



Tracking Climate Finance: The OECD DAC Reporting Framework

Jean Touchette
Statistics and Monitoring Division
Development Co-operation Directorate
OECD
July 2012



Presentation Outline

- Overview of resource flows for climate change
 - OECD DAC reporting framework
 - Rio marker system
 - Trends in climate change-related finance
- Challenges and lessons learned in tracking
 - Technical challenges
 - Crafting commitments
 - Busan Building Block on Climate Finance and Development Effectiveness

Overview of resource flows covered in OECD DAC statistics (1)

Flows from countries

| | Concessional | Non-concessional |
|----------|---|---|
| Official | Official development assistance (ODA) --grants --concessional loans | Other official flows (OOF) --non-concessional loans (e.g. by DFIs) --investment-related transactions --export-related transactions |
| Private | NGO, foundation and other charitable flows | Private flows at market terms --FDI and portfolio investment --export credits --bonds |

Overview of resource flows covered in OECD DAC statistics (2)

Flows from multilateral agencies

| Multilateral agencies active in development | Concessional | Non-concessional |
|--|--|--|
| MDBs | | |
| World Bank Group | IDA grants and loans | IBRD loans, IFC loans and investments |
| Regional Development Banks Arab Institutions | AfDF grants & loans IsDB loans ... | AfDB loans IsDB non-concessional ... |
| United Nations agencies, funds or commissions | IFAD grants and loans UNDP, IAEA TC Fund... | IFAD non-concessional |
| European Union | EDF, DCI (EU budget), EIB (subsidised) | EIB (unsubsidised) |
| Other multilateral institutions | GEF, Montreal Protocol, Nordic Development Fund... | |



The “Rio Markers”

- Members of the OECD DAC report aid activities to the Creditor Reporting System (CRS) database.
- Donors are requested to indicate for each aid activity whether or not it targets climate change mitigation or adaptation as a principal or significant objective:

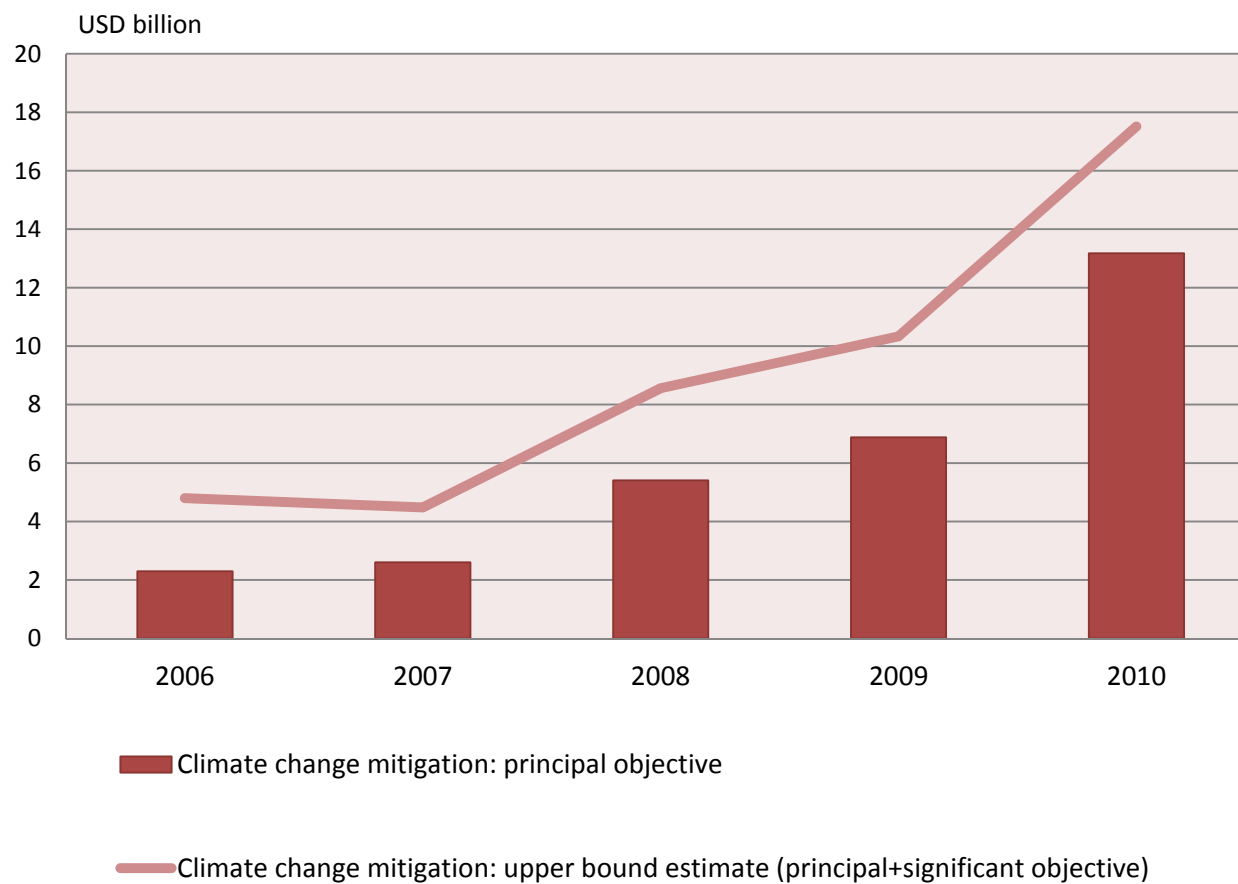
- 0** **Not targeted**
- 1** **Significant objective**
- 2** **Principal objective**

2 = Specifically directed to climate change mitigation or adaptation

1+2 = Upper bound estimate of climate change-related aid

Trends in climate change mitigation-related aid

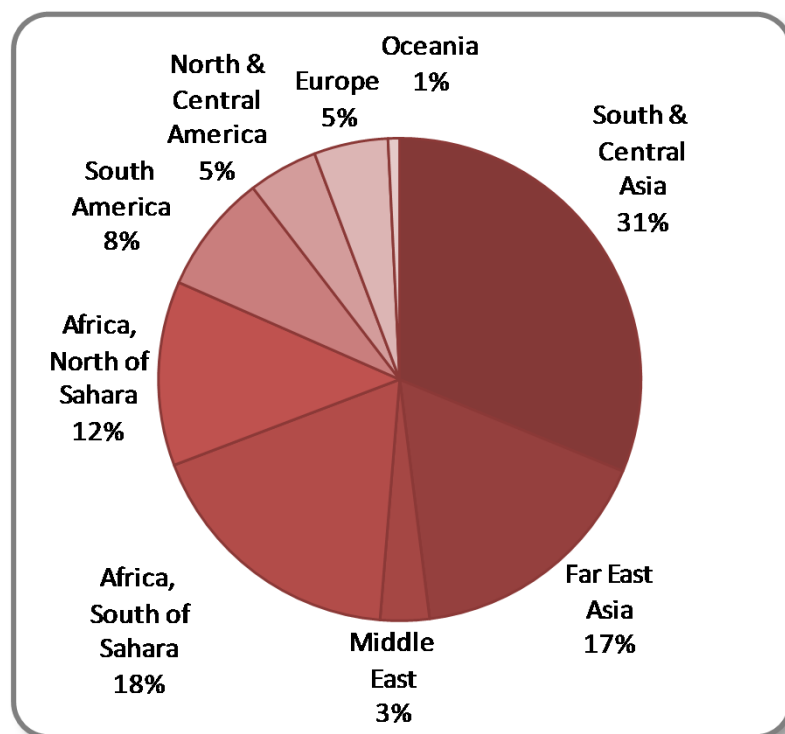
2006-10, bilateral commitments, USD billion, constant 2010 prices



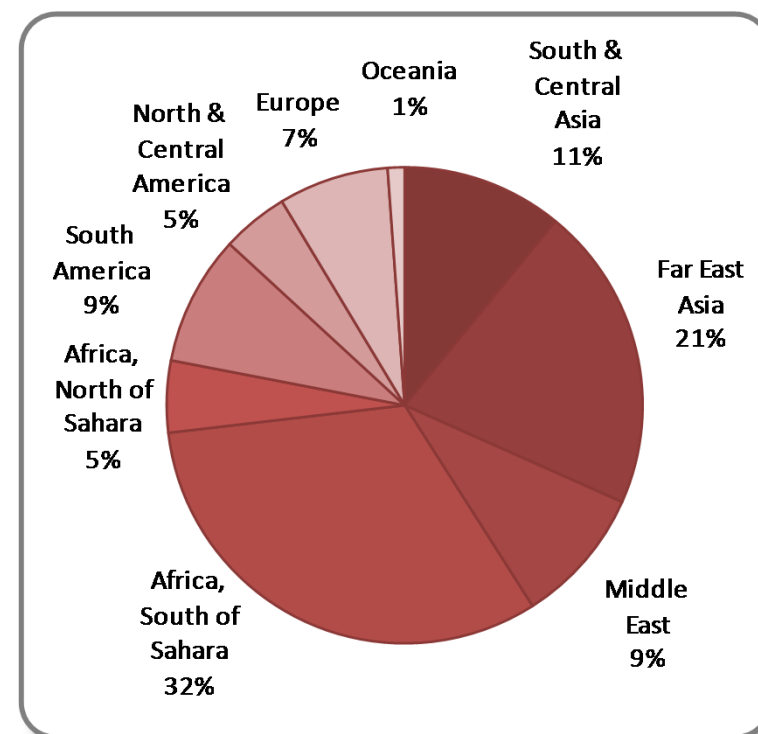
Geographical Breakdown

2010 Commitments

Mitigation-related aid

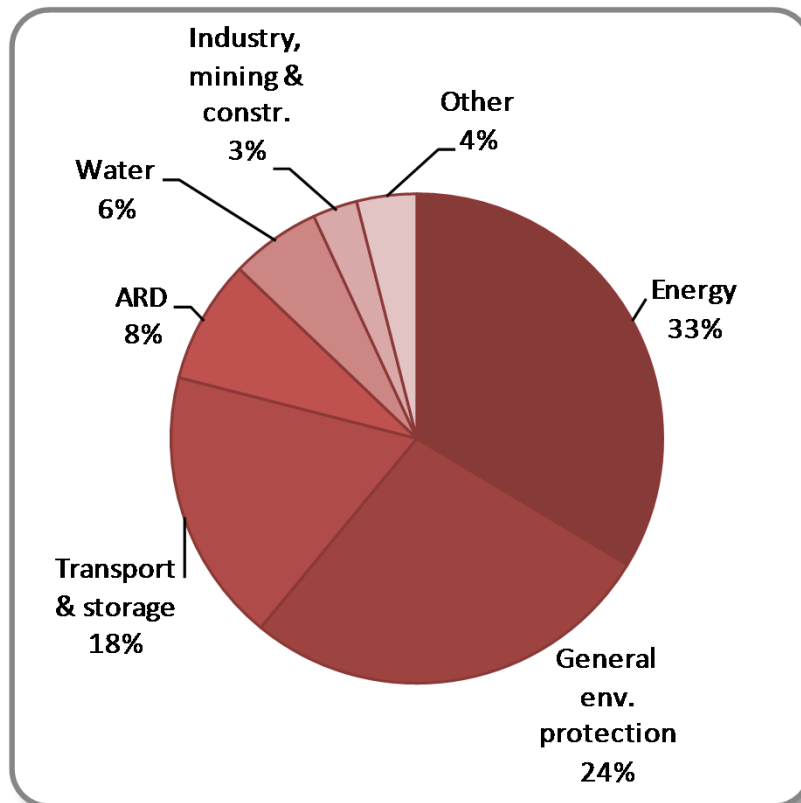


Adaptation-related aid

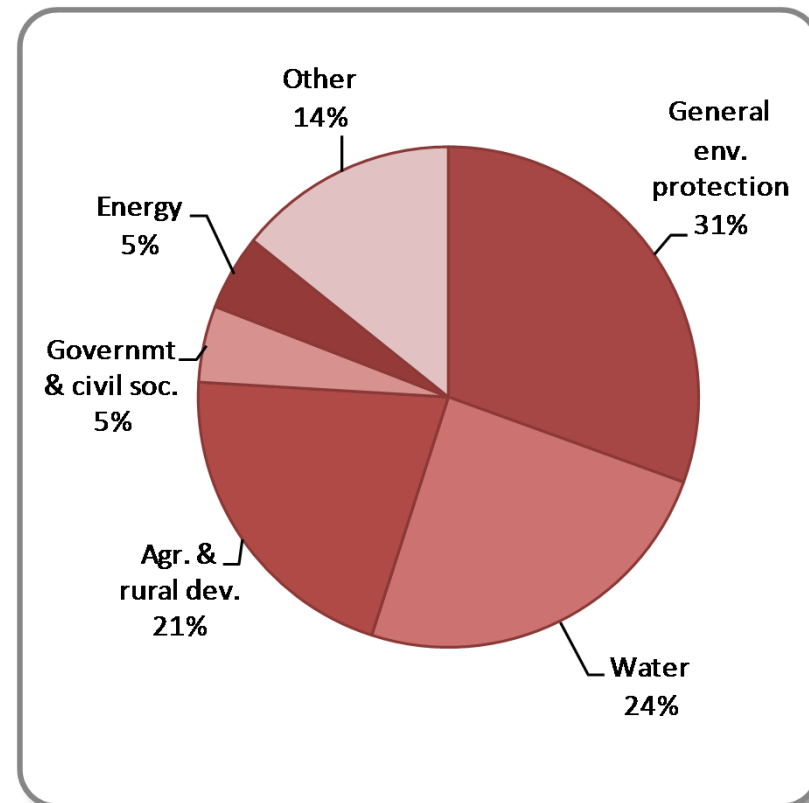


Sectoral Breakdown 2010 Commitments

Mitigation-related aid



Adaptation-related aid





Multilateral flows

- Rio markers are applicable to bilateral contributions only. However, data on multilateral ODA to **specific climate funds** (e.g. GEF-SCCF) can be identified through “channels of delivery”.
- With regard to contributions to **agencies active in all sectors**, possibility of calculating “imputed amounts” based on the agencies’ reporting on their outflows.
 - IDA and IBRD
 - Other MDBs

DAC countries' multilateral aid to climate change - 2010

| GEF (32%) | IDA (3.6%) | Montreal Protocol 100% | GEF LDC fund (100%) | GEF special climate change fund (100%) | Adaptation fund (UNFCCC) (100%) | UNFCCC (61%) and IPCC (100%) | Total |
|-----------|------------|------------------------|---------------------|--|---------------------------------|------------------------------|-------|
| 217.4 | 281.5 | 109.7 | 52.9 | 24.8 | 13.2 | 27.1 | 726.7 |

- *Share of IDA's outflows (3.6% for 2009-10) was applied to DAC members' contributions to IDA. Share is based on World Bank's reporting to the CRS. Data will be revised upon implementation of the Bank's new system.*
- *Share of GEF's outflows targeted at climate change (32%) for 2008-9 was applied to members' contributions to the GEF*



Challenges and Lessons Learned

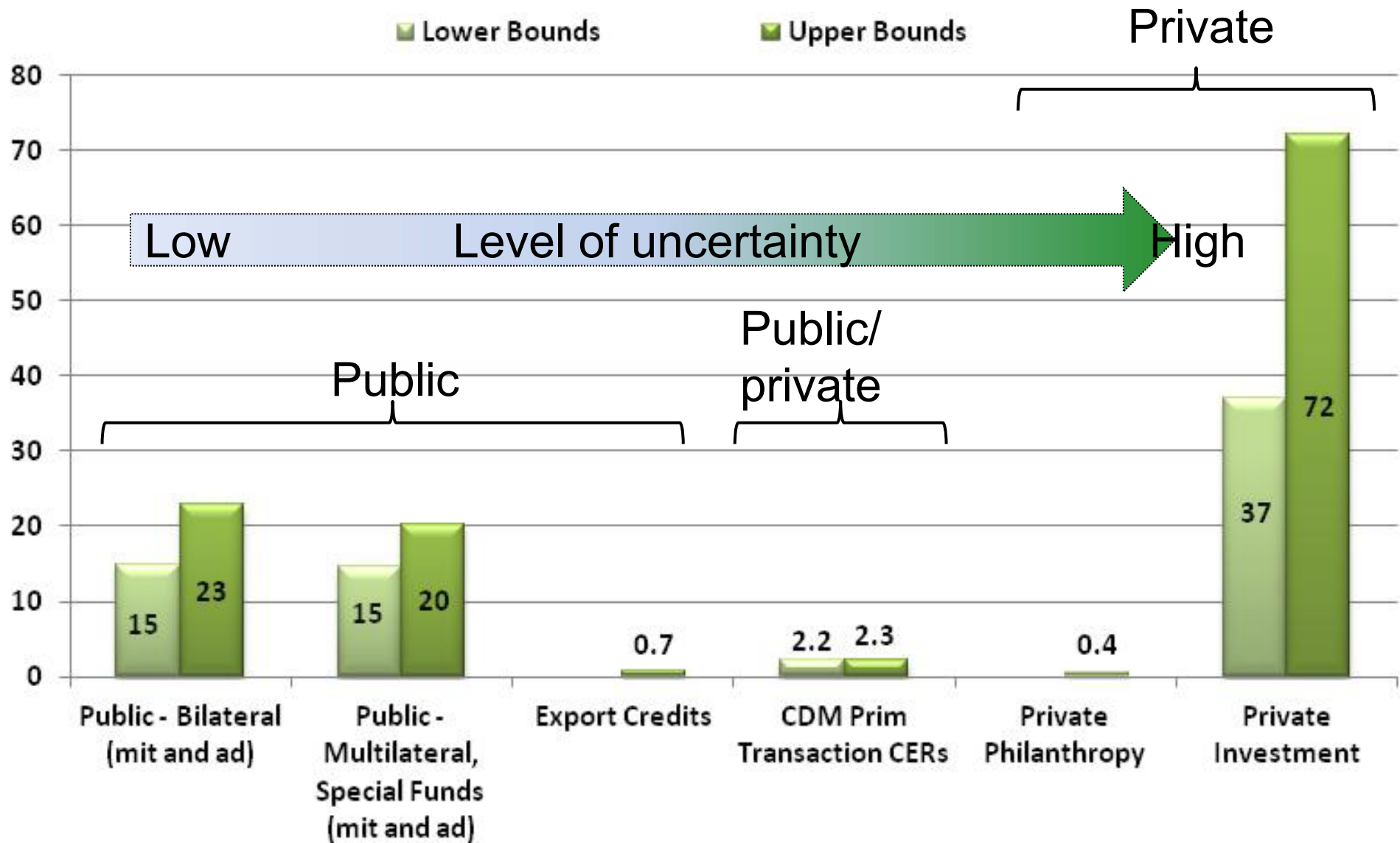
- Rio Markers
 - Approximate quantification
 - Watch out for double counting of mitigation and adaptation
 - Capacity building support included but not separately identifiable
 - Room for error in coding
 - Guidance, parameters and definitions need to be better defined



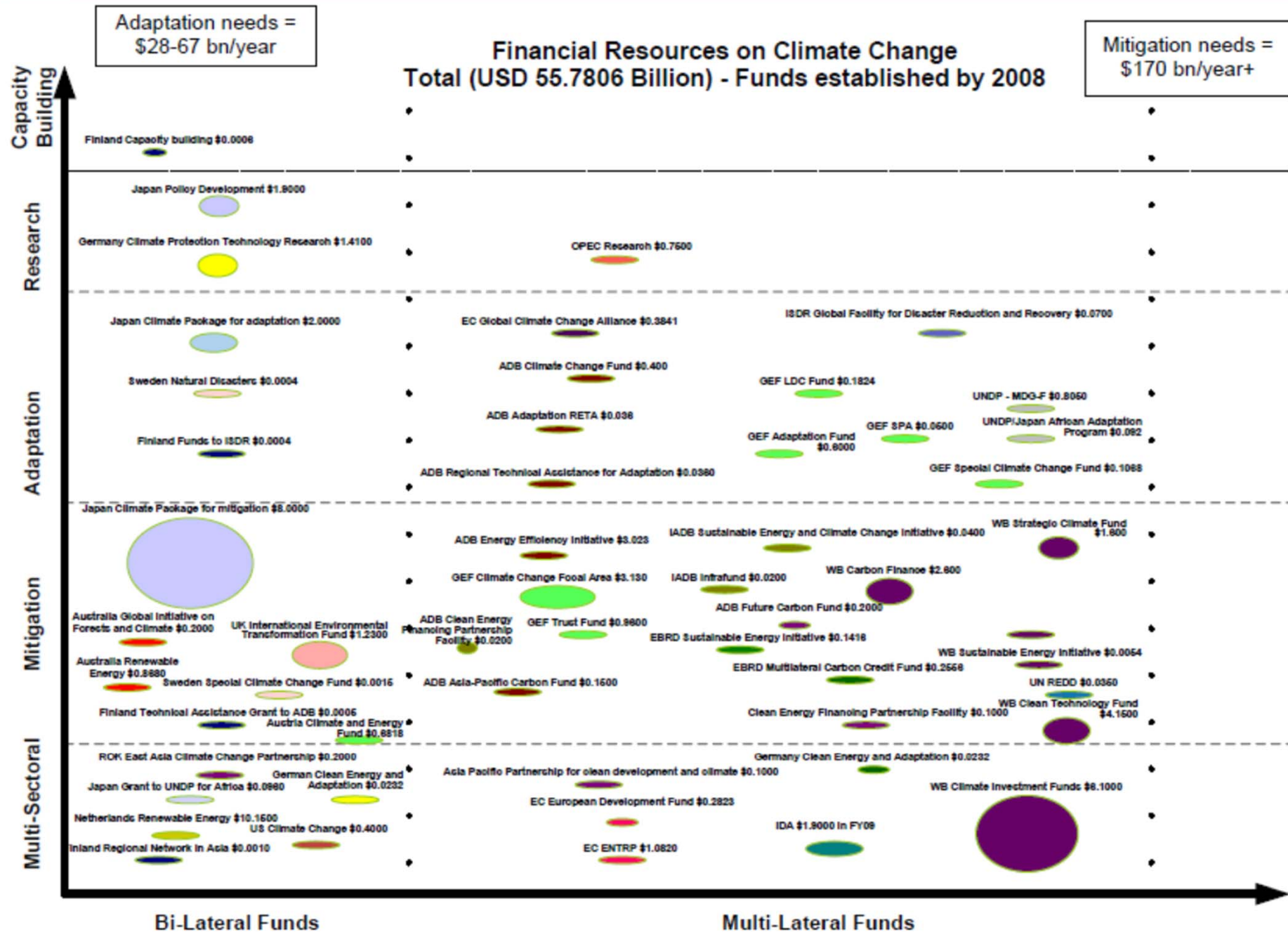
Challenges and Lessons Learned

- Definitional and coverage issues still not resolved.
- G8 Muskoka Accountability Report and OECD DAC Recommendation on Good Pledging Practices
- Crafting financial commitments
 - ✓ Define a base year
 - ✓ Indicators for measuring progress
 - ✓ Differentiate between funds previously committed and incremental funds
 - ✓ How and when will the reporting take place?

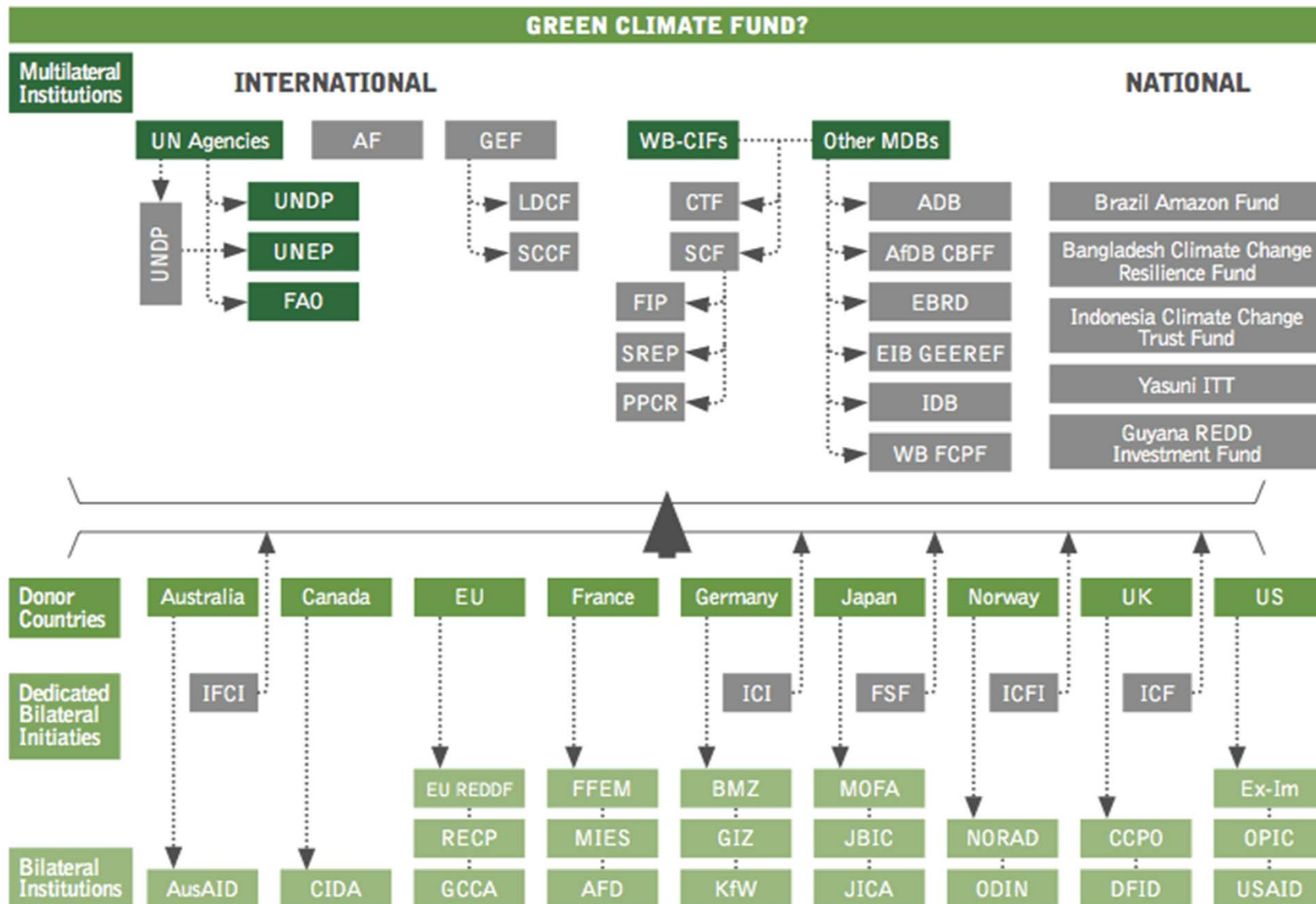
N-S Climate Finance: \$70-119bn p.a.



Source: Clapp, C., J. Ellis, J. Benn, J. Corfee-Morlot, "Tracking Climate Finance: What and How?" OECD/IEA, May 2012, <http://www.oecd.org/dataoecd/16/50/50293494.pdf>




Consolidated overview; UNEP - 2009 NOTE: This includes only those Funds that have specific institutions attached. It does not include all private venture capital, innovative financial mechanisms, voluntary carbon markets, and private foundations.



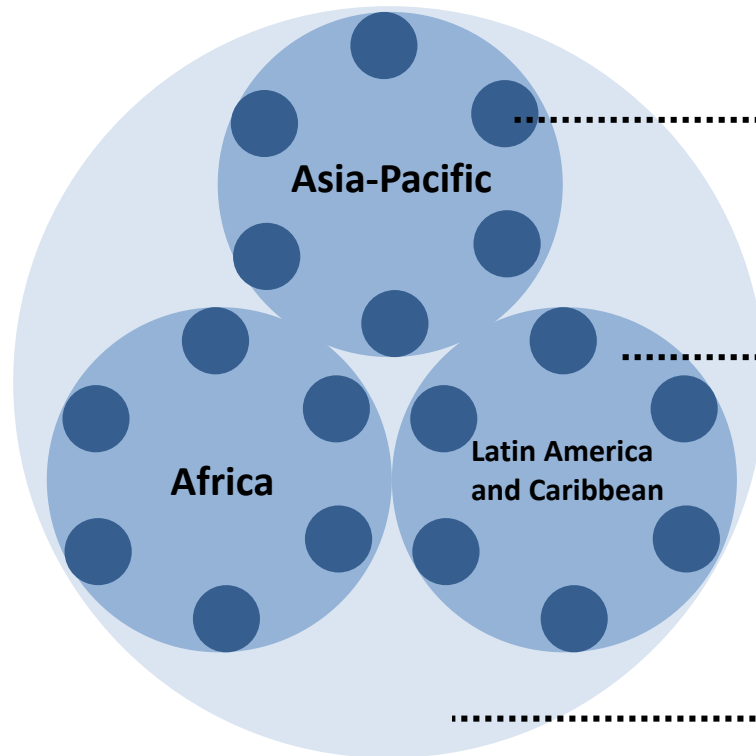
From www.climatefundsupdate.org (Heinrich Böll Stiftung and ODI)

Busan Building Block on Climate Finance and Development Effectiveness



| Asia-Pacific | Africa | Latin America and Caribbean | Donors, International Organisations and Civil Societies | |
|--|--|---|---|--|
|  Bangladesh |  Cameroon |  Mexico |  Australia |  Norway |
|  Fiji |  Kenya |  Bolivia |  Belgium |  Switzerland |
|  Indonesia |  Lesotho |  Honduras |  Denmark |  Better Aid |
|  Samoa |  Tanzania |  Peru |  European Commission |  Pacific Islands Forum |
|  Vietnam |  Uganda | |  Korea |  OECD |
| |  Zambia | |  New Zealand |  UNDP |

Busan Building Block on Climate Finance and Development Effectiveness



Country Level: Developing country supporters have stronger country-level capacities to effectively manage climate finance in a strategic manner

Regional Level: Supporters share best practices and lessons of managing climate finance in and outside the regions through regional platforms

Global Level: A coherent approach to the effective climate finance delivery is promoted through knowledge sharing between climate and development effectiveness policy communities

Country Level: Strengthening institutions and tracking

Strengthening institutions

Integrate climate change into development planning

Establishing clear co-ordination mechanism

Promoting national pooled funding

Strengthening tracking

International flows
e.g. (through aid information management systems)

Domestic flows
(Climate coding in the budgetary system)



Work in Progress and Future Prospects

- Expanding Rio markers to bilateral non-ODA (non-export credit) flows.
- Improving sectoral data on officially-supported export credits to identify those which could potentially mitigate climate change
- Clarifying definitions of various categories of private flows
- Introducing possible new statistical categories for official sector interventions that leverage private finance for climate change
- OECD/ENV/DCD leading research collaborative:
 - Developing methodologies and collecting data to track private climate finance, and
 - Assessing the impact of public sector actions on such flows.



For More Information

Methods and data for climate change financing

www.oecd.org/dac/stats/rioconventions

The Climate Change Expert Group (CCXG)

www.oecd.org/env/cc/ccxg

The OECD Environment Directorate – climate finance work

www.oecd.org/env/cc/financing

The Busan Building Block for Climate Finance
and Development Effectiveness

www.oecd.org/dac/climatefinance



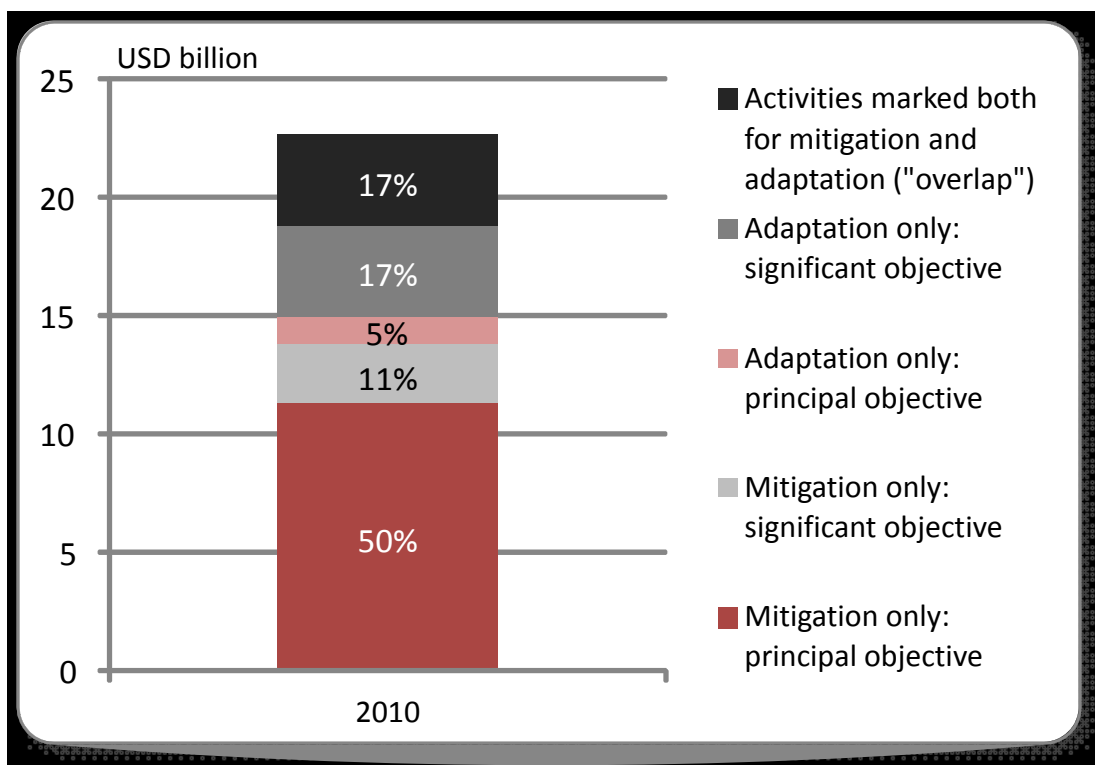
ANNEXES



Definitions

- Aid in support of climate change mitigation
 - Defined as activities that contribute to the objective of stabilisation of 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. (*Article 2 of the UNFCCC*)
- Aid in support of climate change adaptation
 - Defined as activities that aim to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience.

Double Counting



- Care should be taken not to double count.
- Same activity can be marked for both mitigation and adaptation
- Overlap is equal to 17%