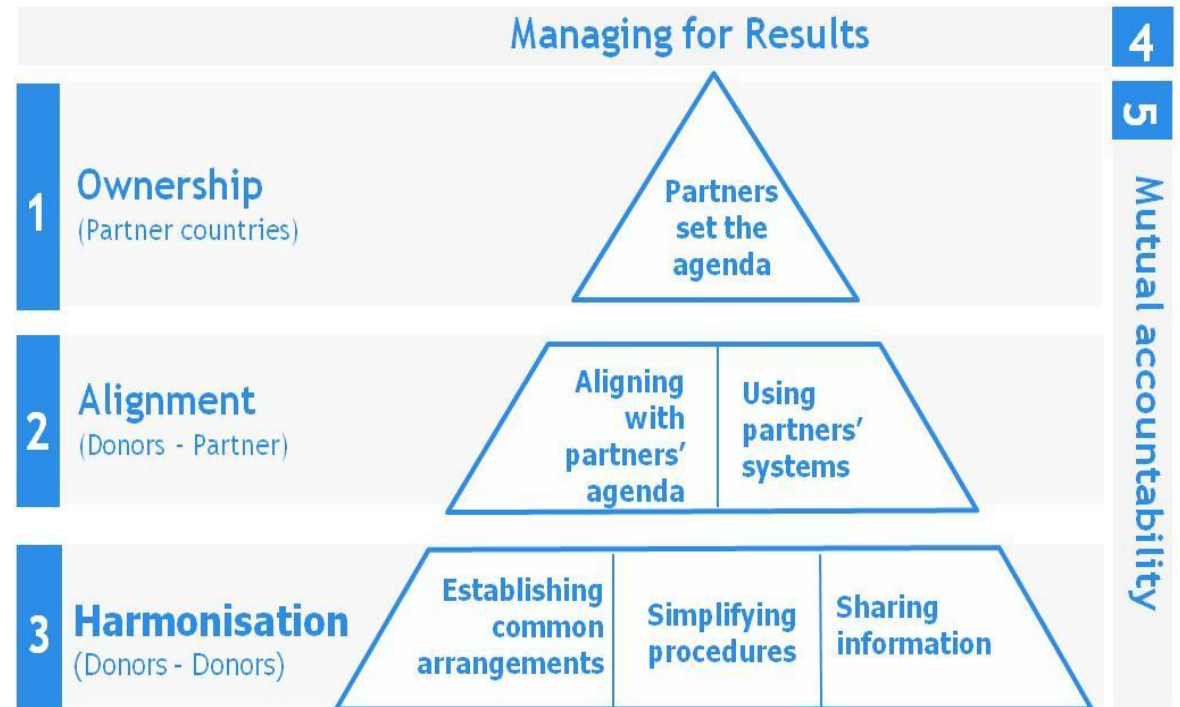


From a development co-operation perspective there are some fundamental pillars to guide us:

➤ **Aid Effectiveness Principles** draw from 50 years of development co-operation experience

➤ **Busan Partnership for Effective Development Co-operation's** commitment on climate finance:

The Paris Declaration “Pyramid”



- *Support national climate change policy and planning*
- *Where appropriate – using national country systems*
- *Share lessons*



Recent OECD Survey:

“What enables effective international climate finance in the context of development co-operation?”

- **Survey method**
 - A sample of 32 respondents were interviewed
 - Recipients, providers and “supporters” (international organisations and NGOs) of international climate finance
 - From both climate finance and development finance communities
- **Questions**
 - Mandates, objectives and activities
 - Definition of effectiveness
 - Examples for challenges and ways to improve
 - Roles of development co-operation and good practices
- **Scope**
 - Focusing on climate-related development finance



Five Pre-conditions for effectiveness:

	Recipients	Providers	Supporters
1) Mainstreaming climate change into development and aligning finance behind national priorities			
2) In-country co-ordination across ministries and across climate finance providers			
3) Establishing national accountability systems and using country systems to channel climate finance	Tracking finance flows		
	Monitoring results		
	Channeling through country systems		
4) Country access and readiness to finance channelled through from international climate funds			
5) Engagement with civil society, local government and the private sector			



Initial insights suggest large degree of common understanding...

- **Widespread awareness and belief in following Aid Effectiveness Principles** - but access, readiness & ability to track results cited as key barriers.
 - **Mainstream climate change into development** (into national plans & across donor activities)
 - **Build capacity** to support development of national plans, project pipelines and improve access and readiness
 - **Co-ordinate** in country across national ministries (allocating roles and responsibilities), CSOs, private sector, & across providers & supporters
 - **Engage** with a wide range of stakeholders; civil societies, local government, private sector, developing public-private partnerships...
 - **Strengthen national statistical systems** in recipient countries (mix of priorities; finance vs. monitoring impact)



But some diverging views, differences in priorities and actions....

- **Different priorities** over establishing country systems for tracking and monitoring finance
- The **lack of these systems** is a barrier to channelling finance using country systems

	Providers	Recipients
Tracking Finance	Providers are tracking finance flows using their own systems e.g. Rio markers, MDB approach	Started to track finance using climate budget codes / Rio markers /AMPs
Monitoring Results	Providers and supporters are establishing their own expertise in monitoring results and measuring impact of finance	Started to receive technical assistance for monitoring climate finance



In summary:

- **Tracking climate finance** – challenging but various efforts underway for both public and private finance
- Survey identified **some common understandings** reflecting **aid effectiveness principles**, where appropriate, **but also some diverging views across stakeholders** on pre-conditions for effective international climate finance.
- Partners & development co-operation can improve effectiveness:
 - promoting complementary efforts, co-ordination, with simultaneous and sequential actions
 - facilitating lessons sharing across communities, regions and interest groups
- **Private climate finance, new sources and instruments, and global public goods** however require *new considerations* – open questions and challenges both for tracking & pre-conditions for effectiveness...
... recognise that these are not always unique to climate finance



THANK YOU!

For more information:

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OECD DCD Environment and Development Homepage

www.oecd.org/dac/environment-development

OECD DAC-CRS: Methods and data on climate change financing

www.oecd.org/dac/stats/rioconventions.htm

OECD Environment Directorate: Financing Climate Change Action

www.oecd.org/env/cc/financingclimatechangeaction.htm