



## ALIGNING DEVELOPMENT CO-OPERATION WITH THE OBJECTIVES OF THE PARIS AGREEMENT

### URGENT NEED FOR AMBITIOUS CLIMATE ACTION

A decisive transition towards a climate-compatible future is needed to realise global objectives on climate and development. The latest IPCC report clearly highlights the urgent need for ambitious action to limit global warming, and the substantial development benefits from keeping it well below 2°C. Development co-operation has a key role to play in supporting developing countries with this transition through support for policy reform and the development of long-term strategies, capacity building, as well as direct financing and mobilisation of broader resources. Understanding how development co-operation can realise its full potential in playing this role is important.

### ALIGNMENT IN DEVELOPMENT CO-OPERATION

The OECD is initiating work to examine policies and portfolios of development co-operation to assess the extent to which it is aligned with the objectives of the Paris Agreement, and the ability of the current aid architecture to effectively respond. This will entail analysis across three inter-related categories:

1. How well do **strategies, policies and approaches** of development co-operation providers support Paris objectives across relevant sectors?
2. Is the **funding and financing in development co-operation portfolios** aligned with the objectives of the Paris Agreement?
3. Is the **development aid architecture fit for purpose** to support the objectives of the Paris Agreement?

### CALL FOR ACTION

IPCC's *Special Report on Global Warming of 1.5°C* shows that the world is currently on a trend to reach 3°C by 2100, with warming projected to continue after the end of the century. Countries located in the tropics and Southern Hemisphere subtropics are projected to face higher economic risks; exacerbated by factors such as the size of the agricultural sector, a lack of capacity to respond to welfare losses, and a lack of climate-resilient infrastructure.

In *Groundswell: Preparing for Internal Climate Migration*, the World Bank highlights that in the absence of urgent climate and development action, over 140 million people in Sub-Saharan Africa, South Asia and Latin America are projected to be internal climate migrants by 2050.

## ALIGNMENT OF DEVELOPMENT CO-OPERATION PORTFOLIOS

To better understand how well partner countries are supported in establishing the enabling environments and infrastructure required for the transition to climate-compatible development pathways, the work will examine infrastructure (e.g. energy, transport, water) and natural systems (e.g. land use management) as key climate systems.

Percent of bilateral development finance that includes a focus on climate change by sector		
<b>Energy</b> <b>53%</b>	<b>Transport &amp; Storage</b> <b>47%</b>	<b>Industry</b> <b>4%</b>

## ENSURING THAT THE AID ARCHITECTURE IS FIT FOR PURPOSE

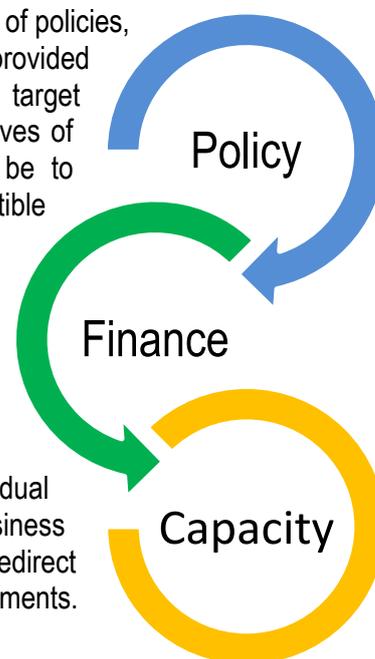
The international development architecture is an increasingly complex set of actors at national and subnational levels, and forms of development financing. Ensuring that the architecture is fit for purpose to respond to the objectives of the Paris Agreement requires examination, including beyond official development assistance, of the systematic issues that could hinder effective and efficient climate action. Development finance as a whole needs to be aligned with Paris objectives, both within and across countries providing support.

## ACCELERATING CLIMATE-COMPATIBLE DEVELOPMENT

Alignment with the objectives of the Paris Agreement relies on a broad set of policies, capacities and financing. This means taking a holistic look at the support provided by development co-operation, including that which does not explicitly target climate objectives, to understand whether it is contributing to the objectives of the Paris Agreement. The goal of development co-operation should be to support partner countries in their transition towards climate-compatible sustainable development.

To be effective, the focus on climate change in development co-operation policies and strategies must be consistent across areas. Further, the institutional and technical capabilities of the stakeholders engaged in the low-carbon transition must be enhanced.

This requires alignment of the financial support provided by individual development providers, in addition to a shift in the operating and business models of these actors. At the same time, incentives must be in place to redirect funds and mobilise additional resources towards climate-compatible investments.



## HIGH-LEVEL ADVISORY GROUP

A High-Level Advisory Group is being established in support of this work. It brings together renowned leaders in the areas of climate change, development and development co-operation, who will provide strategic guidance on the focus of this work, and the recommendations emanating from it.

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