

DEVELOPMENT CO-OPERATION DIRECTORATE

DCD(2013)8/REV2
For Official Use**TERMS OF REFERENCE AND SCOPE OF WORK FOR A JOINT ENVIRONET AND WP-STAT
TASK TEAM TO IMPROVE RIO MARKERS, ENVIRONMENT AND DEVELOPMENT FINANCE
STATISTICS**

16 September 2013

This document is submitted to DAC members for their APPROVAL via the written procedure and on a no-objection basis. If no comments are received by Tuesday 12 November c.o.b., the Terms of Reference will be considered endorsed by the Committee.

The ENVIRONET and WP-STAT chairs request written comments by 12 November in order to move this initiative ahead in a timely manner.

This document builds on previous versions circulated for comment to both the Working Party on Development Finance Statistics and the Network on Environment and Development Co-operation, and discussed at the OECD preparatory meeting to consider the scope of work for the proposed Joint ENVIRONET/WP-STAT Task Team on OECD Rio markers, environment and development finance statistics, 16 September 2013.

Contacts:

Valerie Gaveau, DCD/SDF, Tel: +(33-1) 45 24 90 53, Email: Valerie.GAVEAU@oecd.org

Stephanie Ockenden, DCD/GPP, Tel: +(33-1) 45 24 15 23, Email: Stephanie.OCKENDEN@oecd.org

JT03347487

Complete document available on OLIS in its original format

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

English text only

TERMS OF REFERENCE AND SCOPE OF WORK FOR A JOINT ENVIRONET AND WP-STAT TASK TEAM ON IMPROVEMENT OF RIO MARKERS, ENVIRONMENT AND DEVELOPMENT FINANCE STATISTICS

Introduction

1. Recent discussions in DAC fora suggest that deeper collaboration between its Network on Environment and Development Co-operation (ENVIRONET) and Working Party on Development Finance Statistics (WP-STAT) could help improve the quality and use of DAC statistics on development finance and environment.

2. The proposal for this Task Team has emerged from WP-STAT¹ (12–13 June 2013) and ENVIRONET² (25-26 June 2013) discussions in support of joint work (with reference to document “Rio Markers, Environment and Development Finance and Statistics – Issues and Modalities for Joint Work across DAC Subsidiary Bodies”³). The scope of work for the Task Team reflects priorities and suggestions for improvements identified in the recent OECD Climate Adaptation Marker Quality Review⁴, the OECD workshops on Rio Markers, Climate and Development Finance (15 February⁵ and 24-25 June 2013⁶) and suggestions and comments highlighted during the preparatory meeting, 16 September 2013⁷.

Objectives

3. The overarching goal of the Task Team is to ensure that DAC methodologies and data remain the reference for the international community in measuring Official Development Assistance (ODA) and non-export credit Other Official Flows⁸ (OOF) related to climate change, biodiversity, desertification and other environmental concerns.

4. The Task Team will seek to achieve this goal in several ways, notably:

- i) Facilitating improved use and understanding of the Rio markers through greater communication and outreach;

¹ Summary Record of WP-STAT June 2013 meeting – [DCD/DAC/STAT/M\(2013\)1/PROV](#).

² Summary Record of the 15th ENVIRONET meeting, OLIS reference: [DCD/DAC/ENV/M\(2013\)1/PROV](#).

³ OLIS reference: [DCD/DAC/STAT/RD\(2013\)1/RD3](#)

⁴ OECD (2013), Climate Adaptation Marker: Quality Review, OLIS record reference: DCD/DAC/STAT(2013)/5

⁵ OLIS reference : [DCD/M\(2013\)1](#)

⁶ OECD ENVIRONET Workshop on Rio Markers, Climate and Development Finance, 24-25 June 2013, Main points of discussion, OLIS record reference: DCD/M/(2013)/2/FINAL.

<http://www.oecd.org/dac/environment-development/workshopriomarkersagendapresentations.htm>

⁷ Summary Record of OECD preparatory meeting to consider scope of work for the proposed Joint ENVIRONET/WP-STAT Task Team on OECD Rio markers, environment and development finance statistics, 16 September 2013. OLIS reference: DCD/DAC/[DCD/M\(2013\)2/PROV](#).

⁸ Summary record of WP-STAT 2011 Meeting, paragraph 18, OLIS reference: [DCD/DAC/STAT/M\(2011\)2/FINAL](#).

ii) Scoping and reviewing options to improve the quality and robustness of the Rio markers and their implementation, where practical and feasible; iii) Supporting international communities⁹ to clarify their information needs and to use or to build on the existing DAC data and systems, avoiding the need for duplicative systems; and

iv) To increase transparency and support greater accountability in reporting against the Rio Conventions (the UN Framework Convention on Climate Change (UNFCCC), UN Convention on Biological Diversity (UNCBD) and UN Convention to Combat Desertification (UNCCD)).

Neither the objectives, nor outcomes of the Task Team, are intended to prejudge any outcome of the discussions under the UNFCCC or other Rio conventions. The work of Task Team will aim to provide evidence, information and options in a timely manner to inform DAC members' views ahead of key international discussions.

5. The Task Team would:

- Clarify what members, international partners and international institutions need from the DAC Creditor Reporting System (CRS) Rio marker and environment aid statistics for it to remain a point of reference, e.g. for tracking Official Development Assistance (ODA) and non-export credit Other Official Flows (OOF) in support of the Rio conventions, green growth, as well as the mainstreaming of environmental considerations into official development finance.
- Take stock of how members are reporting against the Rio markers to the DAC, and how members are using Rio marker data, or other methodologies, in reporting against international commitments to support greater transparency and accountability in the tracking of contributions.
- Help to raise awareness and improve understanding and use of the DAC CRS, including its Rio and environment policy marker data, among developed and developing country policy makers, non-governmental and research organisations, and others.
- Identify necessary refinements to data collection, aggregation and disaggregation methods and propose ways to improve the quality, robustness and relevance of DAC Rio marker statistics for different user audiences.
- Support practical reporting to UNFCCC and the other Rio Conventions by identifying potentials for harmonisation and simplification (avoiding unnecessary duplication) of the different international reporting obligations with regard to climate and environment-related aid.

6. Reflecting initial discussion with members, the Task Team will focus first on improving the quality and communication of the climate-related aid statistics (the adaptation and mitigation Rio markers), but will also seek to collect holistic input across all Rio markers. Solutions found in the context of the climate markers will be considered, where appropriate, to improve the other relevant markers whilst also noting the potential need for differentiated approaches and taking the background and objectives of each marker into account.

⁹ Including international communities working on climate and environmental development finance issues, such as the UN Rio Convention bodies (UNFCCC, UNCDB, UNCCD), UN institutions and groups (e.g. High Level Panel on Post-2015 Development Agenda, and other relevant international research institutes and organisations).

7. The focus of the Task Team will be on Official Development Assistance (ODA) and non-export credit Other Official Flows¹⁰ (OOF) related to climate change, biodiversity, desertification and other environmental concerns. The work of the Task Team may provide insights and lessons on how to measure relevant private finance flows. As appropriate the findings of the Task Team will feed into the OECD co-ordinated Research Collaborative on Tracking Private Climate Finance¹¹.

Tasks and Outputs

8. The Task Team is requested to undertake the main tasks A-C as outlined below and Table 1 provides a provisional schedule for completion of these. The specific sub-tasks and the exact schedule may be modified or adjusted as needed, in agreement with the Task Team itself, and will be subject to available resources in the secretariat to carry out agreed work.

9. The work of the Task Team will draw on on-going and recent work in this area from the OECD and elsewhere. This includes inter alia, the recent OECD Climate Adaptation Marker Quality Review and comments from members on the questions it raised, the February and June 2013 OECD Rio Marker and Climate Finance Workshop discussions, feedback from users of the Rio markers data, as well as experience in related initiatives such as definition and guidance for the IDFC Mapping exercise, the Joint approach by MDBs and the Research Collaborative on Tracking Private Climate Finance. The sub-tasks identified under Task C will draw on evidence collected from the stocktake under Task A and may be adjusted accordingly.

A. **Take stock of reporting practices of members and different international reporting obligations, to be summarised in a short report.** This will draw on evidence from a survey of members and key institutions, a review of DAC statistics and desk research, covering:

1. Members' experiences and approaches to reporting to the DAC and applying the Rio markers, exploring institutional / quality assurance processes (internal definitions and methodologies used for tracking climate projects, guidelines for applying Rio markers, awareness of officials marking projects including capacity and training needs, application of percentages, treatment of overlap, granularity, etc.).
2. Current data needs and international reporting obligations related to climate and environment-related aid (i.e. to the DAC and all three Rio Convention processes), including a review of reporting formats (for example, the UNFCCC common tabular reporting formats).
3. Members' use of the Rio markers or other methodologies and formats for reporting towards the different international reporting obligations related to climate and environment-related aid.
4. Based on findings from the stock-taking exercise, identify possible constraints and limitations of DAC statistics on Rio markers, including for the purpose of reporting towards different international obligations, and specify the areas which need improvement (to inform Task C).

B. **Advise on steps to build confidence in the Rio marker methodology and improve communication on the underlying concepts of marker data,** for example on:

¹⁰ Summary record of WP-STAT 2011 Meeting, paragraph 18, OLIS reference: [DCD/DAC/STAT/M\(2011\)2/FINAL](#).

¹¹ Insights from the Joint Task Team will be most relevant to Work stream 1 - Part B of the Research Collaborative work programme, on the "Comparison and assessment of data sources and tracking methods", which includes a review of the Development Assistance Committee (DAC) Rio Markers methodology and on-going statistical developments on measuring non-ODA development finance flows. For further information please see: www.oecd.org/env/researchcollaborative

- i. How to improve activity descriptions in members' reporting (e.g. through improved guidance alongside member actions to ensure that relevant policy objectives – adaptation, mitigation, biodiversity or desertification – are explicitly outlined in project descriptions where appropriate and possible).
 - ii. How to improve dissemination (e.g. through improving guidance on data interpretation, updating the OECD website on Rio markers, and extending coverage and dissemination of factsheets (e.g. see existing Factsheets on Climate-related aid¹²).
 - iii. How to improve outreach to the international community of possible users and contributors to the DAC-CRS (i.e. beyond DAC members), for example through opportunities such as the Busan Partnership for Action on Climate Finance and Development Effectiveness¹³.
- C. Develop recommendations to improve the robustness and accuracy of Rio marker data, taken forward through an option paper(s) and members' discussion.** The first stage of this task will be to scope out, organise and identify the priorities for developing and reviewing options, alongside considering the feasible time horizon for undertaking the task and whether a multi-stage approach is beneficial).

The initial scope of options will be informed by the evidence collected from the stocktake under Task A, and draw on members' comments on the recent OECD Climate Adaptation Marker Quality Review, and from the February and June 2013 Workshops on Rio markers. Aspects of robustness and accuracy of Rio marker data to be studied under Task C include:

- i. Harmonisation in the application of Rio and environmental markers
- ii. Treatment of multilateral flows targeting the Rio Conventions, in collaboration with MDBs and IFIs
- iii. Harmonisation and simplification (avoidance of unnecessary duplication) of practical reporting to the different international obligations with regard to climate and environment-related aid
- iv. Quantitative characteristics of the Rio marker data (including commitment vs. disbursement basis of measurement and levels of granularity of reporting)

Participation and Ways of Working

10. The Joint ENVIRONET and WP-STAT Task Team will be co-facilitated by the selected members from the parent bodies and supported by the OECD Secretariat. At the outset this will be the Chair of the OECD DAC Working Party on Development Finance Statistics (WP-STAT), currently in function **Ms Hedwig Riegler**, and ENVIRONET member and/or alternate(s), namely **Ms Annemarie Watt**, Director of Integration and Environment, Australian Agency for International Development (AusAID), and/or a representative of the ENVIRONET's "friends" group on climate finance, **Ms Amal-Lee Amin** (E3G).

11. The Task Team will comprise interested members of ENVIRONET, WP-STAT and participation will be open to interested international organisations, international financial institutions (e.g. multilateral

¹² http://www.oecd.org/dac/stats/factsheet%20on%20climate%20change_update%202013.pdf

¹³ For further details see: www.oecd.org/dac/environment-development/busanbuildingblockbbbpartnershiponclimatefinanceanddevelopmenteffectiveness.htm

development banks), with invitation extended to relevant civil society organisations on an ad hoc basis where relevant.

12. The success of the Task Team and the fulfilment of the objectives and tasks will be dependent on, and require significant engagement and input from Task Team members. In particular through: a survey of DAC members and key international institutions (Task A), through members undertaking their own actions to improve the Rio marker application and descriptions (Task B) and through brainstorming and considering options for improvement (Task C).

13. The Task Team will meet physically when needed to seek input, discuss and review outputs of the joint work. Meetings will be scheduled, where possible, back-to-back with other relevant OECD events (such as ENVIRONET, WP-STAT, the Research Collaborative on Tracking Private Climate Finance and CCXG). The Task Team will also wish to engage and review progress regularly (about every two months), therefore when not meeting in person, engagement will be carried out through email exchange or virtual meetings (teleconferences), posting relevant materials on a dedicated community site.

14. Recommendations and proposals arising from the Task Team on possible changes in reporting instructions for Rio markers will be submitted for discussion and approval by the WP-STAT, ENVIRONET and the DAC as necessary. Key recommendations may also be shared with the independent OECD-DAC Expert Reference Group on Development Finance¹⁴ for information and possible comment, given its role in advising the DAC secretariat in drawing up final recommendations to the DAC regarding the future form and design of new measures of total official support for development.

15. Depending on the issues to be addressed, it may also be useful to engage with other OECD bodies as needed on issues of measurement in environmental development finance. The Task Team may consider specifying contact points or collaboration opportunities with the OECD's Climate Change Expert Group (CCXG) and the Research Collaborative on Tracking Private Climate Finance and the Working Party on Biodiversity, Water and Ecosystems.

16. The Task Team will operate until completion of the main tasks (A-C) outlined in these Terms of Reference, with the aim to completing its work and with key recommendations by end of 2014 (see work plan timetable below). If needed, the Task Team may be reconvened in the next biennium to continue to support the work of the DAC on these issues.

¹⁴ The OECD-DAC Expert Reference Group on Development Finance (ERG) is tasked with providing a wider perspective and feedback on proposals and recommendations on strategic and crosscutting issues arising from the HLM's mandate of: i) elaborating a proposal for a new measure of total official support for development; ii) exploring ways of representing both "donor effort" and "recipient benefit" of development finance; and iii) investigating whether any resulting new measures of external development finance suggest the need to modernise the ODA concept.

Provisional Task Team Work Plan, Outputs, Timeframe

| Task | Output | Time Horizon & Points of Task Team Engagement |
|--|---|---|
| A. Stock take of reporting practices | <p>Short report based on initial survey of members, key institutions and desk research (drawing on DAC statistics and member reporting practices).</p> <p>Note: primary focus will be on climate finance, but this will also survey all Rio markers and reporting to relevant Rio conventions.</p> | <ul style="list-style-type: none"> • Survey circulated for input: December 2013 (deadline January 2014) • Share key results: February 2014 • Discuss at Task Team Meeting: March 2014 • Final summary of survey results: April 2014 |
| B. Advise on steps to build confidence in marker methodology and to improve communication | Action by members to improve reporting descriptions. | <ul style="list-style-type: none"> • Continuous 2013 – 2014 |
| | Update and enhance existing statistical factsheets , and update website on Rio markers. | <ul style="list-style-type: none"> • On-going 2013 – 2014 |
| C. Develop recommendations to improve the robustness and accuracy of Rio marker data | <p>Options Paper(s) presenting ideas (drawing on the results of the stock-take, secretariat review of reporting practices, Task Team and workshop discussions).</p> | <ul style="list-style-type: none"> • Brainstorming teleconferences throughout Q1 and Q2 2014 for initial member views (including initial discussion to identify time horizon and approach for development and review of options). • Draft emerging options: April 2014 (TBC) • Draft Final Options Paper: June 2014 (TBC) • Task Team Meeting: September 2014 (TBC) • Revised Final Options paper: November 2014 (TBC) |
| | <p>Members discussion and Report on recommendations to WP-STAT</p> | <ul style="list-style-type: none"> • Final Options Paper(s) & Outline of Recommendations: October/November 2014 (TBC) • WP-STAT & ENVIRONET Engagement: June 2015 (TBC) |
| Recommendations to WP-STAT (where relevant) | WP-STAT to draft guidelines and reporting instructions | <ul style="list-style-type: none"> • Winter 2015 (TBC) |
| | Approval sought from WP-STAT | <ul style="list-style-type: none"> • Winter 2015 (TBC) |