

DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEECONVERGED STATISTICAL REPORTING DIRECTIVES FOR THE CREDITOR REPORTING
SYSTEM (CRS) AND THE ANNUAL DAC QUESTIONNAIRE

Annexes - modules D and E

These Reporting Directives were approved by the DAC under the written procedure on 17 February 2016. This final version includes the revised directives on ODA in the field of peace and security agreed at the High Level Meeting on 19 February 2016 and the indicative table to guide Rio marking approved under the written procedure on 23 March 2016.

Annexes are presented in two separate documents DCD/DAC(2016)3/ADD1/FINAL and DCD/DAC(2016)3/ADD2/FINAL.

These Directives implement the new grant equivalent system in reporting on ODA. They are intended to guide reporting during a transition period (2015-17 data) where ODA will be reported using both the new grant equivalent system and the (2013) flow-based system. Data collection under the flow-based system is governed by Directives in DCD/DAC(2013)15/FINAL.

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JT03394028

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CONVERGED STATISTICAL REPORTING DIRECTIVES FOR THE CREDITOR REPORTING SYSTEM (CRS) AND THE ANNUAL DAC QUESTIONNAIRE

ANNEXES – MODULES D & E

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**MODULE D. GRANT ELEMENT AND
DAC RECOMMENDATIONS**

Annex 14. Grant element formulas and examples

The DAC has addressed the question of financial terms of ODA through a series of terms recommendations. The first dates from 1963 and the most recent, still valid, from 1978. In brief, the 1978 Terms Recommendation urged members to extend their ODA commitments with an average annual grant element of at least 86% overall. An additional, more demanding target was set for aid to Least Developed Countries (at least 86 per cent over three years for each country, or 90 per cent annually for the group). Members' compliance with the Recommendation is assessed each year in the Statistical Annex of the Development Co-operation Report¹.

The grant element reflects the financial terms of a transaction: interest rate, maturity (interval to final repayment) and grace period (interval to first repayment of capital). It is a measure of the concessionality (softness) of a loan. It is calculated as the difference between the face value of a loan and the discounted present value of the service payments the borrower will make over the lifetime of the loan, expressed as a percentage of the face value.

Four factors determine the grant element:

- interest rate (per cent per annum);
- grace period, i.e. the interval from commitment date to the date of the first payment of amortisation;
- maturity, i.e. the interval from commitment date to the date of the last payment of amortisation; and
- discount rate used to determine the present value of future payments. For bilateral loans to the official sector¹, the discount rates used in the ODA calculation are differentiated by DAC income group: 9 per cent in the case of loans to LDCs and other LICs, 7 per cent in the case of loans to LMICs and 6 per cent in the case of loans to UMICs.

For bilateral loans to the official sector, minimum grant elements for qualifying as ODA are also differentiated by DAC income group: 45 per cent in the case of loans to LDCs and other LICs, 15 per cent in the case of loans to LMICs and 10 per cent in the case of loans to UMICs.

1. -- *Note on the status of DAC discussions: For loans to the private sector and loans to multilateral institutions, concessionality has not been defined in quantitative terms yet, and recording as ODA (grant equivalents or otherwise) has not been agreed yet. For multi-country loan agreements, the discount rate and threshold remain to be agreed.--*

1. -- *Note on the DAC discussions: The DAC will discuss in 2016 whether the adoption of new rules on concessionality necessitates adjustments to the 1978 Terms Recommendation on the grant element of members' total ODA and the recommended special terms for least developed countries. --*

Grant element formula and examples for bilateral loans to the official sector

The formulas below apply to three particular types of repayment: equal principal payments, annuity or lump sum repayment. In all other cases, the grant element calculation is based on the repayment schedule (see examples).

1. FORMULAS

Variables entering in the formulas:

M	= Maturity
G	= Grace period
A	= Number of repayments per year
INT	= Interval between the commitment date and the first repayment date minus the interval between two successive repayments = $G - 1/A$
DR	= Repayment duration = $M - INT$
I	= Discount rate (9% in the case of loans to LDCs and other LICs, 7% in the case of loans to LMICs and 6% in the case of loans to UMICs.)
R1	= Interest rate during grace period
R2	= Interest rate during repayment period
D	= Discount rate per period = $(1+I)^{(1/A)} - 1$
NR	= Total number of repayments = $A * DR$
C1	= $(1+I)^{INT}$
C2	= $(1+I)^{DR}$
GE	= Grant element

- **Equal principal payments**

General formula

$$GE = 100 * (1 - ZG - ZM - ZX)$$

where

$$ZG = R1 * (1 - 1/C1) / (A * D)$$

$$ZM = (1/NR) * (1/C1) * ((1 - 1/C2) / D)$$

$$ZX = (R2 / (A * NR)) * (1/C1) * ((1/C2) - 1 + D * NR) / (D * D)$$

Simplified formula when the interest rate is the same for the whole period: $R1 = R2 = R$

$$\left[1 - \frac{R/A}{D} \right] * \left[1 - \frac{\frac{1}{(1+D)^{A*INT}} - \frac{1}{(1+D)^{A*M}}}{(A*M - A*INT)*D} \right]$$

The first bracket corresponds to the difference between the interest rate and the discount rate; the second bracket takes into account the repayment profile.

- **Annuity**

$$GE = 100 * (1 - ZG - ZX)$$

where

$$ZG = R1 * (1 - 1/C1) / (A * D)$$

$$ZM = 1 / ((1 + R2/A)^{NR} - 1) + 1$$

$$ZX = (R2/A) * ZM * (1/C1) * ((1 - 1/C2) / D)$$

- **Lump sum repayment (principal and interest)**

$$GE = 100 * (1 - (1 + R2 * G) / (1 + I)^M)$$

2. EXAMPLES

A loan of 1000 units is committed and disbursed on 1 January 2015. The examples below cover different recipient countries and repayment terms:

- *Example 1:* Loan to an LDC, duration 18 years, interest rate is 1% p.a., equal principal repayments by six-monthly instalments, commencing on 1 July 2017;
- *Example 2:* Loan to a LMIC, duration 10 years, interest rate is 2.5% p.a., annuities: equal six-monthly repayments (principal and interest combined), commencing on 1 July 2017;
- *Example 3:* Loan to a UMIC, duration 10 years, interest rate is 2.5% p.a., single lump sum repayment of principal and interest on 1 July 2025.

In the first two options, it is assumed that interest only is paid six-monthly from 1 Jan. 2015 to 30 June 2017.

Applying the formulas

The variables take the following values:

	<i>Example 1</i>	<i>Example 2</i>	<i>Example 3</i>
M	18	10	10
G	2.5	2.5	2.5
A	2	2	2
INT	2	2	2
DR	16	8	8
I	0.09	0.07	0.06
R1=R2	0.01	0.025	0.025

Applying the formulas leads to the following results:

	<i>Example 1</i>	<i>Example 2</i>	<i>Example 3</i>
Grant element	49%	21.8%	30.2%

Calculation on the basis of the repayment schedules

- *Example 1: Equal principal payments*

Date payment due	Period (p)	Principal outstanding	Future payments			Six-month factor at 9% (1.09) ^p	Present value of future payments
			Principal	Interest	Total		
01/01/2015							
01/07/2015	0.5	1000.00		5.0	5.0	1.04	4.8
01/01/2016	1	1000.00		5.0	5.0	1.09	4.6
01/07/2016	1.5	1000.00		5.0	5.0	1.14	4.4
01/01/2017	2	1000.00		5.0	5.0	1.19	4.2
01/07/2017	2.5	1000.00	31.25	5.0	36.3	1.24	29.2
01/01/2018	3	968.75	31.25	4.8	36.1	1.30	27.9
01/07/2018	3.5	937.50	31.25	4.7	35.9	1.35	26.6
01/01/2019	4	906.25	31.25	4.5	35.8	1.41	25.3
01/07/2019	4.5	875.00	31.25	4.4	35.6	1.47	24.2
01/01/2020	5	843.75	31.25	4.2	35.5	1.54	23.1
01/07/2020	5.5	812.50	31.25	4.1	35.3	1.61	22.0
01/01/2021	6	781.25	31.25	3.9	35.2	1.68	21.0
01/07/2021	6.5	750.00	31.25	3.8	35.0	1.75	20.0
01/01/2022	7	718.75	31.25	3.6	34.8	1.83	19.1
01/07/2022	7.5	687.50	31.25	3.4	34.7	1.91	18.2
01/01/2023	8	656.25	31.25	3.3	34.5	1.99	17.3
01/07/2023	8.5	625.00	31.25	3.1	34.4	2.08	16.5
01/01/2024	9	593.75	31.25	3.0	34.2	2.17	15.8
01/07/2024	9.5	562.50	31.25	2.8	34.1	2.27	15.0
01/01/2025	10	531.25	31.25	2.7	33.9	2.37	14.3
01/07/2025	10.5	500.00	31.25	2.5	33.8	2.47	13.7
01/01/2026	11	468.75	31.25	2.3	33.6	2.58	13.0
01/07/2026	11.5	437.50	31.25	2.2	33.4	2.69	12.4
01/01/2027	12	406.25	31.25	2.0	33.3	2.81	11.8
01/07/2027	12.5	375.00	31.25	1.9	33.1	2.94	11.3
01/01/2028	13	343.75	31.25	1.7	33.0	3.07	10.8
01/07/2028	13.5	312.50	31.25	1.6	32.8	3.20	10.3
01/01/2029	14	281.25	31.25	1.4	32.7	3.34	9.8
01/07/2029	14.5	250.00	31.25	1.3	32.5	3.49	9.3
01/01/2030	15	218.75	31.25	1.1	32.3	3.64	8.9
01/07/2030	15.5	187.50	31.25	0.9	32.2	3.80	8.5
01/01/2031	16	156.25	31.25	0.8	32.0	3.97	8.1
01/07/2031	16.5	125.00	31.25	0.6	31.9	4.15	7.7
01/01/2032	17	93.75	31.25	0.5	31.7	4.33	7.3
01/07/2032	17.5	62.50	31.25	0.3	31.6	4.52	7.0
01/01/2033	18	31.25	31.25	0.2	31.4	4.72	6.7
						sum=	509.72

$$GE = (1000 - 509.72)/1000 = 49 \%$$

- *Example 2: Annuity*

Date payment due	Period (p)	Principal outstanding	Principal	Future payments Interest	Total	Six-month factor at 7% (1.07) ^p	Present value of future payments
01/01/2015							
01/07/2015	0.5	1000.0		12.5	12.5	1.03	12.1
01/01/2016	1	1000.0		12.5	12.5	1.07	11.7
01/07/2016	1.5	1000.0		12.5	12.5	1.11	11.3
01/01/2017	2	1000.0		12.5	12.5	1.14	10.9
01/07/2017	2.5	1000.0	56.8	12.5	69.3	1.18	58.6
01/01/2018	3	943.2	57.6	11.8	69.3	1.23	56.6
01/07/2018	3.5	885.6	58.3	11.1	69.3	1.27	54.7
01/01/2019	4	827.3	59.0	10.3	69.3	1.31	52.9
01/07/2019	4.5	768.3	59.7	9.6	69.3	1.36	51.1
01/01/2020	5	708.6	60.5	8.9	69.3	1.40	49.4
01/07/2020	5.5	648.1	61.2	8.1	69.3	1.45	47.8
01/01/2021	6	586.8	62.0	7.3	69.3	1.50	46.2
01/07/2021	6.5	524.8	62.8	6.6	69.3	1.55	44.7
01/01/2022	7	462.0	63.6	5.8	69.3	1.61	43.2
01/07/2022	7.5	398.5	64.4	5.0	69.3	1.66	41.7
01/01/2023	8	334.1	65.2	4.2	69.3	1.72	40.4
01/07/2023	8.5	268.9	66.0	3.4	69.3	1.78	39.0
01/01/2024	9	202.9	66.8	2.5	69.3	1.84	37.7
01/07/2024	9.5	136.1	67.6	1.7	69.3	1.90	36.5
01/01/2025	10	68.5	68.5	0.9	69.3	1.97	35.3
						sum =	781.8

$$GE = (1000 - 781.8)/1000 = 21.8 \%$$

- *Example 3: Lump sum repayment (principal and interest)*

Date payment due	Period (p)	Principal outstanding	Principal	Future payments Interest	Total	Six-month factor at 6% (1.06) ^p	Present value of future payments
01/01/2015							
01/07/2015	0.5	1000			0	1.03	0
01/01/2016	1	1000			0	1.06	0
01/07/2016	1.5	1000			0	1.09	0
01/01/2017	2	1000			0	1.12	0
01/07/2017	2.5	1000			0	1.16	0
01/01/2018	3	1000			0	1.19	0
01/07/2018	3.5	1000			0	1.23	0
01/01/2019	4	1000			0	1.26	0
01/07/2019	4.5	1000			0	1.30	0
01/01/2020	5	1000			0	1.34	0
01/07/2020	5.5	1000			0	1.38	0
01/01/2021	6	1000			0	1.42	0
01/07/2021	6.5	1000			0	1.46	0
01/01/2022	7	1000			0	1.50	0
01/07/2022	7.5	1000			0	1.55	0
01/01/2023	8	1000			0	1.59	0
01/07/2023	8.5	1000			0	1.64	0
01/01/2024	9	1000			0	1.69	0
01/07/2024	9.5	1000			0	1.74	0
01/01/2025	10	1000	1000	250	1250	1.79	698.0

$$GE = (1000 - 698.0)/1000 = \mathbf{30.2 \%}$$

Annex 15. Recommendation on Terms and Conditions of Aid (1978)²

(See the 1978 DAC Chair Report on Development Co-operation)

PREAMBLE

The Development Assistance Committee, having reviewed the Recommendation on Terms and Conditions of Aid adopted by the DAC at its High Level Meeting on 16th to 18th October, 1972,

Approving the progress made towards fulfilling or surpassing the objectives set out in this Recommendation, and noting the favourable average terms of aid provided by DAC Members as a group,

Recognising the desirability for further improvement in the financial terms of Members' programmes of Official Development Assistance, considered not only as a whole but also in their application to the specific needs of individual developing countries,

Reaffirming that equal attention must also be given to the provision of an adequate and sustained volume of Official Development Assistance,

Recognising that the continuing differences in the terms provided by Member countries impair the spirit of the common effort and render more difficult the maintenance of the most liberal standards of terms,

Bearing in mind the special needs of the least-developed countries,

Renewing its resolve to seek appropriate ways and means of advancing towards untying national aid programmes and urging its Members in the meantime to mitigate as much as possible the adverse effects of aid tying,

Adopts - one country having reserved its position³ - the following Recommendation which supersedes that of 1972:

I. Coverage of the Terms Objectives

1. The objectives of this Recommendation apply to Official Development Assistance (ODA) commitments, made on and after the 1st of January, 1978. ODA is defined as those flows to developing countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies, each transaction of which meets the following tests:

- a) it is administered with the promotion of the economic development and welfare of developing countries as its main objective, and
- b) it is concessional in character and contains a grant element⁴ of at least 25 %.

2. -- *Note on the DAC discussions: The DAC will discuss in 2016 whether the adoption of new rules on concessionality necessitates adjustments to the 1978 Terms Recommendation on the grant element of members' total ODA and the recommended special terms for least developed countries.* --

3. Italy lifts its reservation in 1993.

II. Objectives for Financial Terms

2. In order to achieve a further softening of overall financial terms of ODA, Members should endeavour fully to maintain or achieve as soon as possible an average grant element in their ODA commitments of at least 86 per cent. In this connection the special value of grant assistance is recognised.

3. Countries whose ODA commitments as a percentage of GNP are significantly below the DAC average will not be considered as having met the terms target.

III. Recognition of Circumstances of Individual Recipient Countries and Harmonisation of Terms

4. Members should relate the terms of aid on a case-by-case basis to the circumstances of each developing country or group of countries. In particular, Members should provide a substantial part of the assistance given to developing countries with the severest economic problems in the form of grants or on very soft terms. Member countries which already extend a large proportion of their assistance on soft terms, but concentrate it on a limited number of recipients, should aim to grant increasingly soft terms also on their assistance to other recipients whose circumstances also call for soft terms.

5. The Development Assistance Committee will continue to review the current position and prospects regarding the income level, the development performance, the balance of payments, the debt servicing burden, etc. This should assist individual donors in formulating their terms policies and may provide the basis for a common view on the terms appropriate to individual developing countries or group of countries.

6. Members should make concerted efforts to harmonise terms at the level of the recipient country. They should make use of consortia, consultative groups or other concerted aid operations, where these exist, in co-operation as appropriate with the international bodies involved, in order to reach a common view as to the appropriate terms at which assistance should be provided. Where no such co-ordinating arrangements exist, terms harmonisation should be sought through an appropriate form of consultation, the nature of which might be the subject of an exchange of views in the DAC.

7. The absence of harmonisation of donors' aid terms is liable to be particularly harmful to poorer developing countries. In extending aid to such countries Members should not only take account of the circumstances of the country itself but also be guided by the terms of the donors extending their aid at soft terms to that country. Members who hitherto have provided funds on harder terms, should do their best to come as close as possible to the average terms of all bilateral DAC donors to the individual country.

IV. Special Terms for Least-Developed Countries

8. A group of least-developed countries has been identified by the UN for which, apart from any other special measures, the softest possible terms of aid are appropriate. Official Development Assistance to these countries should be essentially in the form of grants and, as a minimum, the average grant element of all commitments from a given donor should either be at least 86 per cent to each least-developed country over a period of three years, or at least 90 per cent annually for the least-developed countries as a group.

4. "Grant element" is the difference between the face value of a financial loan commitment and the discounted present value (using a 10% discount rate) of the service payments to be made by the borrower during the lifetime of the loan, expressed as a percentage of the face value.

9. DAC Members should endeavour fully to extend their ODA commitments to other countries whose needs are the greatest on the best grant element possible.

V. Regular Review of Implementation

10. The achievements of individual Member countries in implementing the agreed objectives set out above will be regularly appraised in the DAC as part of the Aid Reviews. In addition, the DAC will review each year the progress under the various provisions of this Recommendation.

VI. Need for Non-Project Assistance and Local Cost Financing

11. While acknowledging the advantages of the project approach, Members recognise that it is necessary to consider the overall needs of the developing country as well as its balance of payments and other factors, and that it may be appropriate to provide aid to finance general import costs or local costs of development, or both. With respect to local cost financing, Members shall take into account the Guidelines on Local Cost Financing adopted by the DAC on 27th October, 1977.

VII. Review of Other Officially Extended or Supported Flows⁵

12. The objectives of the Recommendation apply to Official Development Assistance. In addition, however, other officially extended or supported flows are of continued importance as a source of finance. DAC Members, therefore, agree to review more fully, in consultation with other interested Committees of the OECD, their basic approaches to extending such flows to developing countries, and their relationship to aid and development considerations. Further, the DAC will keep itself informed of the incidence of other officially extended or supported flows and their geographic distribution, especially with respect to those developing countries with severe external debt situations.

5. Including officially extended and officially guaranteed private export credits as well as officially guaranteed private foreign investment.

Annex 16. Tied aid disciplines and untying recommendation⁶

- **DAC Guiding Principles for Associated Financing and Tied and Partially Untied Official Development Assistance (1987)**
- **New Measures in the Field of Tied Aid (1992)**
- **Recommendation on Untying Official Development Assistance to Least Developed Countries and Heavily Indebted Poor Countries (2001 and amendments in 2006 and 2008)**

DAC Guiding Principles for Associated Financing and Tied and Partially Untied Official Development Assistance (1987)

(See the 1987 DAC Chair Report on Development Co-operation)

I. Preamble

1. Recognising the need to avoid the risk of distortion of aid and trade, DAC Members undertake to ensure that Associated Financing and Tied and Partially Untied Official Development Assistance will promote priority developmental objectives and are consistent with fair trade competition and to this end adopt the Guiding Principles set out below. Most of these principles constitute good practice for Official Development Assistance generally but they are particularly important where there may be a risk of aid and trade distortion.

II. Definitions

2. *Official Development Assistance* (ODA) is defined as those resources to developing countries (and multilateral institutions) provided by official agencies, including state and local governments, or by their executive agencies, each transaction of which meets the following tests:

- It is administered with the promotion of the economic development and welfare of developing countries as its main objective, and
- It is concessional in character and contains a grant element of at least 25 per cent. To calculate the grant element of an ODA transaction, a 10 per cent discount rate is used.

3. *Associated Financing* with developing countries associates in law or in fact two or more of the following:

6. -- Note on the status of DAC discussions: The text on tied aid disciplines will need to be updated to reflect the 2014 HLM agreement on measuring ODA (the quantitative definition of concessionality and revised eligibility thresholds) and the introduction of the term "ODA flows". The Guiding Principles are not affected as such as the calculation of the concessionality level is based on CIRR (see Appendix). The terminology of the untying recommendation will also need to be adjusted. The DAC will be invited to review the updated texts in 2016. --

- Official Development Assistance;
- Other Official Flows with a grant element of at least 25 per cent;
- Officially supported export credits, other official flows or other funds with a grant element of less than 25 per cent.

4. Associated Financing transactions may take various forms -- such as “mixed credit”, “mixed financing”, “joint financing”, “parallel financing” or single integrated transactions. Their main characteristic is that the concessional component is linked in law or in fact to the non-concessional component, that either the non-concessional or the concessional component or the whole financing package is in effect tied or partially untied and that the availability of concessional funds is conditional upon accepting the linked non-concessional component. In determining association or linkage “in fact” due consideration should be given to the existence of informal understandings between the recipient and the donor authority and the intention by the donor through the use of ODA to facilitate the acceptability of a financing package.

5. *Untied Official Development Assistance* is defined as loans or grants which are freely and fully available to finance procurement from substantially all developing countries and from OECD countries. Funds provided to finance the recipient's local costs are also defined as untied. *Partially Untied Official Development Assistance* is defined as loans or grants which are in effect tied to procurement of goods and services from the donor country and from a restricted number of countries which must include substantially all developing countries. For the purposes of these Guiding Principles *Tied Official Development Assistance* is defined as loans or grants which are either in effect tied to procurement of goods and services from the donor country or which are subject to procurement modalities implying limited geographic procurement eligibility other than those described above under Partially Untied.

6. A transaction is defined to be *in effect* tied or partially untied if:

- It is the subject of a formal or informal understanding to that effect between the recipient and the donor country, or
- It involves practices which the Development Assistance Committee and the Participants in the Arrangement on Guidelines for Officially Supported Export Credits may determine to result in such tying or partial untying. In cases of substantial doubt as to whether a certain financing practice falls within the scope of the above definition, the donor country shall furnish evidence in support of any claim that such a practice is untied or partially untied.

7. For a transaction to qualify as untied or partially untied, respectively, the donor has to inform the recipient, at the time of the aid offer, clearly and explicitly of the countries which are eligible for procurement. In accordance with the Memorandum of Understanding on Untying of Bilateral Development Loans in Favour of Procurement in Developing Countries, Members wishing to extend Partially Untied Official Development Assistance will notify the Chairman of the DAC, and through him other DAC Members, of those developing countries which are eligible for procurement.

III. Guiding Principles⁷

8. Members confirm that Associated Financing and Tied and Partially Untied Official Development Assistance should be the subject of greatest possible transparency.

9. Members will continue the mutual ex post examination of individual Associated Financing and Tied and Partially Untied Official Development Assistance transactions.

10. Members will refrain from extending commitments of Associated Financing and Tied and Partially Untied ODA transactions which do not comply with the rules of the Arrangement on Guidelines for Officially-Supported Export Credits set out in the Appendix.^{8 9}

11. Members undertake to confine Associated Financing and Tied and Partially Untied Official Development Assistance to priority projects and programmes which are carefully appraised against developmental standards.

12. In implementation of these principles, Members undertake:

- To establish and make available, during 1987 and subsequently as required, to other DAC Members and the OECD Secretariat the criteria for the selection and design of projects and programmes financed by a) Associated Financing, b) Tied or Partially Untied ODA with a grant element of less than 50 per cent, and c) where different from b) above, Tied or Partially Untied ODA with a grant element of 50 per cent or more, including the exceptional conditions under which ODA is being used for “matching”;
- To conduct thorough ex post evaluations of representative selections of projects and programmes financed by Associated Financing and Tied and Partially Untied ODA, including the effects of tying on development effectiveness, and to make the results of the evaluations available for the regular DAC Associated Financing Reviews;
- In response to a request by Members of the Working Party on Financial Aspects of Development Assistance, to prepare thorough reports on individual projects and programmes financed by Associated Financing or Tied or Partially Untied ODA to determine possible aid or trade distortion. These reports shall be prepared in accordance with criteria established by the Working Party which shall include project selection and appraisal procedures. Such reports shall be prepared promptly after the request has been received and be made available for the regular DAC Associated Financing Reviews;

7. As regards Associated Financing, paragraphs 9 to 17 apply to transactions containing an element of Official Development Assistance.

8. The Arrangement rules concerning the minimum permissible concessionality level and its calculation affect neither the ODA definition nor the reporting of ODA disbursements and commitments: the threshold for ODA eligibility remains a grant element of 25 per cent, calculated with a discount rate of 10 per cent, and the grant element of ODA commitments continues to be calculated using a 10 per cent discount rate.

9. Associated Financing transactions whose Official Development Assistance component consists solely of technical co-operation are exempted from this rule, provided that the technical co-operation component remains below 3 per cent of the total value of the Associated Financing transaction or below \$1 million, whatever is lower.

- A summary of the reports shall be submitted to the next DAC High-Level Meeting following the DAC Associated Financing Review at which they were considered.

13. The following considerations are important in examining the developmental priority of all projects and programmes financed with ODA. Members undertake to pay particular attention, when examining the developmental priority of a project or programme to be financed with Associated Financing or Tied and Partially Untied Official Development Assistance with a grant element of less than 50 per cent to these considerations:

- It is part of investment and public expenditure programmes already approved by the central financial and planning authorities of the recipient country;
- It has been the subject of review and general endorsement in such international aid co-ordination arrangements as may exist;
- It is being co-financed with an international development finance institution;
- Particular care will be applied in the examination of projects where evidence exists that they had been considered and rejected by an international development finance institution or another DAC Member on grounds of low developmental priority.

14. In conformity with the DAC Recommendation on Terms and Conditions of Aid, which stipulates that Members should relate the terms of aid on a case-by-case basis to the circumstances of each developing country or group of countries, Members undertake to tailor also the terms of Associated Financing to the economic situation, stage of development and debt servicing capacity of the recipient country.

15. In line with this general principle, to the extent that Associated Financing or Tied or Partially Untied ODA is provided to Least Developed Countries (as defined by the United Nations), Members will ensure that the transaction takes place on favourable terms. Members undertake to restrain the use of Tied and Partially Untied ODA and of ODA for Associated Financing in case of stronger developing countries, both as a proportion of the total ODA programme and, subject to paragraph 10, for individual transactions, apart from technical co-operation.

16. Members reconfirm the importance of the “Good Procurement Practices for Official Development Assistance” approved by the DAC and the undertakings contained therein.

17. In order to ensure full transparency in the proposed use of Associated Financing and Tied and Partially Untied Official Development Assistance, especially prior to contract decisions, Members will use the system of contact points in their administrations actively and respond fully and promptly to requests for information by other Members on aid offers for particular projects.

IV. Statistical Reporting Requirements

18. Members reaffirm their commitments to comply fully and promptly with the standard requirements of the Creditor Reporting System which includes Associated Financing and Tied and Partially Untied Official Development Assistance. In particular, Members will notify within two months of the signature date of the grant or loan agreement (specifying amounts, financial terms, tying status and purpose):

- Individual ODA grants and loans, specifying those used for Associated Financing;

- Individual OOF (“Other Official Flows”) grants and loans, specifying those used in Associated Financing; and
- Individual officially supported export credits used in Associated Financing.

Under the Creditor Reporting System, reporting of technical co-operation grants is voluntary unless they are used in Associated Financing. Low value grants (less than \$10 000) may be grouped for individual recipients.

V. Review and Appraisal

19. Members agree to review periodically, through the DAC Working Party on Financial Aspects of Development Assistance, their policies and practices concerning Associated Financing and Tied and Partially Untied ODA against the Guiding Principles set out above. Members will provide information on policies and procedures as required for the review and will inform the DAC of any significant new policies adopted in this area. The Guiding Principles themselves will be the subject of review in the light of experience.

VI. Co-operation with the OECD Group on Export Credits and Credit Guarantees and with the Participants in the Export Credit Arrangement

20. The DAC Working Party on Financial Aspects of Development Assistance will follow closely relevant work of the Group on Export Credits and Credit Guarantees of the Trade Committee and the Participants in the Arrangement on Guidelines for Officially Supported Export Credits and co-operate with these Groups as required.

Appendix

First Stage

- a) The minimum concessionality level for tied and partially untied aid credits to Least Developed Countries will be increased to 50 per cent.

The minimum concessionality level for tied and partially untied aid credits to all other developing countries will be increased to 30 per cent.

- b) The discount rate for calculating the concessionality level will be related to the commercial interest reference rates (CIRR) for each currency and will be calculated as follows:

$$\text{CIRR} + 1/2 (10 - \text{CIRR})$$

- c) These measures will enter into force on 15th July 1987.

Second stage

- a) The minimum concessionality level for tied and partially untied aid credits will be increased to 35 per cent for developing countries other than Least Developed Countries.

- b) The discount rate for calculating the concessionality level will be calculated as follows:

$$\text{CIRR} + 1/4 (10 - \text{CIRR})$$

- c) The interest rate subsidies for importing countries in Category I of the matrix will be abolished. The matrix interest rates for importing countries in Categories II and III will be increased by 30 basis points.
- d) These measures will enter into force on 15th July 1988.

New Measures in the Field of Tied Aid (1992)

(See the Development Assistance Manual: DAC Principles for Effective Aid)

OECD Members are agreed on the following general principles

1. Policies for export credit and aid credit should be complementary: those for export credits should be based on open competition and the free play of market forces and those for tied aid credits should provide needed external resources to countries, sectors or projects with little or no access to market financing, ensure best value for money and minimise trade distortion and contribute to developmentally effective use of these resources.

Member countries of the Development Assistance Committee

- reaffirming the DAC Revised Guiding Principles for Associated Financing and Tied and Partially Untied Official Development Assistance of 1987 as well as the DAC Principles for Project Appraisal of 1988;
- acknowledging the valuable role of untied aid for the development of recipient countries' economies and societies as well as for minimising trade distortions and thus encouraging each other to provide aid in this form wherever possible;
- recognising the importance of managing tied aid in a way that ensures obtaining best value for money and minimising trade distortion;
- emphasising the advantages of international competitive bidding for obtaining best value for money and minimising trade distortion;

Undertake to implement the following new measures:

I. Large projects

2. In respect of large projects with a value of more than SDR 50 million, financed by tied aid¹⁰ credits, with the exception of credits which according to the rules and definitions of the Arrangement on Guidelines for Officially Supported Export Credits have a concessionality level¹¹ of 80 per cent or above, and consistent with the rules of the Arrangement on mandatory consultations in case of projects larger than SDR 50 million, the DAC agreed to the following:

Mutual appraisal

3. The principles for mutual appraisal set out below constitute good practice for all large projects but they are particularly important for tied aid credits where there may be a risk of aid and trade distortion.

10. Tied aid includes associated financing, tied ODA and partially untied ODA. For the purpose of this provision, technical co-operation, humanitarian and disaster relief action are excluded from tied aid. Untied ODA is defined as loans and grants which are freely and fully available to finance procurement from substantially all developing countries and from OECD countries. For transactions to qualify as untied or partially untied, respectively, the donor has to inform the recipient at the time of the aid offer, clearly and explicitly, of the countries which are eligible for procurement.

11. The Arrangement rules and definitions concerning the calculation of the concessionality level are used at the stage of notification of tied aid transactions. They do not affect the DAC ODA definition nor the reporting of ODA disbursements and commitments.

4. DAC Member countries recognise the value of the participation by the World Bank Group in the preparation and financing of large projects.

5. Where the World Bank Group does not participate, interested donors will seek to agree to co-ordinate with the World Bank, also using where appropriate contacts at local level, to ensure that the project is consistent with the objectives of the dialogue between it and the recipient government concerning policies and resource allocation in the sector concerned.

6. They also agree to co-ordinate with the recipient country and each other on project preparation and appraisal work, including a joint review of the project prior to finally committing aid funds, in keeping with the DAC Principles for Project Appraisal and the Checklist for Developmental Quality of Aid-Financed Projects which is based on these Principles (the Checklist is produced in the publication "Development Assistance Manual: DAC Principles for Effective Aid", paragraphs 444 to 452).

7. DAC Member countries will develop procedures which will facilitate such collaboration, including at the field level, among themselves and between them, the World Bank Group and the recipient country. These procedures should ensure also co-ordination with financing from untied sources.

Appropriate financing terms

8. Interested donors will consult, together with the recipient authorities, with a view to agreeing appropriate financing terms for a large project consistent with the economic situation of the recipient country concerned. However, donors would not be expected to harden the terms at which they normally extend assistance to the country concerned.

International competitive bidding

9. Offers of aid for large projects should be subject to the recipient authorities undertaking arrangements for international competitive bidding (ICB) in accordance with internationally accepted practice.¹²

10. Contracts financed by tied aid credits should be awarded to the lowest evaluated bidder, concerning both price and technical factors, before taking into account the financing terms. However, it is recognised that seriously resource-constrained poor countries, in awarding a contract, may need to take into account the availability of financial resources at concessional terms, provided the award goes to a supplier which ranked second or third in bid evaluation for price and quality or where the price margin is reasonable.

II. Limitations on use of tied aid credits

11. DAC Member countries recognise the importance for development of the productive sectors and economic infrastructure and of appropriate market oriented pricing policies. However, for projects in these areas market financing is often appropriate and available, especially in stronger developing countries. Official development assistance is therefore preferably used for other areas.

12. For these reasons, and consistent with the rules of the Arrangement, DAC Member countries will limit the extension of tied aid credits as follows, with the exception of credits with a value of less than SDR 2 million or which according to Arrangement rules and definitions have a concessionality level of 80 per cent or above or unless otherwise agreed under the provisions of the Arrangement.

12. DAC Members agreed Good Procurement Practices for Official Development Assistance in 1986, which include "Minimum Conditions for Effective International Competitive Bidding", and possible exceptions from ICB.

- a) Tied aid credits, except for credits to Least Developed Countries, shall not be extended to public and private projects that normally should be commercially viable if financed on market or Arrangement terms.

The key tests for such aid eligibility are:

- is the project financially non-viable, i.e. does it lack capacity with appropriate pricing determined on market principles, to generate cash flow sufficient to cover the project's operating costs and to service the capital employed; or
- is it reasonable to conclude, based on communications with other participants, that it is unlikely that the project can be financed on market or Arrangement terms?

The above tests are intended to describe how a project should be evaluated to test whether it should be financed with such aid or with export credits. Through the consultation process, a body of experience is expected to develop over time that will more precisely define, for both export credit and aid agencies, ex ante guidance as to the line between the two categories of projects.

- b) There shall be no tied aid credits to countries whose per capita GNP would make them ineligible for 17 or 20 year loans from the World Bank.¹³ If such credits which according to Arrangement rules and definitions have a concessionality level of 80 per cent or above are extended to these countries, they might be used mainly for exceptional balance-of-payments support and for financing of projects in such areas as the social field, environment, good governance and emergency aid.

13. The DAC recognises the importance of all the provisions in the Arrangement; in case of consultations, DAC Member countries will co-operate with Participants.

III. Further work

14. Member countries agree to pursue work in the following areas:

- a) monitor Member countries' compliance with the new measures above, as well as with the DAC Guiding Principles for Associated Financing and Tied and Partially Untied ODA;
- b) work on a more precise definition on tied ODA and monitor Member countries' practices in the use of tied ODA;
- c) work on a more precise definition of untied and partially untied ODA and monitor Member countries' practices, including procurement results, and work further towards greater use of untied ODA;
- d) harmonise and improve further definitions and procedures contained in the Good Procurement Practices for Official Development Assistance;

13. Currently GNP/capita over \$2 465 in 1990. A country will only be moved to, or from, this income category after its World Bank income category has remained unchanged for two consecutive years. The list of countries in this category is subject to automatic, annual revision. Notwithstanding classifications of countries ineligible or eligible to receive tied aid, tied aid policy for Bulgaria, CSFR, Hungary, Poland and Romania is covered by the Participants' agreement, as long as such agreement is in force, to try to avoid such credits other than outright grants, food aid and humanitarian aid. The OECD Ministers endorsed this policy in June 1991.

- e) monitor Member countries' ODA terms performance, with particular emphasis on terms for tied aid, including associated financing;
- f) the DAC will take stock of progress made in the above areas by the end of 1993.

DAC Recommendation on Untying ODA to the Least Developed Countries and Heavily Indebted Poor Countries

[25 April 2001 – [DCD/DAC\(2001\)12/FINAL](#)] amended on [15 March 2006 – [DCD/DAC\(2006\)25](#) & [DCD/DAC/M\(2006\)3/FINAL](#)] and [25 July 2008 – [DCD/DAC\(2007\)41/REV1](#) & [DCD/DAC/M\(2008\)5](#)]

I. Objectives and Principles

1. Members of the OECD's Development Assistance Committee (DAC) agree to the objective of untying their bilateral official development assistance (ODA) to the Least Developed Countries (LDCs) and Highly Indebted Poor Countries (HIPCs) as a means to:

- foster co-ordinated, efficient and effective partnerships with developing countries;
- strengthen the ownership and responsibility of partner countries in the development process;
- demonstrate responsiveness to the requests from partner countries and others to increase the use of untied aid in order to promote aid effectiveness; and
- contribute to broader efforts with partner countries to promote their integration into the global economy.

2. This Recommendation reflects the results of discussions in the DAC to respond to the Mandate provided at its 1998 High Level Meeting (see Appendix III), and the decision in principle by the DAC of 21 May 2008 to extend the coverage of this Recommendation to include the non-LDC HIPCs, to introduce provisions inviting non-DAC donors to untie their aid in parallel with DAC members and inviting those responsible for procurement to promote respect for internationally agreed principles of corporate social and environmental responsibility. The shared intentions of DAC members are to:

- untie their ODA to the LDCs and HIPCs to the greatest extent possible;
- promote and sustain adequate flows of ODA in terms of quality, volume and direction, in particular to the LDCs and HIPCs and ensure that ODA to these countries will not decline over time as a result of the implementation of this Recommendation;
- achieve balanced efforts among DAC members.

3. The report "Shaping the 21st Century: the Contribution of Development Co-operation", set out the relative dependence of LDCs on aid and their relative need for accelerated progress towards the International Development Goals. However, HIPCs not part of the LDC group are also aid dependent and need to make progress towards these same goals. Therefore, this initiative aims to capture, for all these countries, the benefits of open procurement markets.

4. In promoting the above objectives, DAC members consider that reinforcing partner country responsibility for procurement, with appropriate guarantees for effectiveness, accountability, probity and transparency is intrinsic to this initiative. Similarly, promoting local and regional procurement in partner countries is a shared goal. DAC members will work with partner countries to identify needs and to support efforts in both areas.

5. This Recommendation does not restrict the prerogative of DAC members to untie ODA to a greater extent than set out herein. DAC members are invited to continue to provide untied ODA in areas not covered by the Recommendation when they already do so, and to study the possibilities of

extending untied aid in such areas. Neither does this Recommendation pre-empt positions that DAC members may take in discussions on related issues in other fora.

6. Promoting effort-sharing among members is an integral part of this Recommendation. Variations in the structures and geographical orientations of members' aid programmes, together with the coverage provisions of this Recommendation, can result in sizeable differences in the extent to which their ODA to the LDCs and HIPC countries is presently untied, and in respect of their aid performance in these countries more generally.

7. This Recommendation sets out objectives, principles and procedures for DAC members untying aid in order to increase the effectiveness of that aid. In a global market for procuring aid funded goods, services and works, these good practices have a broader applicability and interest beyond DAC members and have reference for all other countries providing aid to the developing countries. Accordingly, non DAC donors are also invited to consider the provisions concerning untied aid set out in this Recommendation and to take them into the fullest account possible in their aid relations with developing countries.

II. Implementation

a) Coverage

8. Untying is a complex process. Different approaches are required for different categories of ODA, and actions by members to implement the Recommendation will vary in coverage and timing. Bearing this in mind, DAC members will untie their ODA to the LDCs and HIPC countries to the greatest extent possible and in accordance with the criteria and procedures set out in this Recommendation:

- i) DAC members agree to untie, ODA -- to the Least Developed Countries by 1 January 2002, and to non-LDC Heavily Indebted Poor Countries by 1 October 2008 -- in the following areas: balance of payments and structural adjustment support; debt forgiveness; sector and multi-sector programme assistance; investment project aid; import and commodity support; commercial services contracts, and ODA to Non-Governmental Organisations for procurement related activities.
- ii) In respect of investment-related technical co-operation and free-standing technical co-operation, it is recognised that DAC members' policies may be guided by the importance of maintaining a basic sense of national involvement in donor countries alongside the objective of calling upon partner countries' expertise, bearing in mind the objectives and principles of this Recommendation. Free-standing technical co-operation is excluded from the coverage of the Recommendation.
- iii) In respect of food aid, it is recognised that DAC members' policies may be guided by the discussions and agreements in other international fora governing the provision of food aid, bearing in mind the objectives and principles of this Recommendation.

b) Effort-Sharing

9. Promoting a more balanced effort-sharing among members is a necessary process. Pursuant to paragraphs 2, 5, and 6 of this Recommendation, members agree to undertake their best endeavours to identify and implement supplementary effort-sharing actions in accordance with the mechanism set out below.

Mechanism

10. To this end, members should apply the following reference indicators matrix and procedures:

- Reference indicators matrix

11. The situations of members and their evolution over time with respect to initial positions and reference points will be set out in a reference indicators matrix (see Appendix I). The elements of this matrix will be used in conjunction with member performance profiles (see below) to monitor and assess the progress made by DAC members towards more balanced effort-sharing.

- Member performance profiles

12. Members will prepare annual country profiles setting out their positions in respect of the reference indicators matrix and, on that basis, identify initial and medium-term supplementary actions to promote effort-sharing. Peer review of these profiles by the DAC will be used to help members identify and undertake supplementary actions in furtherance of a more balanced effort-sharing in respect of the reference indicators matrix.

13. The implementation of this part of the Recommendation will be assessed as part of the annual reports covering all aspects of this Recommendation. These reports will be considered by the DAC High Level Meeting, which may recommend further actions, as well as in the peer reviews of individual members' development co-operation policies. An overall review of the effort-sharing mechanism and procedures will be conducted in 2009. On the basis of the DAC's assessment of the progress of members towards a more balanced effort-sharing, this part of the Recommendation will be open to review with the objective of improving members' performance towards a more balanced effort-sharing.

c) Procurement regime

14. The procurement of goods and services covered by this Recommendation should follow the DAC's Good Procurement Practices.

15. In conducting procurement of aid-supported goods and services, and in partnership with developing countries, DAC members should apply relevant commitments and guidance such as:

- The 1996 DAC Recommendation on Anti-Corruption Proposals for Aid-Funded Procurement;
- The 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

16. Those responsible for procurement should promote respect from suppliers with agreed international standards of corporate social and environmental behaviour. This could be done through reference to environmental and social considerations in tendering procedures.

d) Transparency

17. For untied aid offers covered by this Recommendation, DAC members should, and in collaboration with developing country partners as appropriate, provide or ensure ex ante notification. This provision does not apply to activities with a value of less than SDR 700 000 (SDR 130 000 in case of investment-related technical co-operation).

18. DAC members should respond promptly and fully to requests by other members for further information on, or clarification concerning untied aid offers covered by this Recommendation.

19. DAC members should ensure that the DAC will be provided with information on contract awards pertaining to the untied aid offers covered by this Recommendation.

e) Derogation

20. For individual aid offers, DAC members may, in exceptional circumstances, take measures inconsistent with the terms of this Recommendation, in situations where they believe it to be justified on the basis of overriding, non-trade related, development interests. Derogations are to be justified in a letter to the Secretary-General of the OECD and to the DAC Chair and will be followed up in review procedures.

f) Monitoring and evaluation

21. The DAC will monitor all aspects of this Recommendation through a combination of different mechanisms:

- Annual reports covering all aspects of the Recommendation, as well as the experience in delivering its objectives. These reports, which will be reviewed by the DAC in time for its annual High Level Meeting, will, *inter alia*:
 - assess the impact of the Recommendation on the volume, quality and directions of ODA flows;
 - set out members' policies in respect of investment-related technical co-operation and food aid;
 - review the implementation of this Recommendation with respect to promoting effort-sharing among members in accordance with the mechanism set out in section II b above;
 - review DAC members' procurement practices and patterns for untied aid offers;
 - assess progress towards strengthening partner countries' local procurement capacities and improving the access of partner countries' enterprises to aid funded procurement;
 - address, in addition to the provisions for bilateral consultations set out above, specific concerns that may be raised by individual DAC members in respect of the Recommendation.
- The annual reports will also provide input for the peer reviews of individual DAC member's development co-operation programmes.
- A comprehensive evaluation of its implementation and impact will be carried out by the High Level Meeting in 2009. This evaluation will also pay particular attention to the implementation of this Recommendation with respect to achieving a balance of efforts among DAC members and promoting and sustaining ODA flows to the LDCs and HIPC.
- A review of the extension of the coverage of the Recommendation to non-LDC HIPC will be undertaken before 1 October 2013. A DAC member may decide, after that date, to use tied aid as part of its ODA to a non-LDC HIPC, in which case it is required to notify the country/ies concerned and the DAC Chair of its decision to do so.

22. DAC members will work with stakeholders, particularly developing country partners, to ensure the Recommendation delivers its objectives.

Appendix I

Operational Procedures and Understandings

23. This Appendix forms an integral part of the Recommendation on untying ODA to the Least Developed Countries and Heavily Indebted Poor Countries. It details, where necessary, provisions concerning operational procedures and understandings related to the coverage and implementation of this Recommendation.

I. Definitions and coverage

24. Untied ODA refers to loans or grants which are freely and fully available to finance procurement from substantially all aid recipient countries and from OECD countries. Members which have rules of origin, or minimum national content rules, should take any steps necessary to ensure that ODA untied in accordance with this Recommendation is both *de jure* and *de facto* untied.

25. This Recommendation applies to DAC members' bilateral ODA to the LDCs and HIPCs. The list of these countries (as may be periodically modified respectively by the United Nations and the World Bank and IMF) is set out in Appendix II.

26. Definitions of the ODA categories addressed in this Recommendation are as set out in the DAC's Statistical Reporting Directives. Further work will be undertaken as a matter of priority to operationalise the definitions of investment-related technical co-operation (including its component activities) and food aid to ensure an effective implementation of the Recommendation.

Commercial services contracts

27. For the purposes of this Recommendation, commercial services contracts are defined as contracts let on a commercial basis to a company for the running or management of a utility or distribution network.

ODA provided for NGO activities

28. ODA provided for NGO activities is covered by this Recommendation only to the extent that NGOs are involved in procurement-related activities included in its coverage. Grants for the core support of development NGOs or their programmes are excluded.

Management services arrangements

29. Management services arrangements (i.e. "technical co-operation" provided by donors primarily for the purpose of carrying out the administration of their own aid projects and programmes) are excluded from the coverage of this Recommendation.

II. Transparency

30. DAC members recognise that efforts to promote partner country responsibility for procurement are intrinsic to this untying initiative. In situations where partner countries have responsibility for conducting procurement, some of the information requirements set out below may be available in the first instance from partner countries or their procurement agents. Members should report in a timely manner the information required by the following provisions, or should work effectively with partner countries to do so.

i) Ex ante notification

31. Untied aid offers covered by this Recommendation which are above SDR 700,000 or SDR 130,000 in case of investment related technical co-operation, are to be notified *ex ante*. These notifications should include the following information:

- Notifying member, agency and contact point;
- Recipient country;
- Project description;
- Sector/activity and DAC purpose code;
- Project value (in donor currency and SDR);
- Bidding period (start and closing dates);
- Procurement regime (if not International Competitive Bidding, state regime and justification);
- Details of agency responsible for procurement and from which further information or details (e.g. bidding periods, procurement regime, bidding documentation) can be requested,

and all other information that the Member deems appropriate.

32. Notifications should be made to the Secretariat not less than 30 calendar days prior to the opening of the bidding period.

33. Bidding periods should ensure sufficient time to all suppliers to prepare and submit bids, while taking account of the circumstances of the procurement agent. Bearing this in mind, bidding periods should normally be not less than 45 calendar days, except for large projects (with a value of, or exceeding, SDR 50 million), where bidding periods should normally be not less than 90 calendar days.

34. Notifications should be made available to DAC members and to potential suppliers through the DAC's Internet bulletin board. DAC members may also, in addition, wish to use their own facilities to publicise the aid offers contained in notifications.

ii) Exchange of information procedures

35. DAC members which have received an enquiry from another member concerning individual untied aid offers covered by this Recommendation should respond promptly (i.e. within 14 calendar days) and fully, providing all information relevant to the request, including information concerning donor financing of services related to the design and implementation of the notified project. Such enquiries and responses should use electronic means of communication. The DAC members concerned should, together, take all possible steps to clarify or resolve issues arising.

36. Where that latter is not possible, a DAC member may, if it so wishes, broaden the initial bilateral exchange of information to other DAC members, in order to solicit views on issues pertaining to the implementation of the Recommendation.

37. The periodic reviews of the implementation of the Recommendation will also address experience with these procedures.

iii) Information on contract awards

38. DAC members should provide the Secretariat with information on contract awards pertaining to individual *ex ante* notifications. This information should include the name, address and country of incorporation of the firm awarded the contract (or the prime contractor, where a syndicate of firms is concerned). The above information should be provided on an annual basis and be reviewed in the context of the overall review procedures.

39. For activities with a value of less than SDR 700 000 or SDR 130 000 in case of investment related technical co-operation DAC members should provide the Secretariat with annual aggregated overviews of the number and value of contract awards in their country, in other OECD Member countries, in developing countries and in least developed countries.

III. Reference Indicators Matrix

Members' positions¹	Reference point	Index²
I. Bilateral LDC-HIPC ODA untying ratio	0.60	
II. Effort-sharing composite indicator ³	0.04	

1. 5-year average.
2. Members' positions as ratios of reference points.
3. Calculated according to standing DAC practices, pending future work on the definition of multilateral ODA and its tying status, as follows: (bilateral LDC-HIPC ODA/GNI times bilateral LDC-HIPC untying ratio) + multilateral LDC-HIPC ODA/GNI. The presentation of the composite indicator and the reference indicators matrix more generally, will set out in full their component elements.

Appendix II

Least Developed Countries (as at 1 January 2008)

Afghanistan; Angola; Bangladesh; Benin; Bhutan; Burkina Faso; Burundi; Cambodia; Central African Republic; Chad; Comoros; Congo, Dem. Rep.; Djibouti; Equatorial Guinea; Eritrea; Ethiopia; Gambia; Guinea; Guinea-Bissau; Haiti; Kiribati; Laos; Lesotho; Liberia; Madagascar; Malawi; Maldives; Mali; Mauritania; Mozambique; Myanmar; Nepal; Niger; Rwanda; Samoa; São Tomé and Príncipe; Senegal; Sierra Leone; Solomon Islands; Somalia; Sudan; Tanzania; Timor-Leste; Togo; Tuvalu; Uganda; Vanuatu; Yemen; Zambia.

Non LDC, Heavily Indebted Poor Countries (as at 1 January 2008)

Bolivia; Cameroon; Côte d'Ivoire; Ghana; Guyana; Honduras; Nicaragua; Republic of Congo.

Appendix III

Aid Procurement Liberalisation: 1998 DAC HLM Mandate

40. HLM participants mandate the Working Party on Financial Aspects to work on a Recommendation on untying ODA to the Least Developed Countries (LDCs), including the relevant implementation issues, with a view to presenting a proposed text to the HLM in 1999. A status report should be presented to the Senior Level Meeting (SLM) of the DAC in December 1998.

41. Participants recognised that in order to arrive at an agreed text, the following issues, in particular, will have to be satisfactorily addressed:

- The need for effective donor co-ordination and partnerships with developing countries that reflect responsiveness, efficiency and effectiveness of development co-operation.
- Assessment of potential effects on the quality, volume and direction of ODA flows.
- Helping develop the capacities of the private sector and procurement systems in partner countries.
- The importance of maintaining a basic sense of national involvement in donor countries (especially in certain forms of technical co-operation) alongside the objective of calling upon partner countries' expertise.
- The need to take into account differences in the structures and starting points of members' programmes with respect to volume, ODA/GNP ratio, distribution and existing untying of aid.
- Initiatives to enlist the understanding and involvement of the business community in Member countries and promote wide public information and support.
- The impact of further procurement liberalisation on regional arrangements such as the Lomé Convention.
- Thorough examination of the modalities involved in the untying initiative, including:

- appropriate procurement modalities (including safeguards against corruption);
- manageable thresholds, coverage and exclusions (including with respect to technical co-operation and promotion of procurement from local and regional sources in developing partner countries);
- definitions and reporting arrangements on the tying status of ODA;
- mechanisms for confidence building and transparency, including provision of relevant statistical information;
- monitoring and peer review.

MODULE E. POLICY OBJECTIVES

Annex 17: Policy markers

Reporting on the Policy Objectives of Aid: The DAC policy marker system

1. The marker system facilitates monitoring and co-ordination of members' activities in support of DAC policy objectives for aid, including key elements of the Sustainable Development Goals (SDGs). These cover the areas of economic well-being, social development, environment sustainability and regeneration and democratic accountability, protection of human rights and the rule of law.
2. Some of the SDGs are clearly sector-focused (e.g. universal primary education), and the CRS sector classification gives the necessary detail to collect data on aid activities in these fields¹⁴. Certain aspects of environmental sustainability can likewise be captured through purpose codes (e.g. specific activities for environmental policy and planning, biosphere protection, biodiversity conservation and hazardous waste management). However, activities across all economic sectors can be targeted to environmental sustainability. Likewise, activities across a multitude of sectors can be targeted to reproductive, maternal, newborn and child health. Gender equality measures are also applied in various sectors. To identify these activities, the following markers have been defined: gender equality, aid to environment, participatory development/good governance (PD/GG), and reproductive, maternal, newborn and child health (RMNCH)¹⁵.
3. In addition, to satisfy donors' needs for transparency with regard to their "Aid for Trade", the **trade development** marker identifies trade development within the "building productive capacity" category.
4. A large majority of activities targeting the objectives of the Rio Conventions – United Nations Convention on Biological Diversity, United Nations Framework Convention on Climate Change, United Nations Convention to Combat Desertification – fall under the DAC definition of "aid to environment". Four Rio markers permit their specific identification: **biodiversity, climate change mitigation, climate change adaptation, and desertification**.
5. Policy marker data are generally **descriptive** rather than quantitative. The system allows for the identification of activities targeted to a policy objective. It gives information on the degree to which members implement the agreed policies in their aid programmes.

Reporting directives

6. Data collection on all policy objectives of aid except RMNCH is based on a marking system with three values:
 - 0 principal objective;
 - 1 significant objective;
 - 2 not targeted to the policy objective.

14 . -- Note on the status of DAC discussions: The WP-STAT has agreed to undertake an overall review of purpose codes and policy markers in light of the new SDGs. Results of this work will be reflected in the Directives in due course.--

15 . The RMNCH marker was introduced for 2014 reporting on 2013 flows and will be evaluated after a two-year trial period.

7. **Principal** (primary) policy objectives are those which can be identified as being fundamental in the design and impact of the activity and which are an explicit objective of the activity. They may be selected by answering the question “would the activity have been undertaken without this objective?”.
8. **Significant** (secondary) policy objectives are those which, although important, are not one of the principal reasons for undertaking the activity.
9. The score **not targeted** means that the activity has been screened against, but was found not to be targeted to, the policy objective.
10. An activity can have more than one principal or significant policy objective. To qualify for a score “principal” or “significant”, the objective has to be explicitly promoted in project documentation. Avoiding negative impact is not a sufficient criterion.
11. It is important to note that the same activity could score differently depending on the level of focus on the policy objective - it is important to examine whether the policy is the main objective or a subsidiary objective.
12. For data processing purposes, the scores are given numeric values: “2” for principal, “1” for significant and “0” for not targeted. An **empty** field indicates that the activity has not been marked (not screened against the objective).
13. Data collection on aid in support of reproductive, maternal, newborn, and child health (RMNCH) is based on a marking system with five values:
- 1 explicit primary objective;
 - 2 most, but not all of the funding is targeted to the objective;
 - 3 close to half of the funding is targeted to the objective;
 - 4 approximately a quarter of the funding is targeted to the objective;
 - 5 negligible or not targeted to the policy objective.
14. **Explicit primary** objective means RMNCH must be the primary or sole purpose of the activity. The activity would not be undertaken if not for the RMNCH objective.
15. **Most, but not all** project/programme funding targeted to the objective means the project/program has objectives other than RMNCH, but it is clear that the majority of funding is allocated to achieve the RMNCH objectives.
16. **Close to half** of the project/programme funding is targeted to RMNCH activities/results.
17. **Approximately a quarter** of the project/programme funding is targeted to RMNCH activities/results. The project/program has objectives other than RMNCH and only a minority of the funding is allocated to achieve the RMNCH objectives.
18. The score **negligible or not targeted** means that the activity was examined but found not to target the policy objective.
19. For data processing purposes, the scores are given numeric values: “4” for explicit, “3” for most, “2” for half, “1” for a quarter and “0” for not targeted. An **empty** field indicates that the activity has not been marked (not screened against the objective).

20. Members not able to implement the scoring system with 5 values may use the traditional three-value policy marker system and apply a crosswalk assigning the codes “4”, “1” and “0” to the standard “2”, “1”, “0” policy marker coding.

Funding interpretation of RMNCH marker scores

21. The RMNCH marker is designed to facilitate “approximate” estimation of quantitative amounts based on the funding interpretation shares shown in the table below where the marker scores of “4”, “3”, “2”, “1” and “0” correspond to 100%, 75%, 50%, 25% and 0% respectively of a project’s funding targeted to RMNCH activities. Care should be taken not to interpret or present these resulting data as precise and comprehensive amounts of RMNCH-related contributions.

RMNCH marker score	Estimation of project’s funding allocated to RMNCH	Share used for compiling quantitative estimates on RMNCH
4	86% to 100%	100%
3	61% to 85%	75%
2	36% to 60%	50%
1	15% to 35%	25%
0	0% to 14%	0%

22. When preparing quantitative estimates of aid in support of RMNCH, the full amount of an activity will be counted for a marker score of “4”, for example, while only 50% of the amount will be counted where a marker score of “2” has been assigned.

Coverage

23. Policy objective markers except Rio markers should be applied to all bilateral aid excluding administrative costs. In other words, they will cover both sector-allocable and non sector-allocable aid. Similarly, they cover all forms of aid (e.g. investment projects, technical co-operation).

24. Rio markers should be applied to all bilateral ODA excluding general budget support (type of aid A01), imputed student costs (E02), debt relief (F01) except debt swaps, administrative costs (G01), development awareness (H01) and refugees in donor countries (H02). They should also be applied to non-export credit OOF though this is not mandatory.

Definitions

25. The definitions are given below.

GENDER EQUALITY

DEFINITION

An activity should be classified as gender equality focused (score Principal or Significant) if:

It is intended to advance gender equality and women's empowerment or reduce discrimination and inequalities based on sex.

CRITERIA FOR ELIGIBILITY

Gender equality is explicitly promoted in activity documentation through specific measures which:

- a) Reduce social, economic or political power inequalities between women and men, girls and boys, ensure that women benefit equally with men from the activity, or compensate for past discrimination; **or**
- b) Develop or strengthen gender equality or anti-discrimination policies, legislation or institutions.

This approach requires analysing gender inequalities either separately or as an integral part of agencies' standard procedures.

See also FAQ on gender analysis in the Appendix.

EXAMPLES OF TYPICAL ACTIVITIES

- Examples of activities that could be marked as **principal** objective:
 - legal literacy for women and girls;
 - male networks against gender violence;
 - a social safety net project which focuses specifically on assisting women and girls as a particularly disadvantaged group in a society;
 - capacity building of Ministries of Finance and Planning to incorporate gender equality objectives in national poverty reduction or comparable strategies.

Such activities can target women specifically, men specifically or both women and men.
- Examples of activities that could be marked as **significant** objective:
 - activity which has as its principal objective to provide drinking water to a district or community while at the same time ensuring that women and girls have safe and easy access to the facilities;
 - a social safety net project which focuses on the community as a whole and ensures that women and girls benefit equally with men and boys.

See FAQs in the Appendix for further examples.

N.B. Support to women's equality organisations and institutions (CRS sector code 15170) and Ending violence against women and girls (CRS sector code 15180) score, by definition, **principal** objective.

Appendix

GENDER EQUALITY: FREQUENTLY ASKED QUESTIONS

FAQ 1. What is gender analysis?

Gender analysis examines the differences in men's and women's lives, including those that lead to social and economic inequalities and applies this understanding to programme and policy development and to service delivery.

Gender analysis should lead to the inclusion of explicit measures in the activity design which:

- incorporate gender specific strategies in the activity budget;
- overcome barriers to women's full participation in the activity;
- ensure that women and men have equitable control over the activity;
- ensure that women and men, girls and boys benefit equitably from the activity's results;
- use gender specific and/or sex-disaggregated indicators, including impact indicators, for monitoring and evaluation.

FAQ 2. Is qualifying for a marker for gender equality as a principal objective “better” than qualifying as a significant objective?

No, if mainstreaming is systematically practised, gender equality will often be a significant objective, integrated into projects, across the range of sectors. A principal mark is given where the activity would *not* have been undertaken *without* a gender equality objective.

The following two approaches to an agricultural extension project distinguish between principal and significant marks:

- *The gender analysis shows that the majority of farmers in a particular area are women who have been neglected by extension services. An agricultural extension project aims to hire and train substantial numbers of women to increase women's access to extension services. This project would be marked with gender equality as a **principal objective** (i.e. “2”).*
- *An agricultural extension project is planned with the aim of increasing crop production in a particular area. During the pre-design phase a gender analysis pointed to the need to carry out specific actions to involve and empower women-headed households. Alongside other measures and as part of the overall project, a specific lending and credit facility was established for them to purchase agricultural inputs such as pesticides or fertilisers. This project would be marked with gender equality as a **significant objective** (i.e. “1”).*

Note that a *gender mainstreaming project* would be marked with gender equality as a **principal objective** (i.e. “2”).

FAQ 3. Should activities that target women or girls specifically be assigned the gender equality marker?

Mostly “yes” but not necessarily - the marker focuses on gender equality as an objective rather than on women or girls as a target group. Therefore the scoring follows the same principles of the definition and the list of eligibility criteria.

Examples of activities that target women and that are not gender equality focused:

- *Women targeted to plant tree seedlings for the purpose of reforestation without economic or any other benefit for them;*

- *Women targeted for repairing roads because men are not available (migrant labourers). By contrast, if the project also involves women in community planning, it would be considered as gender equality focused.*

FAQ 4. Are maternal health clinics focussed on gender equality by definition?

Yes, as they improve the status of women by providing health care services responding to their needs.

- *The project would be marked with gender equality as a **significant objective** (i.e. “1”) if services are limited to safe motherhood without an empowerment perspective.*
- *The project would be marked with gender equality as a **principal objective** (i.e. “2”) if the maternal health clinic provides also information and services which strengthen women’s reproductive rights.*

FAQ 5. Can activities that target men and boys specifically be assigned the gender equality marker?

Yes. Each of the examples listed below addresses inequalities between men and women, boys and girls:

- *Training for male judges or police officers on women’s human rights;*
- *Male adolescents who receive training in sexual and reproductive rights;*
- *Men’s groups who meet for activities to combat violence against women.*

FAQ 6. Can the gender equality marker apply to capital projects as well?

Yes.

Example

- *The construction of a school respects the special needs of girls regarding hygiene, privacy, and safety by building toilets for boys and girls in separated areas.*

FAQ 7. When to use the CRS purpose code “15170 – Women’s equality organisations and institutions”?

The use of purpose code 15170 is restricted to the reporting of contributions to these organisations. Any other activity targeted to gender equality should be coded under the relevant CRS purpose code, and marked for gender equality. A women’s equality programme with several dimensions should also be marked for gender equality, and be either coded under the purpose code best summarising the overall objective of the programme, or split into several main components each of which is reported under relevant purpose codes.

Examples

- *Support for an association of women’s lawyers should be coded under “15130 – Legal and judicial development” and marked for gender equality.*
- *Multisectoral approach: a programme addressing gender based violence which includes policing, legislative reforms, care, social welfare and support for non governmental organisations should be either reported as a whole under e.g. “15160 – Human rights” or it should be split into components e.g. “15130 – Legal and judicial development”, “16010 – Social/welfare services”, etc. and marked for gender equality.*

FAQ 8. What is the distinction between the value “0” and the value “blank”?

The gender equality marker, as other markers, can take three values: “0” for not targeted, “1” for significant and “2” for principal. However, the “0” value can be assigned only to activities that have been screened against the gender equality marker, and that were found as not targeted to the objective.

For activities that have not been screened, the “0” value should not be used, but the marker field should be left empty. This way, there is no confusion between activities that do not target the objective (marker =“0”), and activities for which the answer is not known (marker=“null”).

AID TO ENVIRONMENT

DEFINITION

An activity should be classified as environment-oriented (score Principal or Significant) if:

- a) It is intended to produce an improvement, or something that is diagnosed as an improvement, in the physical and/or biological environment of the recipient country, area or target group concerned; **or**
- b) It includes specific action to integrate environmental concerns with a range of development objectives through institution building and/or capacity development.

CRITERIA FOR ELIGIBILITY

- a) The objective is explicitly promoted in activity documentation; **and**
- b) The activity contains specific measures to protect or enhance the physical and/or biological environment it affects, or to remedy existing environmental damage; **or**
- c) The activity contains specific measures to develop or strengthen environmental policies, legislation and administration or other organisations responsible for environmental protection.

EXAMPLES OF TYPICAL ACTIVITIES

The list is not exhaustive. The activities may be scored against the objective only if the above criteria for eligibility are fulfilled.

Social infrastructure and services: Water resources protection; water resources policies and water management that take into account environmental and socio-economic constraints, sanitation or waste management practices that bring environmental benefits.

Economic infrastructure and services: Infrastructure projects designed with comprehensive and integrated environmental protection and management components; activities promoting sustainable use of energy resources (power generation from renewable sources of energy); energy conservation.

Production sectors: Sustainable management of agricultural land and water resources; sustainable forest management programmes, combating land degradation and deforestation; sustainable management of sea resources; adoption and promotion of cleaner and more efficient technologies in production processes; measures to suppress or reduce pollution in land, water and air (e.g. filters); increasing energy efficiency in industries; sustainable use of sensitive environmental areas for tourism. (**Sustainable natural resources management** is a combination of management practices that have been planned and selected on the basis of interdisciplinary and participatory assessment of ecological, social and economic impacts of alternative management options, and resolution of possible conflicts or disputes concerning the significance and acceptability of the impacts of the proposed management alternatives.)

N.B. Activities that can be assigned the sector code “**general environmental protection**” i.e. environmental policy and administrative management, biosphere protection, bio-diversity, site preservation, flood prevention/control, environmental education/training, environmental research **score**, by definition, **principal** objective.

PARTICIPATORY DEVELOPMENT/GOOD GOVERNANCE (PD/GG)

DEFINITION

An activity should be classified as PD/GG-oriented (score Principal or Significant) if:

CRITERIA FOR ELIGIBILITY

It is intended to enhance elements of participatory development, democratisation, good governance and the respect of human rights.

(a) The objectives are explicitly promoted in activity documentation; **and**

(b) The activity contains specific measures to promote one or several of the PD/GG aspects defined as follows:

- Participatory development, i.e. establishing new systems, structures or institutions through which groups, communities or people in a country can play an active and influential role in shaping decisions that affect their lives.
- Democratisation, which integrates participation and pluralism, including the right of opposition, into the political life of the country and provides a basis for legitimacy of the government.
- Good governance, i.e. the accountability, efficiency, and effectiveness of the official sector, an independent judiciary as well as the rule of law, and effective, responsible and equitable administration at all levels of government.
- Human rights, i.e. actions specifically designed to strengthen the respect for, and to facilitate the implementation of, internationally agreed human rights.

EXAMPLES OF TYPICAL ACTIVITIES

The list is not exhaustive. The activities may be scored against the objective only if the above criteria for eligibility are fulfilled.

- Civil service reform; support to labour unions, workers' education programmes, combating child labour; support to police forces, customs.
- Education and training programmes; decentralisation programmes.

NB: Activities that can be assigned one of the following sector codes score, by definition, principal objective: public finance management (CRS sector code 15111), decentralisation and support to subnational government (15112), anti-corruption organisations and institutions (15113), legal and judicial development (15130), democratic participation and civil society (15150), elections (15151), legislatures and political parties (15152), media and free flow of information (15153), human rights (15160), ending violence against women and girls (15180), security system management and reform (15210), civilian peace-building, conflict prevention and resolution (15220), participation in international peacekeeping operations (15230), reintegration and SALW control (15240), child soldiers (prevention and demobilisation) (15261).

REPRODUCTIVE, MATERNAL, NEWBORN AND CHILD HEALTH (RMNCH)

DEFINITION

An activity should be classified as RMNCH if:

It contributes to achieving improved maternal, newborn and child health based on the “continuum of care” concept: The "Continuum of Care" for reproductive, maternal, newborn and child health (RMNCH) implies a life-cycle approach and includes integrated service delivery for women and children from reproductive health to pre-pregnancy, delivery, the immediate postnatal period, and childhood. Such care is provided by families, households and communities as well as through inclusive outpatient services, clinics and other health facilities on district and national level. The Continuum of Care recognises that reproductive choice and safe childbirth are critical to the health of both the woman and the newborn child - and that a healthy start in life is an essential step towards a sound childhood and a productive life.

CRITERIA FOR ELIGIBILITY

The activity contributes to **any** one of the following:

- a) Improved access for women and children to a comprehensive, integrated package of essential health interventions and services along the continuum of care;
- b) Strengthening health systems in order to improve access to and deliver integrated high-quality RMNCH specific services;
- c) RMNCH specific workforce capacity building, ensuring skilled and motivated health workers in the right place at the right time, with the necessary infrastructure, drugs, equipment and regulations.

Note: as good practice, in their project text, donors should indicate which of the above criteria is addressed in their activity.

EXAMPLES OF TYPICAL ACTIVIT

Essential interventions and services such as:

Family planning, contraception; Antenatal, newborn, and postnatal care; Emergency obstetric and newborn care; Skilled care during childbirth at appropriate facilities; Safe abortion services (where not prohibited by law); Prevention of mother to child transmission of HIV and other STIs; Combating reproductive tract infections, reproductive health-related cancers, and other gynaecological morbidities; Infertility treatment; Prevention and treatment for major childhood illnesses including acute respiratory infections and diarrhoea; Improving infant and child feeding practices; Promoting exclusive breast-feeding; Providing ready-to-use therapeutic foods and key vitamins and minerals, including Vitamin A and iodized salts.

Health Systems Strengthening:

Removal of financial, social, and cultural barriers to access health care (including advocacy); Improving service delivery to RMNCH and increasing access to adequately equipped health centres; Supporting national plans and priorities regarding RMNCH; Implementing monitoring and evaluation mechanisms; Training, retraining and deploying health workers.

These activities contribute to the RMNCH-continuum of care through important interventions outside the health sector:

Promotion of standards of comprehensive sexual education; Targeted food security programmes tailored to the needs of pregnant women, mothers and their children; Programmes that address most vulnerable population groups, such as internally displaced persons or ethnic minorities that suffer from displacement, with regard to their sexual and reproductive health needs; Improving access to clean water and hygienic sanitation for pregnant women, mothers and their children; Provision of maternal and child health services such as birthing kits or the dispatch of midwives and obstetricians which forms part of humanitarian aid emergency response; Collection of census data where specific development has occurred to target accurate reporting of vitals, i.e. the number of births and the number of “live” births.

N.B. Activities that can be assigned one of the following sector codes justify, by definition, at least a value of 2: Population policy and administrative management (13010); Reproductive health care (13020); Family planning (13030); Personnel development for population and reproductive health (13081). Activities that cannot be assigned one of the above sector codes nor one of the following sector codes could only justify a score of up to 2: All health sector purpose codes (12xxx), STD control including HIV/AIDS (13040), Basic drinking water supply and basic sanitation (14030), Basic drinking water supply (14031) and Basic sanitation (14032).

RMNCH: FREQUENTLY ASKED QUESTIONS AND EXAMPLES

FAQ 1. What is the approach to assigning the RMNCH marker score?

Step by step approach to assigning RMNCH marker score

STEP 1: Does the activity meet the criteria for eligibility? If not, then apply an RMNCH marker score of “0”. If the activity does meet the criteria for eligibility then proceed to the next step.

STEP 2: Identify those activities that meet the RMNCH criteria for eligibility and their estimated portion of the project’s overall budget. Calculate the estimated proportion (%) of the project’s budget that is being spent on the RMNCH activities; this figure is the project’s RMNCH % used in Step 3.

STEP 3: The following table can be used to determine the appropriate RMNCH marker score (0-4) for a project/programme based on the proportion of the project that is allocated to RMNCH.

Estimation of project’s funding allocated to RMNCH	RMNCH marker score
86% to 100%	4
61% to 85%	3
36% to 60%	2
15% to 35%	1
0% to 14%	0

Example application of RMNCH marker

A donor is supporting the construction of a hospital that will consist of a 145-bed general care wing, a 40-bed maternity ward, a 45-bed pediatric wing for a total of 230 beds. Given that the funding required for 37% of the hospital beds fit the RMNCH eligibility criteria, this project should be coded with an RMNCH marker of “2” or 50%.

See more examples at the end of the FAQs below.

FAQ 2. Can any score be applied to any code?

No. There are validation rules on the applicability of the marker to specific sectors along with minimum and maximum scores.

The nature of RMNCH interventions suggests application rules can be based on purpose codes, and rules on applying marker scores help ensure consistency among members and over time. Thus, a score of 3 or 4 could be applied only to activities with the CRS purpose codes shown in the table below. The table also suggests prohibiting scores 0 and 1 for some of these codes, since their main activities would necessarily contribute to RMNCH, justifying at least a value of 2. On the other hand, for CRS purpose codes outside those listed below, RMNCH activities would be limited and could only justify a score of up to 2.

Validation rules

Legend: RMNCH marker score can be applied RMNCH marker score cannot be applied

CRS purpose code	Description	RMNCH marker score				
		0	1	2	3	4
12110	Health policy and administrative management	√	√	√	√	√
12181	Medical education/training	√	√	√	√	√
12182	Medical research	√	√	√	√	√
12191	Medical services	√	√	√	√	√
12220	Basic health care	√	√	√	√	√
12230	Basic health infrastructure	√	√	√	√	√
12240	Basic nutrition	√	√	√	√	√
12250	Infectious disease control	√	√	√	√	√
12261	Health education	√	√	√	√	√
12262	Malaria control	√	√	√	√	√
12263	Tuberculosis control	√	√	√	√	√
12281	Health personnel development	√	√	√	√	√
13010	Population policy and administrative management	x	x	√	√	√
13020	Reproductive health care	x	x	√	√	√
13030	Family planning	x	x	√	√	√
13040	STD control including HIV/AIDS	√	√	√	√	√
13081	Personnel development for population and reproductive health	x	x	√	√	√
14030	Basic drinking water supply and basic sanitation	√	√	√	√	√
14031	Basic drinking water supply	√	√	√	√	√
14032	Basic sanitation	√	√	√	√	√
Any other codes	<i>Purpose codes not listed above in this table</i>	√	√	√	x	x

These RMNCH validation rules will be applied to member's CRS submissions in an effort to establish a minimum level of data quality for the RMNCH marker.

Applying RMNCH marker directives – example projects

The examples below are meant to illustrate how the directives for using the RMNCH marker should be applied in various projects and activities.

Example 1: Emergency obstetrics in South Sudan

Description: The project aims to establish 24-hour comprehensive emergency obstetrical and neonatal care hospitals in Southern Sudan. It is designed to improve women's access to care to reduce maternal and newborn mortality and morbidity. The project covers at least eight hospitals and is expected to benefit 150,000 women and children. An estimated 210 hospital personnel are being trained in all aspects of obstetrical and neonatal care services, including clinical and training guidelines. The project

is expected to staff the hospitals adequately and provide them with access to appropriate drugs, supplies, equipment and facilities for 24-hour emergency obstetrical and neonatal care services.

STEP 1: Does the project meet the eligibility criteria? Yes the project meets the criteria for eligibility as it is contributing to improved access to health services for women and children along the continuum of care, health systems strengthening and training health workers.

STEP 2: Calculate the RMNCH %.
Total project budget = USD 12.06 million

Project activity	Estimated approximate cost, USD	% of total project budget	Meets RMNCH eligibility criteria?
Support for hospitalization of women for emergency obstetric care	1.4 million	12%	YES
Recruitment and support to medical doctors and anaesthetists	2.3 million	19%	YES
Drugs and renewable supplies	1.4 million	12%	YES
Fixed instruments and equipment	1.1 million	9%	YES
Capital improvements of hospitals	1.5 million	12%	YES
Maternal waiting homes	0.84 million	7%	YES
Support to general practitioners into speciality training programs	0.72 million	6%	YES
Training and on-the-job coaching	2.8 million	23%	YES
TOTAL	12.06 million	100%	

Based on the above breakdown of the project activities, the project is 100% RMNCH.

STEP 3: By using the lookup table, given that the project is 100% RMNCH, it would receive an RMNCH marker score of “4”.

Estimation of project's funding allocated to RMNCH	RMNCH marker score
86% to 100%	4
61% to 85%	3
36% to 60%	2
15% to 35%	1
0% to 14%	0

Example 2: Construction of the Artibonite Provincial Hospital in Gonaïves

Description: The project supports the design and construction phase for a new 200-bed departmental hospital in Gonaïves. The project aims to improve access to and quality of specialized health services for children, women and men in Artibonite Department, and to improve the health system in Haiti, establishing a replicable model for departmental level hospitals in Haiti.

STEP 1: Does the project meet the eligibility criteria? Yes the project meets the criteria for eligibility as it is contributing to improved access to health services for women and children along the continuum of care.

STEP 2: Calculate the RMNCH %.

Total project budget = USD 20 million

Project activity	Estimated approximate cost, USD	% of total project budget	Meets RMNCH eligibility criteria?
Construct a new 135-bed general care wing	12 million	60%	NO
Construct a new 30-bed maternity ward (with neonatology and obstetric/gynaecological services)	3 million	15%	YES
Construct a new 35-bed paediatric ward	3.5 million	17.5%	YES
Construct a new waiting home for pregnant women close to delivery	1.5 million	7.5%	YES
TOTAL	20 million	100%	

Based on the above breakdown of the project activities, the project is 40% RMNCH.

STEP 3: By using the lookup table, given that the project is 40% RMNCH, it would receive an RMNCH marker score of “2”.

Estimation of project's funding allocated to RMNCH	RMNCH marker score
86% to 100%	4
61% to 85%	3
36% to 60%	2
15% to 35%	1
0% to 14%	0

Example 3: Environmental Management and Capacity Development in Guyana - Phase II

Description: This project builds on achievements accomplished in a previous project called Environmental Management and Capacity Development. It is community- and private-sector-oriented. It aims to support the poorest segments of Guyana's population, namely the rural poor and hinterland populations. The goal of the project is to promote private-sector-led economic growth that provides sustainable livelihoods and reduces poverty. Improvements to the health, skills, and economic opportunities of miners and the men, women and families in selected communities living near mining operations are also targeted through this project.

STEP 1: Does the project meet the eligibility criteria? Yes, although RMNCH is not a primary focus of this project and is not mentioned in the brief description above, a more thorough examination of project documentation demonstrates that there is an important component for improving the health of children and pregnant and nursing mothers.

STEP 2: Calculate the RMNCH %.

Total project budget = USD 12.70 million

Project Activity	Estimated approximate cost, USD	% of total project budget	Meets RMNCH eligibility criteria?
Support environmentally and gender friendly small and medium scale mining and non-mining businesses in selected communities in the hinterland	2.0 million	16%	NO
Implement Human Resource Development programs in mining and non-mining operations	0.5 million	4%	NO
Develop University of Guyana curriculum in health and social sciences and upgrade curriculum in mining engineering	1.0 million	8%	NO
Rehabilitation and re-vegetation of mined-out sites	1.5 million	12%	NO
Support for policies, administration and management in mining operations.	2.3 million	18%	NO
Introduce Bti larvicide to reduce breeding grounds for malaria transmitted through mosquitoes	0.5 million	4%	NO
Introduce alternative diets that avoid carnivorous fish for pregnant and nursing mothers to decrease levels of mercury	2.8 million	22%	YES
Establish models for Tailings Management, Rehabilitation and cyanide gold leaching to reduce turbidity in tailings from proto-Mahdia Georgia Creek to decrease mercury in domestic waters	1.3 million	10%	NO
Improve sanitation in mining camps	0.8 million	6%	NO
TOTAL	12.7 million	100%	

Based on the above breakdown of the project activities, the project is 22% RMNCH.

STEP 3: By using the lookup table, given that the project is 22% RMNCH, it would receive an RMNCH marker score of “1”.

Estimation of project's funding allocated to RMNCH	RMNCH marker score
86% to 100%	4
61% to 85%	3
36% to 60%	2
15% to 35%	1
0% to 14%	0

Example 4: Project for Sanitation and Hygiene Improvement in rural areas of Tambacounda, Kedougou and Matam Regions in Senegal

Description: The standard of sanitation and hygiene in rural areas of Tambacounda, Kedougou and Matam Regions in Senegal is very low because of shortage of safe water, people's insufficient understanding of sanitation and hygiene, and lack of basic hygiene facilities (e.g. toilets). The mortality rate of infants and children in the areas is high and it is mainly caused by diarrhoea and contagious diseases due to the poor sanitation and hygiene. The project is dealing with the issue at some pilot villages, aiming at improving the situation. The contagious diseases are particularly common among women, who are usually responsible for securing drinking water and taking care of children, and they are encouraged to participate in the activities of the project. Their participation is considered as the essential element of the project.

The project therefore significantly contributes to the improvement of RMNCH and should be scored "1" against this marker.

TRADE DEVELOPMENT

DEFINITION

An activity should be classified as trade development-oriented (score Principal or Significant) if:

It is intended to enhance the ability of the recipient country to:

- a) formulate and implement a trade development strategy and create an enabling environment for increasing the volume and value-added of exports, diversifying export products and markets and increasing foreign investment to generate jobs and trade; **or**
- b) stimulate trade by domestic firms and encourage investment in trade-oriented industries.

CRITERIA FOR ELIGIBILITY

- a) The objective is explicitly promoted in activity documentation; **and**
- b) The activity contains specific measures to promote one or several of the trade development aspects below, at the institutional and enterprise level:
 - business support services and institutions;
 - access to trade finance;
 - trade promotion and market development in the production and service sectors.

EXAMPLES OF TYPICAL ACTIVITIES

Business support services and institutions: establishment of business partnerships; investment climate assessments; assisting exporters in developing countries in locating potential importers worldwide; training package providing tools and materials regarding operational legal aspects of e-commerce.

Trade finance: Feasibility study on a pilot export development fund, innovative trade-related finance for SMEs.

Production and service sectors: support to fruit and vegetable marketing; increase the international competitiveness of SMEs active in textile and clothing sector, through increase of their productivity.

N.B. The trade development marker is not defined to cover all aspects of “Aid for Trade”. It is restricted to activities recorded under codes 240xx Banking and financial services, 25010 Business support services and institutions (score principal by definition), 311xx Agriculture, 312xx Forestry, 313xx Fishing, 321xx Industry, 322xx Mineral resources and mining and 33210 Tourism. Other components of “Aid for Trade” are captured separately through a number of sector codes.

Annex 18. Rio markers

BACKGROUND ON RIO MARKERS

1. The United Nations Framework Convention on Climate Change (UNFCCC), the Convention on Biological Diversity (CBD) and the United Nations Convention to Combat Desertification (UNCCD) were conceived in the lead-up to the 1992 Rio Conference on Environment and Development. They are known collectively as the “Rio Conventions” and aim to address global environmental challenges and to ensure sustainable development.
2. The developed country Parties of the three Rio Conventions have committed themselves to assist developing countries in the implementation of these Conventions, providing financial and technical resources for this purpose.
3. Since 1998, the DAC has monitored development finance flows targeting the objectives of the Rio Conventions through its Creditor Reporting System (CRS) through use of “Rio markers”. The Rio markers were originally designed to help members in their preparation of National Communications or National Reports to the Rio Conventions, by identifying activities that mainstream the Conventions’ objectives into development co-operation. DAC members are requested to indicate for each development finance activity whether or not the activity targets environmental objectives.
4. Initially there were three Rio markers that have been in use since 1998: biodiversity, climate change mitigation, and desertification. In 2009, an additional marker was created to capture flows for climate change adaptation. It was implemented in reporting on 2010 flows. Data collection covers ODA and other official flows¹⁶.

FIELD OF APPLICATION

5. Rio markers should be applied to all bilateral ODA and non-export credit OOF¹⁷, excluding general budget support (type of aid A01), imputed student costs (E02), debt relief (F01) except debt swaps, administrative costs (G01), development awareness (H01) and refugees in donor countries (H02). Multilateral contributions (B02) should not be marked with Rio markers individually by members; instead international organisations report on the actual allocation of their funds (“multilateral outflows”) and apply Rio markers to these outflows¹⁸.

SCORING SYSTEM

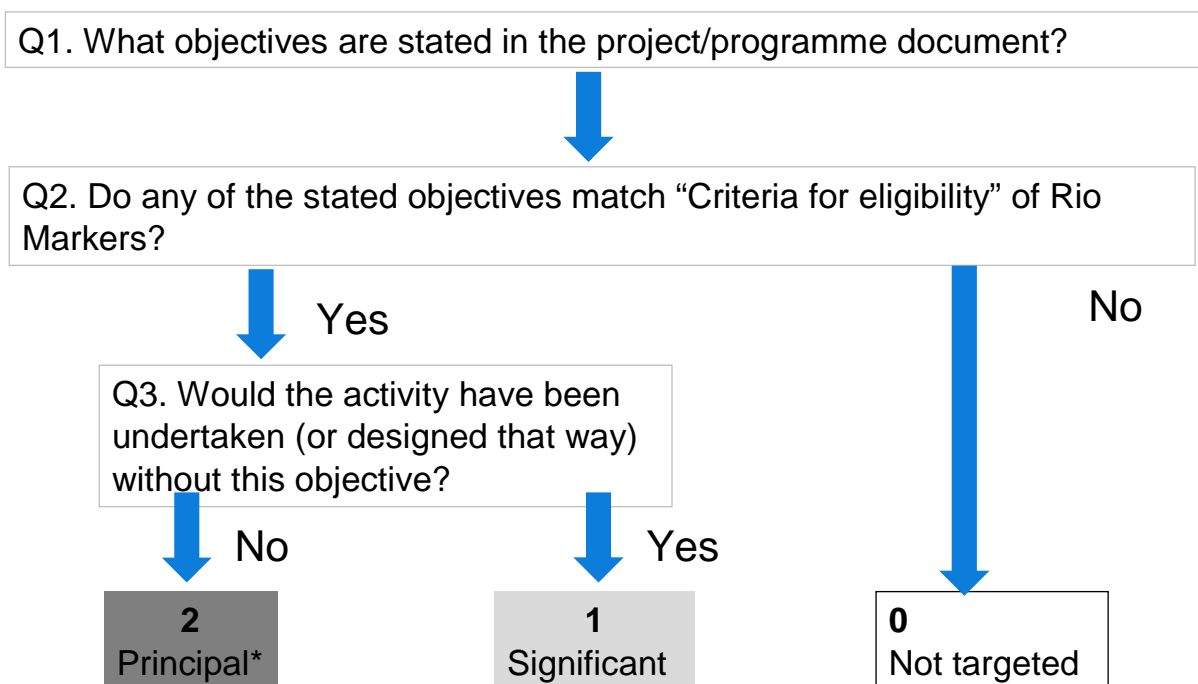
6. A scoring system of three values is used, in which official development finance activities reported to the DAC CRS are screened and “marked” as either (i) targeting the conventions as a “principal” objective (score “2”¹⁹) or (ii) as a “significant” objective (score “1”), or (iii) not targeting the objective (score “0”). These markers indicate donors’ policy objectives in relation to each development finance activity:

-
16. A new data collection on amounts mobilised from the private sector by official interventions is being put in place in DAC statistics whereby Rio markers would also apply to the private amounts mobilised. This data collection excludes export credits.
 17. Reporting Rio markers on OOF is voluntary.
 18. To ensure consistency in reporting, the DAC approach is to avoid members individually marking their multilateral contributions and instead to have international organisations report Rio markers on their outflows (or, in the case of Multilateral Development Banks, components, elements or proportions of climate finance based on the Joint MDB reporting approach); this information is used to estimate members’ contributions to climate through multilateral organisations (“imputed multilateral contributions”, same share applied to all members for the same organisation).
 19. Or “3” in the case of desertification.

- An activity can be marked as “principal” when the objective (climate change mitigation, climate change adaptation, biodiversity, combating desertification) is explicitly stated as fundamental in the design of, or the motivation for, the activity. Promoting the objective will thus be stated in the activity documentation to be one of the principal reasons for undertaking the activity. In other words, the activity would not have been funded (or designed that way) but for that objective.
- An activity can be marked as “significant” when the objective (climate change mitigation, climate change adaptation, biodiversity, combating desertification) is explicitly stated but is not the fundamental driver or motivation for undertaking and designing the activity. The activity has other prime objectives but has been formulated or adjusted to help meet the relevant environmental concerns.
- The score “not targeted” (“0”) means that the activity was examined but found not to target the objective in any significant way. For activities that have not been assessed with the Rio markers in mind, the “0” value should not be used, but rather the marker field should be left empty. This way, there is no confusion between activities that do not target the objective (score =“0”), and activities for which the answer is not known (score=“null”). This important distinction has implications for statistical presentations of Rio marker data.

The following decision tree helps identify for which score a given activity qualifies.

Decision tree for scoring an activity against a Rio marker



**Assigning a double “principal” score (e.g. to both mitigation and adaptation) to the same activity should be considered only upon explicit justification. See paragraph 14.*

Mainstreaming and the integration of environmental concerns into development co-operation

7. If mainstreaming is systematically practiced, the Rio Conventions' objectives will be integrated into projects across a wide range of sectors, such that many development co-operation activities will be considered to make some contribution towards the objectives of the Conventions and are likely to be marked against the "significant" objective score. However, mainstreaming can in some cases transform the activity to the point that it deserves to be scored as a "principal" objective. For example, if mainstreaming has led to the redesign of a traditional power project to now rely on renewable energy and energy savings, the entire activity can be considered as having climate change mitigation as its principal objective. If the mainstreaming of a Rio Convention theme is extremely limited (with regard to the overall scope of the activity), and/or so superficial (vague declaration of intent), it should be marked as "not targeted".

8. Activities that facilitate mainstreaming can also qualify for a "principal score". For example, an activity that is primarily designed to build capacity and develop tools to integrate biodiversity, climate change or land degradation into national and sub-national policies, planning and investment frameworks, should obtain the "principal" objective score.

Activities arising from a national action plan linked to a Rio Convention

9. The Rio Conventions call upon Parties to formulate action plans or strategies to implement the Conventions. A biodiversity, desertification, or climate change mitigation/adaptation arising from such an action plan or strategy (e.g. National Biodiversity Strategy and Action Plan under the CBD; NAPAs, NAPs, NAMAs²⁰ or INDCs under the UNFCCC; and National Action Plans under the UNCCD) automatically qualifies as principal objective²¹, as the Conventions provide the motivation for the design of the activity.

PROJECT DESCRIPTIONS

10. To facilitate transparency and in light of public scrutiny of the Rio marker data, it is important that, in activity descriptions reported to the CRS, the relation between the activity and the objective (e.g. climate change mitigation, climate change adaptation, other) is clearly communicated and made explicit, especially for principal score and largest activities (recognising the administrative constraint when numerous small activities are concerned).

IMPORTANT FEATURES OF THE METHODOLOGY***Purpose-based***

11. Markers identify activities contributing to meeting the objectives of the corresponding Rio Convention(s). Activities are thus to be marked according to their stated objectives and purpose and not primarily in relation to their relevance or outcomes or possible positive side-effects, i.e. the methodology is **purpose-based**.

12. The emphasis is on the objective pursued in providing support for the activity in question, as described in the activity documentation *i.e.* primarily the written material which forms the basis for the agreement to provide funding. This may be the actual project or programme document, or a proposal for funding an action which is outlined in a partner country document such as national programme, sectoral strategy, climate change strategy or Poverty Reduction Strategy Papers (PRSP).

20. NAPAs: National Adaptation Programmes of Action; NAPs: National Adaptation Plans; NAMAs: Nationally Appropriate Mitigation Actions; INDCs: Intended Nationally Determined Contributions.

21. In other words, score "2". In the case of the Rio marker on desertification, activities arising from National Action Plans under the CCD should be assigned score "3".

- Example: if an activity is designed to improve the capacity of a healthcare system to cope with increased incidence of water and vector borne diseases, due to the impacts of climate change, the adaptation marker can be applied. However, if the objective is to improve the capacity of a healthcare system to treat diseases including water and vector-borne diseases, with no reference to climate change, the marker cannot be applied as climate change is not a factor driving the design of the project.
- Example: a provider contributes to a pooled donor fund that supports a partner country programme in the forestry sector because of its links to climate change adaptation. The specific motivation for contributing to the pooled fund should be made clear in the activity documentation, i.e. in the programme document and in the donor’s supporting documentation: the donor, through its contribution to the pooled fund, intends to address climate change adaptation. It is not enough simply to reference a whole PRSP or sector programme which may have an element of climate change adaptation.

Targeting multiple environmental objectives and overlaps between Rio markers

13. The causes and solutions to global environmental issues under the Rio conventions (biodiversity, climate change adaptation and mitigation, desertification) and other local environmental concerns are intertwined. The Rio Conventions often complement and reinforce each other, and consequently it is possible that the same activity, policy or measure simultaneously addresses climate change, biodiversity and/or desertification objectives. An activity may target multiple objectives and **qualify for more than one Rio marker** (e.g. the same activity can target and be marked for climate change mitigation and biodiversity, or for biodiversity and desertification).

14. For example, a sustainable forest management project can contribute to biodiversity conservation, to capturing carbon (climate change mitigation) and to reducing climate risk (climate change adaptation). In drylands such a project can also help to combat desertification. However, not all score combinations are equally meaningful and assigning a double “principal” score (e.g. to both mitigation and adaptation) to the same activity should therefore be considered only upon explicit justification.

15. While the Rio marker system allows for multiple environmental policy objectives of an activity to be reflected, this needs to be taken into account when aggregating data across several markers. To avoid double or triple-counting the same activity, aggregate figures for biodiversity, climate change mitigation, climate change adaptation and desertification-related development finance should not be added up. Statistical presentations should either be prepared for one marker at a time (and resulting totals for each marker should not be added up) or the overlap should be presented and treated to avoid double counting²².

Qualitative methodology allowing an approximate quantification of finance flows

16. By identifying activities targeting climate change as a “principal” or “significant” objective, the markers provide an indication of the degree of mainstreaming of environmental considerations into development co-operation portfolios. Rio markers apply to activities as a whole, and, in marking the full value of development finance activities **the markers are considered descriptive rather than strictly quantitative**, but allow for an approximate quantification of development finance flows that target the Rio convention objectives. In OECD DAC marker data presentations the figures for flows targeting objectives as principal or significant can be shown separately and the sum referred to as the “total” or “upper bound” of environmental-related development finance.

22. Detailed information on how to treat overlap can be found in the Rio marker webpage oe.cd/RioMarkers.

USE OF RIO MARKERS FOR REPORTING TO THE RIO CONVENTIONS

17. The majority of OECD DAC members draw on Rio markers to report internationally on environment-related development finance. However, the figures that can be derived from Rio markers may not be identical to the figures reported to the Rio Conventions, in particular reflecting that the Rio markers were originally intended to track the mainstreaming of environmental considerations into development co-operation rather than providing a quantification of finance. For reporting to the Rio conventions on finance provided in National Communications, National Reports or Biennial Reports under the UNFCCC, members' reporting is often based on, and may not be directly comparable to Rio marker data as some members may apply additional quantitative methodologies. Whilst the majority of DAC members report 100% of finance marked "principal", different Parties often account only for a certain share of finance targeting climate change as a "significant" objective. These shares may range across members (from 0-100%) and there is no common reporting standard and limited transparency in some cases as to the evidence base supporting the approach chosen. Other differences in reporting to the Rio conventions may also arise, for example, use of disbursement data or differences in geographical scope.

AID TARGETING THE OBJECTIVES OF THE CONVENTION ON BIOLOGICAL DIVERSITY

DEFINITION

An activity should be classified as bio-diversity-related (score Principal or Significant) if:

CRITERIA FOR ELIGIBILITY**EXAMPLES OF TYPICAL ACTIVITIES****1. Typical activities take place in the sectors of:**

Water and sanitation
Agriculture
Forestry
Fishing
Tourism

2. Typical non-sector specific activities are:

Environmental policy and administrative management
Biosphere and bio-diversity protection
Environmental education/training
Environmental research

It promotes at least one of the three objectives of the Convention: the conservation of bio-diversity, sustainable use of its components (ecosystems, species or genetic resources), or fair and equitable sharing of the benefits of the utilisation of genetic resources.

The activity contributes to

- a) protection or enhancing ecosystems, species or genetic resources through in-situ or ex-situ conservation, or remedying existing environmental damage; **or**
- b) integration of bio-diversity and ecosystem services concerns within recipient countries' development objectives and economic decision making, through institution building, capacity development, strengthening the regulatory and policy framework, or research; **or**
- c) developing countries' efforts to meet their obligations under the Convention

The activity will score "**principal objective**" if it directly and explicitly aims to achieve one or more of the above three criteria.

- Integration of biological diversity concerns into sectoral policy, planning and programmes; e.g.
 - Water resources protection and rehabilitation; integrated watershed, catchment and river basin protection and management;
 - Sustainable agricultural and farming practices including substitution of damaging uses and extractions by out-of-area plantations, alternative cultivation or equivalent substances; integrated pest management strategies; soil conservation; in-situ conservation of genetic resources; alternative livelihoods;
 - Combating deforestation and land degradation while maintaining or enhancing biodiversity in the affected areas;
 - Promotion of sustainable marine, coastal and inland fishing;
 - Sustainable use of sensitive environmental areas for tourism.
- Preparation of national bio-diversity plans, strategies and programmes; bio-diversity inventories and assessments; development of legislation and regulations to protect threatened species; development of incentives, impact assessments, and policy and legislation on equitable access to the benefits of genetic resources.
- Establishment of protected areas, environmentally oriented zoning, land use and regional development planning.
- Protecting endangered or vulnerable species and their habitats, e.g. by promoting traditional animal husbandry or formerly cultivated/collected plants or ex-situ conservation (e.g. seed banks, zoological gardens).
- Capacity building in taxonomy, bio-diversity assessment and information management of biodiversity data; education, training and awareness-raising on bio-diversity.
- Research on ecological, socio-economic and policy issues related to bio-diversity, including research on and application of knowledge of indigenous people.
- Supporting development and use of approaches, methods and tools for assessment, valuation and sustaining of ecosystem services.

N.B. Biodiversity (CRS sector code 41030) scores, by definition, **principal objective**.

AID TARGETING THE OBJECTIVES OF THE FRAMEWORK CONVENTION ON CLIMATE CHANGE

Climate change mitigation

DEFINITION

An activity should be classified as **climate-change-mitigation related** (score **Principal or Significant**) if:

CRITERIA**FOR ELIGIBILITY**

It contributes to the objective of stabilisation of greenhouse gas (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.

The activity contributes to

- a) the mitigation of climate change by limiting anthropogenic emissions of GHGs, including gases regulated by the Montreal Protocol; **or**
- b) the protection and/or enhancement of GHG sinks and reservoirs; **or**
- c) the integration of climate change concerns with the recipient countries' development objectives through institution building, capacity development, strengthening the regulatory and policy framework, or research; **or**
- d) developing countries' efforts to meet their obligations under the Convention.

The activity will score "**principal objective**" if it directly and explicitly aims to achieve one or more of the above four criteria.

See the indicative table for guidance on Rio marking by sector/subsector and examples of qualifying activities.

AID TARGETING THE OBJECTIVES OF THE FRAMEWORK CONVENTION ON CLIMATE CHANGE Climate Change Adaptation	
<p>DEFINITION</p> <p>An activity should be classified as adaptation-related (score Principal or Significant) if:</p> <p>CRITERIA FOR ELIGIBILITY</p> <p>An activity is eligible for the climate change adaptation marker if:</p>	<p>It intends to reduce the vulnerability of human or natural systems to the current and expected impacts of climate change, including climate variability, by maintaining or increasing resilience, through increased ability to adapt to, or absorb, climate change stresses, shocks and variability and/or by helping reduce exposure to them.</p> <p>This encompasses a range of activities from information and knowledge generation, to capacity development, planning and the implementation of climate change adaptation actions.</p> <p>a) the climate change adaptation objective is explicitly indicated in the activity documentation; and b) the activity contains specific measures targeting the definition above.</p> <p>Carrying out an assessment of vulnerability to climate variability and change, either separately or as an integral part of agencies’ standard procedures, facilitates this approach.</p> <p>To guide scoring, a three-step approach is recommended as a “best practice”, in particular to justify for a principal score:</p> <ul style="list-style-type: none"> – Setting out the context of risks, vulnerabilities and impacts related to climate variability and climate change: for a project to be considered as one that contributes to adaptation to climate change, the context of climate vulnerability should be set out clearly using a robust evidence base. This could take a variety of forms, including use of material from existing analyses and reports, or original, bespoke climate vulnerability assessment analysis carried out as part of the preparation of a project. – Stating the intent to address the identified risks, vulnerabilities and impacts in project documentation: The project should set out how it intends to address the context- and location- specific climate change vulnerabilities, as set out in existing analyses, reports or the project’s climate vulnerability assessment. – Demonstrating a clear and direct link between the identified risks, vulnerabilities and impacts and the specific project activities: the project should explicitly address risk and vulnerabilities under current and future climate change as identified in the project documentation.
<p>See the indicative table for guidance on Rio marking by sector/subsector and examples of qualifying activities.</p>	

AID TARGETING THE OBJECTIVES OF THE CONVENTION TO COMBAT DESERTIFICATION

DEFINITION

An activity should be classified as desertification- related (score Principal or Significant) if:

CRITERIA FOR ELIGIBILITY**EXAMPLES OF TYPICAL ACTIVITIES****1. Typical activities take place in the sectors of:**

*Water and sanitation
Agriculture
Forestry*

2. Typical non-sector specific activities are:

*Environmental policy and administrative management
Env. education/training
Environmental research*

It aims at combating desertification or mitigating the effects of drought in arid, semi-arid and dry sub-humid areas through prevention and/or reduction of land degradation, rehabilitation of partly degraded land, or reclamation of desertified land.

The activity contributes to

- a) protecting or enhancing dryland ecosystems or remedying existing environmental damage; **or**
- b) integration of desertification concerns with recipient countries' development objectives through institution building, capacity development, strengthening the regulatory and policy framework, or research; **or**
- c) developing countries' efforts to meet their obligations under the Convention.

The activity will score "**principal objective**" if it directly and explicitly relates to one or more of the above criteria, including in the context of the realisation of national, sub-regional or regional action programmes.

- Integration of action to combat desertification and land degradation into sectoral policy, planning and programmes (e.g. agricultural and rural development policy, plans and programmes);
 - Rehabilitation of land, vegetation cover, forests and water resources, conservation and sustainable management of land and water resources;
 - Sustainable irrigation for both crops and livestock to reduce pressure on threatened land; alternative livelihood projects;
 - Development and transfer of environmentally sound traditional and local technologies, knowledge, know-how and practices to combat desertification, e.g. methods of conserving water, wood (for fuel or construction) and soil in dry areas.
- Preparation of strategies and action programmes to combat desertification and mitigate the effects of drought; establishment of drought early warning systems; strengthening of drought preparedness and management; observation and assessment of CCD implementation, including monitoring and evaluation of impact indicators;
- Measures to promote the participation of affected populations in planning and implementing sustainable resource management or improving security of land tenure;
- Support for population/migration policies to reduce population pressure on land;
- Capacity building in desertification monitoring and assessment; education, training and public awareness programmes related to desertification and land degradation;
- Research on desertification and land degradation.

INDICATIVE TABLE TO GUIDE RIO MARKING BY SECTOR/SUB-SECTOR

Climate change adaptation and climate change mitigation

1. This table provides **guidance** to support activity-level screening and marking against the climate Rio markers by sector. For each sector category, it indicates the likely most appropriate scores to assign to activities, with the most likely score indicated first. For example, the indication “0 or 1” means that activities in the sector concerned generally do not qualify against the objective (score “0”) but there are circumstances where they do qualify as significant (score “1”). For each sector, the table also explains the rationale for scoring activities and provides examples.

2. The table emerged from an exchange with members and international organisations and is based on knowledge as of March 2016. It is not an exhaustive or prescriptive list. It is meant to facilitate the application of markers to activities in different sectors, but it is by no means prescriptive nor does it contain binding rules on scores to assign or not assign for each sector. Members may still apply scores different from the suggestions provided in the table, provided the activities concerned meet the definition and eligibility criteria of the markers. The guidance provided by the table is also not intended to replace activity level screening, and instead seeks to support it. In general, for climate change adaptation, the three-step approach described in the eligibility criteria is recommended as a “best practice” prior to any adaptation scoring.

INDICATIVE TABLE TO GUIDE RIO MARKING BY SECTOR/SUB-SECTOR

Climate change adaptation and climate change mitigation

This table has benefitted from numerous members' comments, examples from real projects included in the DAC CRS database and examples from the MDB methodology to track climate finance projects. The table seeks to guide the scoring and provide useful examples for members' scoring process. It is important to clarify that the spirit of the markers is to **promote mainstreaming of climate considerations in all sectors**. The suggestions on scoring (significant and principal) reflect the **likelihood** that the objective of the programme (mitigation, adaptation) is fundamental to its design (principal) or that the programme has other prime objectives but has been formulated or adjusted to help meet the relevant environmental concerns (significant). They are not intended to limit but rather to guide marking. Many examples now in the table could score either 2 or 1 as the methodology is based on the purpose of the activity and not the type of activity. For example, a project aimed at developing or enhancing systems for monitoring drinking water in areas affected by higher temperatures, floods and rising sea level, **is likely** to be scored 1 for adaptation, but could be also scored 2 if adaptation to climate change was the main objective.

Sector/CRS purpose codes	Mitigation <i>Scoring in descending order of likelihood</i>	Adaptation	Rationale for scoring	Examples of qualifying activities <i>The list is not exhaustive. The activities may be scored against the objective only if the eligibility criteria are fulfilled.</i>
EDUCATION – 110				
All purpose codes in category 110	0, 1 or 2	0, 1 or 2	With careful environmental and climate assessment (e.g. analysis of potential climate impacts and benefits), measures in this sector may be climate-related, and score 2 may even be appropriate for special mitigation- or adaptation-oriented education programmes ²³ . Article 4.1(i) and Article 6 of the Convention address the issues of education, training and public awareness. Article 4.1(i) provides that all Parties “promote and cooperate in education, training and public awareness and encourage the widest participation ... including that of non-governmental organizations”.	<p>Mitigation</p> <ul style="list-style-type: none"> • Strengthening of quality of higher education on science and technology with a focus on renewable energy (mitigation score 1). • Off grid energy access for schools; sustainable school buildings (i.e. natural cooling etc.) (mitigation score 2 or 1). <p>Mitigation and adaptation</p> <ul style="list-style-type: none"> • Integration of environmental/climate education into school curricula (mitigation and/or adaptation score 2).

23. Note that in CRS, sector specific education activities are to be included in the respective sectors, either in a specific education code such as agricultural education (31181) or in a general code such as communications policy/administrative management (22010).

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
HEALTH – 120				
POPULATION POLICIES/PROGRAMMES AND REPRODUCTIVE HEALTH – 130				
All purpose codes in categories 120 & 130	0 or 1	0, 1 or 2	<p>Mitigation Activities in the health sector that reduce greenhouse gas emissions can score 1.</p> <p>Adaptation Health activities can be scored against the adaptation marker if they aim or help to address the consequences of climate change in the health of the population. Score 2 may even be appropriate for special adaptation-oriented programmes.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Activities in the health sector that use renewable energy to support improved air quality, such as solar panels to heat water in hospitals (mitigation score 1). • Energy efficient hospital infrastructure that leads to significant savings in energy consumption (mitigation score 1). <p>Adaptation</p> <ul style="list-style-type: none"> • Health programmes to adapt to climate change, such as the implementation of measures to control heat stress or malaria in areas threatened by increased incidence of diseases due to climate change (adaptation score 1). • Strengthening food safety regulations, notably in terms of microbiological quality, avoidance of contact with pest species, in areas affected by higher temperatures (adaptation score 1).
WATER AND SANITATION – 140				
Water sector policy and administrative management – 14010 Water supply and sanitation: large systems – 14020 Water supply: large systems – 14021 Basic drinking water supply and basic sanitation – 14030 Basic drinking water supply – 14031 Education and training in water supply and sanitation – 14081	0, 1 or 2	1, 2 or 0	<p>Mitigation Activities in this sector can be scored against the mitigation marker if the provision of water and/or sanitation, for example through the installation of new piping or pumping equipment, aims or helps to achieve significant energy savings, as these processes are often associated to high energy use.</p> <p>Adaptation Activities can be scored against this marker if they aim or help to address the expected changes or fluctuations in water supply as a consequence of climate change. Drinking water and sanitation infrastructure can be vulnerable to disruption or destruction caused by flooding.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Energy-efficient water pumping systems, and/or pumping systems powered by renewable energies (mitigation score 1). <p>Adaptation</p> <ul style="list-style-type: none"> • Promoting water conservation in areas subject to increased water stress due to climate change (adaptation score 2). Otherwise it can score 1 if the project is designed to take into account climate change impacts. • Improving the climate resilience of the water supply and increasing storage to ensure access where climate change adaptation is a main objective (adaptation score 2), or is part

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
			<p>In regions that face or are projected to face impacts/fluctuations in water availability and sanitation services due to climate change (e.g. water shortages due to drought or flooding, suboptimal functioning of sanitation facilities during floods), the following types of investments can score against adaptation:</p> <ul style="list-style-type: none"> • investments in improving the climate resilience of the water supply and sanitation services, • investments in increasing storage to ensure access where climate change is expected to increase water stress and shortages. <p>If the causal relationship is weak (e.g., a climate risk assessment shows that water supply is not affected by climate change in a region), the adaptation marker should not be assigned.</p> <p>Mitigation and adaptation Installation of systems that enable significant energy savings compared to older systems may qualify against both mitigation and adaptation markers as resource-efficient systems reduce emissions while building resilience.</p>	<p>of broader initiatives to supply clean drinking water, which will also increase the resilience of the population to the effects of climate change (adaptation score 1).</p> <ul style="list-style-type: none"> • Measures to design and deliver water and sanitation services which reduce vulnerability to floods of affected water and sanitation infrastructure (adaptation score 1 or 2).
Sanitation-large systems – 14022 Basic sanitation – 14032	0, 1 or 2	1, 2 or 0	<p>Mitigation Activities that are designed to save a significant amount of energy (e.g., if energy efficient pumps are employed) and/or to avoid methane gas emissions may justify a mitigation score 1. If energy use/energy efficiency is the central focus of the activity, mitigation score 2 may be justified.</p> <p>Adaptation Wastewater management systems protect existing water resources and human health in the face of climate change. In regions at risk of increased water scarcity due to climate change, such measures, if they provide significant positive effects for ground and/or surface water protection, can also be considered having a climate change adaptation objective (adaptation score 1 or 2), particularly if treated waste water is</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Introduction of energy-efficient pumps in the sewage system of a city (mitigation score 1). <p>Adaptation</p> <ul style="list-style-type: none"> • Treatment of water resources with the introduction of recycled water (adaptation score 2) • Wastewater management systems, or systems designed to protect the quality and quantity of existing water resources in the face of climate change, e.g. through the recycling of wastewater: <ul style="list-style-type: none"> ○ If the design explicitly takes into account climate change risk (adaptation score 2); ○ If it does not, but builds additional resilience, in the face of multiple hazards including climate change

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
Waste management /disposal – 14050	2, 1 or 0	1 or 0	<p>recycled.</p> <p>Mitigation Activities that promote modern waste-to-energy with waste collection/recycling (especially separation of biogenic waste) and recovery/use of methane gas can result in significant GHG reductions and therefore justify the application of the mitigation marker (mitigation score 2). If the methane gas is only flared the activity would score 1 and 0 if not captured, as there are no emissions reductions involved.</p> <p>Adaptation Effective waste management systems that protect water resources or fragile ecosystems and strengthen their resilience to the impacts of climate change can score against adaptation.</p>	<p>(adaptation score 1).</p> <p>Mitigation</p> <ul style="list-style-type: none"> • Biogas production and reuse of energy produced by wastewater facilities (mitigation score 2). <p>Adaptation</p> <ul style="list-style-type: none"> • Project to reduce risks of urban flooding of water systems due to climate change and causing contamination through sewage overflow (adaptation score 1). • Protect lagoons, which are highly vulnerable to climate change, from salt-water intrusion and contamination (adaptation score 1).
Water resources conservation (incl. data collection) –14015 River basin’s development – 14040	1, 0 or 2	1, 2 or 0	<p>Mitigation Water resources conservation involving the efficient use of energy or including forest preservation or other activities that provide terrestrial carbon uptake benefits contribute to mitigation and can therefore score 1. However, when the activity’s main purpose is mitigation, it is recommended to reclassify it to the environment protection sector (category 410).</p> <p>Adaptation Water resources conservation is particularly important for climate-resilience, especially if an assessment of climate change risks include water shortages or high fluctuations in available water resources. In this specific case, adaptation score 2 may be appropriate, otherwise adaptation is considered as a secondary objective (adaptation score 1).</p> <p>Data collection measures that are carried out with the aim of contributing to the monitoring and detecting the meteorological and hydrological impacts of climate change and providing an evidence base for climate change risk assessment can be scored as 1 with the adaptation marker or even 2 if main objective.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Protection and/or rehabilitation of water bodies, swamps and wetlands as CO2 storage (mitigation score 1 or even 2 possible), related studies or research, e.g. limnology. <p>Adaptation</p> <ul style="list-style-type: none"> • Developing or enhancing systems for monitoring drinking water, in areas affected by higher temperatures, floods and rising sea level as a consequence of climate change (adaptation score 1 or 2). <p>Mitigation and adaptation</p> <ul style="list-style-type: none"> • Water basin management involving forest protection / reforestation for the purpose of reducing the severity of floods while increasing carbon uptake (mitigation score 1, adaptation score 2 if main objective).

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
GOVERNMENT AND CIVIL SOCIETY – 150				
All purpose codes in category 150	0, 1 or 2	0, 1 or 2	Development programmes that integrate climate change considerations or promote climate change action can score for mitigation and/or adaptation, if properly justified (score 1 most likely) ²⁴ .	<p>Mitigation</p> <ul style="list-style-type: none"> • Development/preparation of low-carbon development strategies (mitigation score 2). <p>Adaptation</p> <ul style="list-style-type: none"> • Programme to build leadership and entrepreneurship for effective local action in health, agriculture and nutrition in a changing climate and environment (adaptation score 1).
OTHER SOCIAL INFRASTRUCTURE AND SERVICES – 160				
All purpose codes in category 160	0,1 or 2	0, 1 or 2	Specific activities in the social infrastructure sector can include mitigation and adaptation measures. Activities can score against the mitigation marker if designed to reduce greenhouse gas emissions. For the adaptation marker, activities dedicated to climate proofing social infrastructure and services can be considered. Examples can be found more frequently in the health and education sectors.	<p>Mitigation</p> <ul style="list-style-type: none"> • Implementation of Nationally Appropriated Mitigation Actions (NAMA) in low-carbon housing (mitigation score 2). <p>Adaptation</p> <ul style="list-style-type: none"> • Support of vulnerable people including women and children in areas vulnerable to the effects of climate change through promotion of climate resilient agriculture, food security and basic services (adaptation score 1 or 2).
TRANSPORT AND STORAGE – 210				
Transport policy and administrative management – 21010 Storage – 21061 Education and training in transport and storage – 21081	2, 1 or 0	0, 1 or 2	<p>Mitigation</p> <p>Activities targeted to supporting the development of transport sector policy and planning can incorporate measures to promote GHG emission reductions that are focused exclusively on traffic reduction through the development and/or integration of public transport and non-motorised transportation pursues (mitigation score 2 or 1).</p> <p>Adaptation</p> <p>Climate-proofing transport infrastructure as a requirement in transport policies and strategies can be scored against the adaptation marker if properly justified.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Non-motorised transportation planning to reduce GHG emissions (cycling and walking) from transport (mitigation score 2). • New infrastructure, capacity building and/or improvements to existing systems (integrated traffic management systems, driver training, etc.) that lead to significant reductions in GHG emissions (mitigation score 2). • A transit-oriented development (TOD), a mixed-use residential and commercial area designed to maximize access to public transport, can contribute significantly to GHG

24. Development of climate change strategies should be coded under Environmental Policy and administrative management – 41010.

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
				<p>reduction (mitigation score 1).</p> <p>Adaptation</p> <ul style="list-style-type: none"> Inclusion of climate change considerations in transport planning (e.g. climate proofing of road construction to account for climate change impacts and variability) (adaptation score 1 or 2).
Road transport –21020 Rail transport –21030 Water transport –21040 Air transport- 21050	1, 2 or 0	0 or 1	<p>Mitigation</p> <p>An activity in the transport sector that aims at reducing GHG emissions will score 1 or 2 on the mitigation marker depending on the purpose of the project and the expected reduction of GHG emissions. If the project does not intend to reduce GHG emissions the activity will score 0.</p> <p>Adaptation</p> <p>If the measure significantly improves the resilience of transportation routes to extreme weather events or gradual changes in climate (e.g., sea level rise, rising temperatures), it is justified to score 1 against the adaptation marker.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> Public transport with an objective to reduce GHG emissions (subway, light rail, bus rapid transit, trams, etc.) (mitigation score 1 or even 2 if the main objective is to reduce GHG emissions). A measure to shift from road to rail or water transportation can significantly reduce GHGs (mitigation score 1 or 2). Optimisation of conventional and conversion to alternative engine technologies: energy efficiency and fuel switching has expected reduction of GHG emissions as some of the main objectives (mitigation score 2). Road building itself, however, does not entail relevant reduction of GHG emissions, even if the new road shortens transport routes, as new roads generate increased traffic (mitigation score 0) unless the road also promotes the use of climate-friendly transport (e.g., the construction of bicycle and bus lanes) (mitigation score 1). Switching to electric mobility, hydrogen power, liquefied natural gas, and hybrid engines (mitigation score 2). <p>Adaptation</p> <ul style="list-style-type: none"> Improved access to roads all year round for population vulnerable to climate change impact (adaptation score 1).
COMMUNICATIONS – 220				
All purpose codes in category 220	0, 1 or 2	0, 1 or 2	<p>Mitigation</p> <p>For a communications project to score mitigation 1 or 2, it would need to establish a link between the communications</p>	<p>Mitigation</p> <ul style="list-style-type: none"> Promoting research in satellite information for climate modelling purposes (mitigation score 1).

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
			<p>technology and mitigation.</p> <p>Adaptation A communications project could be scored 1 or 2 in adaptation if it consists in strengthening resilience of communication equipment.</p>	<p>Adaptation</p> <ul style="list-style-type: none"> • Identification of key national data centres at greatest risk of suffering damage from storms or floods, and enhancement of climate resilience of those sites (adaptation score 2). <p>Mitigation and adaptation</p> <ul style="list-style-type: none"> • Improvement of the meteorological radar system in order to improve the information on changes to land-use, land cover, forestry, water, etc. (adaptation and mitigation score 1, possibly score 2 for one marker).
ENERGY GENERATION, DISTRIBUTION AND EFFICIENCY – 230				
<p>Energy policy and administrative management – 23110</p> <p>Energy education/training – 23181</p> <p>Energy research – 23182</p>	2, 1 or 0	0, 1 or 2	<p>Mitigation</p> <p>Activities that develop/foster appropriate regulatory efforts to promote energy efficiency and renewable energy, including climate change considerations, score against mitigation. However, activities in the energy sector, as for other sectors, do not score against mitigation “by default”, and in the event that climate change is not taken into account, the scoring would be 0.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Regulatory policy reform in the energy sector to take into account climate change mitigation efforts (mitigation score 2). <p>Adaptation</p> <ul style="list-style-type: none"> • Enhancing the capacity and regulatory capabilities of the Regulatory Authority to deal with climate change impacts (adaptation score 2). • Supporting local authorities to improve security of their energy supply by designing resilient energy infrastructure (adaptation score 1).
<p>Energy conservation and demand-side efficiency – 23183</p>	2 or 1	0, 1 or 2	<p>Mitigation</p> <p>The primary objective of energy efficiency measures²⁵ is normally to reduce greenhouse gas emissions, even if simultaneous objectives also exist (e.g., security of supply, reduced energy bills, productivity benefits and reduced foreign exchange outflows and volatility linked to fossil fuel imports.).</p> <p>The following principles help determining whether an energy</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Retrofit efficiency improvement in the energy sector (mitigation score 2). • Cogeneration (mitigation score 2 if substantially more efficient than separate generation). • Clean cook stoves (mitigation score 2). • Renewable energy power plant retrofits, improvements in energy efficiency in existing thermal plants (mitigation

25. Energy efficiency can be a relevant part of projects not only in the energy sector but in the industry, transport, construction, education sectors.

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
			<p>efficiency project qualifies for mitigation:</p> <ul style="list-style-type: none"> – The general principle for brownfield energy efficiency²⁶ activities involving retrofitting or the substitution of technologies or processes is that (i) the old technologies are substituted well before the end of their lifetime and the new technologies are more efficient, or (ii) new technologies or processes are more efficient than those normally used in greenfield projects. – The general principle for greenfield energy efficiency activities is that they prevent a long-term lock-in in GHG-intensive infrastructure (urban, transport and power sector infrastructure). <p>Adaptation In some cases, energy efficiency measures in construction and retrofitting can also have climate change adaptation objectives, e.g. to build resilience in the energy system in the case of disaster event (adaptation score 1).</p>	<p>score 1).</p> <ul style="list-style-type: none"> • Fuel switching from one fuel to a different, less GHG-intensive fuel type qualifies as mitigation (score 1 or 2) if a net emission reduction can be demonstrated taking extensions of capacity and lifetime of the facility into account. • Combined heat and power plants: heat generation can also be associated with energy efficiency if combined with power generation. <p>Mitigation and adaptation</p> <ul style="list-style-type: none"> • Clean cooking solutions that are less dependent on traditional biomass are both relevant for mitigation and adaptation (making cooking food less dependent on climate vulnerable biomass resources) (mitigation score 2 and adaptation score 1). • Efficiency in new construction (exceeding available standards) and retrofitting of existing buildings, e.g., improving the efficiency of air conditioning of hospitals in hot regions (mitigation score 1 and adaptation score 1).
Energy generation, renewable sources – 232	2 or 1	0 or 1	<p>Mitigation The main objective of renewable energy production is typically to reduce GHG emissions through project development or the creation of enabling environments for the development and dissemination of the skills and technologies necessary to expand renewable generation.</p> <p>The rationale for projects to qualify as mitigation is that, in the absence of the renewable energy construction/rehabilitation, high GHG emitting energy sources would be used. Not only are direct effects (e.g., observed emission reductions) taken into account, but also projected impacts on future emissions, i.e.,</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Wind energy, photovoltaic and concentrated solar power (CSP), geothermal, biomass and biogas, ocean tide power score for mitigation (mitigation score 1 or 2 if main objective). • Hydropower (storage or run-of-the-river) only if net emission reductions can be demonstrated. (mitigation score 1 or 2). • Support to institutional framework in biofuels (mitigation score 1). • Training in renewable energy (mitigation score 2).

26. “Brownfield” energy efficiency activities include those in already built environments (including industrial processes, energy generation facilities, water treatment plants, etc.). “Greenfield” energy efficiency activities imply the construction of new equipment/infrastructure.

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
			<p>changes in future GHG emission trajectories compared to reference case ("business as usual") scenarios.</p> <p>Adaptation If specific measures take into account climate change impacts (and therefore aim at improving the resilience to climate), the activity can be scored against the adaptation marker.</p>	<p>Adaptation</p> <ul style="list-style-type: none"> • New hydro-power activity that takes into account the impact of climate change on water resources and uses modern engineering techniques (adaptation score 1). • Optimizing hydropower generation and dam safety in the context of climate change vulnerability (adaptation score 1).
Energy generation, non-renewable sources – 233	0 or 1	0	<p>Mitigation Generally, thermal power plants' objective is not to limit emissions of GHGs and they will therefore not comply with the eligibility criteria of the climate mitigation marker. However, there may be cases where energy efficiency aspects make projects eligible to be scored as climate change mitigation, where they involve reducing GHG emissions of an energy generation process.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Activities in which existing power plants switch to lower emitting fuels (e.g., switching from coal to natural gas) (mitigation score 1).
Hybrid energy electric power plants – 23410	1 or 0	0	<p>Mitigation Hybrid power plants (i.e. blending a renewable source with a fossil fuel to reduce the emissions compared with a fossil fuel-only baseline) may score mitigation 1.</p>	
Heating, cooling and energy distribution – 236	2, 1 or 0	0, 1 or 2	<p>Mitigation In order for electric power transmission and distribution activities to qualify for the mitigation marker it is important to ensure that the investment is not in energy-intensive technologies. The scoring is directly linked to the purpose of the activity, which will be different if designed to reduce GHG emissions and mitigate climate change as main objective, or if the measures are complementary to the primary objective of the activity. Note that:</p> <ul style="list-style-type: none"> • Investments in network infrastructure can minimise power losses; therefore a mitigation score 1 can be assigned. • In countries/regions where network expansion also allows for the extension/connection of renewable energy, a mitigation marker score 2 can be applied. Investment in innovative/smart grid technologies pursues reduction of GHG as the main target since they create the infrastructure for the use of renewable 	<p>Mitigation</p> <ul style="list-style-type: none"> • Integration of renewable sources into local or national grid, or energy efficiency measures in grid retrofitting: construction of new transmission/distribution lines, transformers, and substations, grid rehabilitation, deployment of innovative network technologies (mitigation score 1 or 2). • New 'off-grid' systems (typically integrating energy storage, management and appliances) - allowing delivery of renewable energy directly to houses, businesses and/or community services without integration with the grid (e.g. mini-grids, home systems) (mitigation score 1 or 2). • Rural electrification measures designed so that energy-efficient technologies are employed or distributed (mitigation score 1). The reference scenario "use of diesel generators" could also be taken into account when

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
			<p>energies or allow for efficiency gains/loss reduction; therefore a marker 2 can be applied.</p> <p>In the context of heat generation, heat-only plants that use renewable energy sources (including solar, geothermal, biomass, etc.) can score 2 for mitigation.</p> <p>Adaptation If the design of modern networks is expected to increase the security of supply in case of extreme weather events caused by climate change and based on a context/vulnerability assessment, then the adaptation score 1 can be justified.</p>	<p>considering the expected GHG impacts of the activity, and to inform the mitigation score.</p> <p>Adaptation</p> <ul style="list-style-type: none"> • Strengthening of energy transmission and distribution infrastructure if the main objective is to cope with the impacts of climate change (adaptation score 2). • Energy access through rural electrification which enables early warning systems to be heard/received, information to be attained/communicated; electrical power increases ability to store harvests, to refrigerate medicines, study at night, more efficient irrigation technology – etc. (adaptation score 1).
BANKING AND FINANCIAL SERVICES – 240				
All purpose codes in category 240	0,1 or 2	0,1 or 2	Credit lines (or other financial products in support of the finance sector) specifically designed for the development of renewable energy, the support of low-carbon investments, energy efficiency or climate adaptation qualify for the climate markers (the marking and score dependent on the prominence of mitigation and/or adaptation in investment criteria for the credit lines).	<p>Mitigation²⁷</p> <ul style="list-style-type: none"> • Dedicated credit lines to finance renewable energy investments (mitigation score 2). • Promotion of Micro, Small and Medium Enterprises' energy saving efforts through providing medium-term and long-term funds for energy conservation measures and raising awareness of energy saving via local development financial institutions (mitigation score 1 or 2). <p>Adaptation</p> <ul style="list-style-type: none"> • Climate insurance fund to facilitate the adaptation to climate change for businesses and households through better access to adequate insurance solutions (adaptation score 2). • Creation of infrastructure and hubs that would support improved business continuity during and after extreme weather events (adaptation score 1).
BUSINESS AND OTHER SERVICES – 250				

27. In the CRS, depending on main focus, credit lines in support of the finance sector specifically designed for the development of renewable energy or for energy savings may be recorded under the energy sector (230).

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
All purpose codes in category 250	1, 0 or 2	1, 2 or 0	<p>Support to the mainstreaming of climate change considerations in businesses and services can be scored against adaptation or mitigation marker.</p> <p>Mitigation Activities including the provision of advice to business in greening their practices or incentives for private sector to include climate change concepts in their strategies or guide their investment can score mitigation 1. If the main objective is to implement projects to reduce GHG emissions, then it can be scored against mitigation 2.</p> <p>Adaptation Business and services can contribute to climate change adaptation in a number of ways e.g. by diversifying income opportunities for communities that cannot continue their traditional way of life as a result of climate change but also by supporting the development, distribution or adoption of new technologies to better deal with climate change.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> Finance measures in the field of climate protection for preparing and supporting private investment on a public-private partnership basis (PPP). (mitigation score 2). <p>Adaptation</p> <ul style="list-style-type: none"> Tools to strengthen the capacity of the private sector for climate change (adaptation score 1 or 2). Linking initiatives, stakeholders and knowledge for climate resilient livelihood security including vulnerability to climate change (adaptation score 1).
AGRICULTURE - 311				
All purpose codes in category 311	0, 1 or 2	1, 2 or 0	<p>Mitigation Scoring against mitigation may be justified when farming methods decrease GHG emissions or increase carbon sequestration.</p> <p>Adaptation Agricultural development measures can, in many ways, increase resilience to the impacts of climate change, through the use of climate-resilient crops or diversifying production to be able to better cope with the impacts of climate change.</p>	<p>Mitigation:</p> <ul style="list-style-type: none"> Livestock projects that reduce methane or other GHG emissions (manure management with biodigestors, etc.) (mitigation score 1). Increase and maintenance of the CO₂-binding capacity of soil and vegetation (mitigation score 1). Use of energy saving machineries, design of eco-efficient, carbon neutral systems etc. (mitigation score 2). <p>Adaptation</p> <ul style="list-style-type: none"> Sustainable climate-resilient farming methods (adaptation score 2). Promoting diversified agricultural production to reduce climate risk (e.g. growing a mix of different crops and different varieties of each crop) (adaptation score 1 or 2).

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
				<ul style="list-style-type: none"> • Promoting heat and drought resistant crops and water saving irrigation methods to withstand climate change (adaptation score 2). • Cultivate and distribute climate-resilient seeds (adaptation score 2). • Set up/use of early warning communications system for agricultural purposes (e.g. communications/IT solutions for monitoring crops, precipitation, temperature etc. to avoid crop loss through climate-related stress or disaster) (adaptation score 1 or 2).
FORESTRY – 312				
All purpose codes in category 312	2, 1 or 0	0, 1 or 2	<p>Mitigation In the case of a monocrop forest plantation with important economic and social benefits, scoring against mitigation will depend on how the trees grown are utilised after they are cut. If they are used for energy production (i.e. turned into charcoal for fuel) there are no net carbon sequestration benefits (mitigation score 0), unless cleared areas are systematically replanted (mitigation score 1 for sustainable biomass production, or even 2 if sustainably managed wood fuel plantations demonstrably reduce pressure on natural forests).</p> <p>Adaptation Improved forest management and reforestation/afforestation can enhance adaptation capacities. Specific activities that fulfil the eligibility requirements can score against the adaptation markers.</p> <p>Mitigation and adaptation There are various mitigation and adaptation effects for forestry/afforestation measures which usually result in a combination of both climate markers (but scoring both mitigation and adaptation as a principal objective should remain exceptional).</p> <p>Since forest has a particularly important role in CO₂ storage,</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Protection and enhancement of sinks and reservoirs of GHGs through sustainable forest management, afforestation and reforestation (mitigation score 2), rehabilitation of areas affected by drought and desertification. (mitigation score 1 or 2 if main objective). <p>Adaptation</p> <ul style="list-style-type: none"> • Restoration of former forest areas utilising natural seed banks and existing plants, in order to reduce vulnerability of forest ecosystems to the impacts of climate change (adaptation score 2). • Promoting sustainable forest management and adopting harvesting techniques that reduce soil erosion and exposure to wildfires, and promote the conservation of biodiversity in order to safeguard forest ecosystems from the impacts of climate change (adaptation score 2). • Afforestation in a river basin can contribute to a more stable hydrologic regime and to reduce floods (adaptation score 2 or 1).

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
			there is usually more emphasis on GHG reduction for these activities, but they can support adaptation (e.g. resilient forest-based livelihoods, reduced soil erosion).	
FISHING - 313				
All purpose codes in category 313	0 or 1	0,1 or 2	<p>Mitigation A score of 1 can be justified if the activity scored has a clear mitigation objective to reduce GHG emissions.</p> <p>Adaptation Fishing is a critical sector for many economies, including small island states. If the objective is to improve the conditions of the sector by increasing its resilience to climate change it can be marked as adaptation 1 or 2, if properly justified and the information regarding the context of vulnerability is available.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • A project that supports the use of more fuel-efficient boats, made with innovative material and hull shape, and equipped with more efficient engines and storage capacity to reduce the consumption of fuel can score 1 in mitigation. <p>Adaptation</p> <ul style="list-style-type: none"> • Promoting changes in fishing practices to adapt to changes in stocks and target species. Introducing flexibility in the gear that is used, the species that are fished, the fishing areas to be managed, and the allocations that are harvested (adaptation score 1). • Mapping changes in the range of fish species and strengthening the monitoring of fish stocks to determine the impacts of climate change (adaptation score 2). <p>Mitigation and adaptation</p> <ul style="list-style-type: none"> • Activities that aim at reducing overfishing and excess capacity, including adjusting fleet composition, by supporting small-scale fisheries and discouraging industrial fisheries, especially in countries where fish stocks have been fully or partially overexploited, can score both for adaptation and mitigation marker. Such measures would reduce fuel use as a result of the reduction in the number of vessels at sea and increase the catch per unit effort (CPUE) (mitigation score 1).
INDUSTRY – 321				
All purpose codes in category 321	0, 1 or 2	0, 1 or 2	<p>Inclusive and sustainable industries can be marked as mitigation or adaptation.</p> <p>Mitigation For mitigation, changes in the demand patterns influence the</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Promotion of adoption of energy-efficiency standards and other environmental standards expected to reduce GHG emissions as part of trade-related assistance (mitigation

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
			<p>resource chain and have impacts on GHG emissions. Improvements in processes and cleaner production (e.g. cement, chemicals) can bring mitigation benefits. A mitigation marker score 1 can be applied to relevant improvements in the production methods to reduce emission of GHG emissions.</p> <p>Adaptation Activities designed to include considerations of climate change impacts, like design of climate-resilient equipment, can be scored against the adaptation marker with score 1, or even 2 depending on the purpose of the activity.</p>	<p>score 1 if a sufficiently prominent objective).</p> <p>Adaptation</p> <ul style="list-style-type: none"> • Retrofitting of industrial facilities to enhance resilience to climate-related risks (adaptation score 1). • Switching to less water consuming production technologies reduces vulnerability against water shortage (adaptation score 1).
MINERAL RESOURCES AND MINING – 322				
All purpose codes in category 322	0 or 1	0 or 1	<p>Mitigation Improvements in energy efficiency of mining industry and the use of renewable energy as power source could be scored against the mitigation marker if properly justified.</p> <p>Adaptation Climate change considerations in the improved design of mining activities could be scored against the adaptation marker if properly justified.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Improvement of energy efficiency measures in mining process (mitigation score 1). <p>Adaptation</p> <ul style="list-style-type: none"> • Analytical studies or capacity building to improve climate resilience of mining industries (adaptation score 1). • Changes in the design of open pit mines to adapt to flooding due to increased precipitation can be scored against adaptation (adaptation score 1).
CONSTRUCTION – 323				
All purpose codes in category 323	0, 1 or 2	0, 1 or 2	<p>Construction sector policy and planning. If the activity is in a specific sector it should be assigned to the sector (e.g. hospitals in health or schools in education).</p> <p>Mitigation Improvements in regulation and professional practice to include energy efficiency measures, passive design and choice of low carbon materials (such as sustainably sourced timber and low carbon cement) in buildings could qualify as mitigation activities.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Promotion of energy-efficient building techniques, development and enforcement of related standards and certification schemes (mitigation score 2). • Programme of activities (PoA) in energy efficiency in the construction sector (mitigation score 2). <p>Adaptation</p> <ul style="list-style-type: none"> • More robust building regulations and improved enforcement practices when there is a shift in zones affected by typhoons/ hurricanes/storm surges (adaptation score 2).

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
			Adaptation Inclusion of resilience concepts in the construction process could be marked as adaptation.	
TRADE – 331				
All purpose codes in category 331	0 or 1	0, 1 or 2	Trade can be disrupted by climate-related disasters and therefore can be subject to activities that are focused on mitigating the causes of climate change or adapting to the effects of it.	Mitigation <ul style="list-style-type: none"> • Development of carbon market mechanisms for developing countries in the context of climate conventions (mitigation score 1). Adaptation <ul style="list-style-type: none"> • Assessment of climate change impacts and damages on trade and economic growth (adaptation score 2).
TOURISM – 332				
All purpose codes in category 332	0, 1 or 2	0, 1 or 2	Tourism activities that foster sustainable development practices that incorporate mitigation and/or adaptation concepts qualify as mitigation or adaptation. The objective should clearly state the impacts of climate change in the modified activity.	Mitigation <ul style="list-style-type: none"> • Sustainable tourism development by introducing zero-carbon business solutions, e.g. zero-carbon resorts, touristic products etc. (mitigation score 2). • Contributing to conservation of tourist attractions that reduce GHG emissions, e.g. forests, national parks (mitigation score 1). Adaptation <ul style="list-style-type: none"> • Diversification of tourist attractions to encompass areas less prone to the risks and impacts of climate change (adaptation score 2). • Promotion of eco-tourism as part of a strategy to maintain the resilience of natural ecosystems while diversifying rural livelihoods (adaptation score 1 or 2).
GENERAL ENVIRONMENTAL PROTECTION – 410				
Environmental Policy and administrative management – 41010	2, 1 or 0	2, 1 or 0	Institutional reforms and strengthening to include climate aspects in policies and regulations (such as national and subnational climate change strategies and planning) can score against mitigation or adaptation.	Mitigation: <ul style="list-style-type: none"> • Preparation of national inventories of greenhouse gases (emissions by sources and removals by sinks) (mitigation score 2). • Elaboration of climate change-related policy and

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
				<p>economic analysis and instruments, including national plans to mitigate climate change (mitigation score 2).</p> <ul style="list-style-type: none"> Climate technology needs' surveys and assessments; institutional capacity building (mitigation score 1 or 2). <p>Adaptation:</p> <ul style="list-style-type: none"> Development and implementation of adaptation strategies at national level or in the context of decentralisation programmes (adaptation score 2). Supporting the integration of climate change adaptation into national and international policy, plans and programmes (adaptation score 2). Improving regulations and legislation to provide incentives to adapt (adaptation score 1 or 2). Dedicated budget support to a national or local authorities for climate change adaptation policy implementation (adaptation score 2)
Biosphere protection – 41020 Biodiversity – 41030	1, 2 or 0	1, 2 or 0	There are various mitigation and adaptation effects for this topic which usually result in a combination of both climate markers (but scoring both mitigation and adaptation as a principal objective should remain exceptional).	<p>Mitigation:</p> <ul style="list-style-type: none"> Preservation of the CO₂ storage capacity of vegetation cover (especially forests) and soil (especially wetlands) (mitigation score 1 or 2). Protection and enhancement of sinks and reservoirs through sustainable management and conservation of oceans and other marine and coastal ecosystems, wetlands, wilderness areas and other ecosystems (mitigation score 1 or 2). <p>Adaptation:</p> <ul style="list-style-type: none"> Contribution to the preservation of water resources or erosion prevention to adapt to the effects of climate change (adaptation score 1). Climate resilient conservation measures allowing species to adapt to climate change (e.g., protected eco-corridors for migration) (adaptation score 2). Ecosystem based adaptation, i.e. the use of ecosystems or ecosystem services to help people to adapt to climate

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
				change (e.g. wetland restoration and management to enhance continuity of drinking water supply in drought prone areas) (adaptation score 2).
Flood prevention/control – 41050	0 or 1	2 or 1	<p>Mitigation In specific cases where flood prevention and control measures include GHG emission reductions, the activity could score 1 for mitigation if properly justified.</p> <p>Adaptation Flood and coastal protection, as well as drainage measures often directly relate to the impacts of climate change (adaptation score 2). For measures not primarily employed for adaptation to the impacts of climate change, or measures that are only part of larger measures, adaptation score 1 is appropriate.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Flood protection measures that reduce the consumption of energy and reduce GHG emissions (mitigation score 1). <p>Adaptation</p> <ul style="list-style-type: none"> • Flood protection measures in areas which are becoming increasingly flood-sensitive (e.g. closing of estuaries, building of dikes and sea defences, restoration of wetlands) – with due consideration for the potential environmental impacts of such measures (adaptation score 2 or 1). • Restoring the function of floodplains in combination with sound land-use planning of watersheds and wetlands thereby reducing the exposure to floods and improving water availability in areas affected by increasing water scarcity and/or more variable rainfall patterns (including higher amounts of rain) (adaptation score 2).
Environmental education/training – 41081 Environmental research – 41082	2, 1 or 0	2, 1 or 0	<p>Mitigation and adaptation Activities that are focused on providing training for climate change adaptation and mitigation can score 1 or 2 against adaptation and mitigation markers.</p>	<p>Mitigation:</p> <ul style="list-style-type: none"> • Climate-change-mitigation related research and monitoring. Oceanographic and atmospheric research and monitoring (mitigation score 2). <p>Adaptation:</p> <ul style="list-style-type: none"> • Adaptation-related climate research including meteorological and hydrological observation and forecasting, impact and vulnerability assessments, etc. (adaptation score 2). <p>Mitigation and adaptation</p> <ul style="list-style-type: none"> • Education, training and public awareness related to climate change, the causes and impacts of climate change and the role of adaptation (mitigation and adaptation score 2).

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
Other MULTISECTOR – 430				
Urban development and management – 43030	1, 2 or 0	1, 2 or 0	<p>Urban development activities often address environmental and climate issues.</p> <p>Mitigation If reduction aspects are at the centre of a measure (e.g., public transport development and more efficient service delivery through compact town planning), mitigation gets scored 2 while adaptation is likely to score 0.</p> <p>Adaptation If the issue of adaptation to climate change is central to a measure's purpose (e.g., ecological measures counteracting overheating in urban areas) adaptation gets scored 2 and mitigation is likely to score 0.</p> <p>Mitigation and adaptation In many cases, sustainable urban development is equally beneficial to both strands (mitigation score 1 and adaptation score 1). When urban development activities do not address climate aspects as a priority (e.g., activities that are dedicated primarily to improving the lives of slum dwellers), the content of the activity determines whether climate is a secondary objective.</p>	<p>Mitigation:</p> <ul style="list-style-type: none"> • Energy efficiency planning in cities (mitigation score 2). <p>Adaptation:</p> <ul style="list-style-type: none"> • Support to development of climate action plans with vulnerability assessments in cities (adaptation score 2).
Rural development – 43040	1 or 0	1, 0 or 2	<p>Mitigation A rural development project can score 1 against the mitigation marker if there are measures put into place to reduce the emissions of GHG.</p> <p>Adaptation Activities that include measures to increase resilience of population or ecosystems in rural areas to climate change can score 1 if properly justified, taking into account the context of vulnerability.</p>	<p>Mitigation:</p> <ul style="list-style-type: none"> • Securing land and use rights in order to avoid changes in land use that could lead to increased emissions of GHG, contribution to sustainable long-term land-use planning, reducing emissions from land use and changes in land use (mitigation score 1). <p>Adaptation:</p> <ul style="list-style-type: none"> • Sustainable agriculture for adaptation to climate change in vulnerable regions, sustainable regional development in rural drought areas (adaptation score 2).

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
			<p>Mitigation and adaptation Regional development planning, land use issues, land management, and many additional aspects of rural development offer a variety of approaches to integrate GHG mitigation and climate change adaptation. For land use and land management measures, especially protection of forest or wetlands, mitigation may be of primary significance (mitigation score 1 or 2 while adaptation may score 0).</p>	
Research and scientific institutions – 43082	0, 1 or 2	0, 1 or 2	Scoring depends on the thematic focus of the funded organisations and all scoring combinations are thus possible.	
GENERAL BUDGET SUPPORT – 510				
<p><i>General budget support (GBS) is by definition un-earmarked and is excluded from marking (see paragraph 5). Sector budget support can be marked. However, possible options for qualifying GBS flows in terms of their degree of focus on the Rio conventions could be pursued: a number of partner countries are developing climate-specific budget codes/tagging; as a result monitoring the recipient country's domestic expenditure on climate activities and possibly other environmental aspects could be possible.²⁸</i></p>				
DEVELOPMENTAL FOOD AID/FOOD SECURITY ASSISTANCE – 520				
Food aid/food security programmes – 52010	0	0, 1 or 2	<p>Adaptation Activities in the area of food security can be scored against the adaptation marker if the objectives of the project explicitly include the building of climate resilience in food production.</p>	<p>Adaptation</p> <ul style="list-style-type: none"> • A programme addressing food insecurity which also builds capacity to cope with the impacts of climate change on food production could be marked as “significant” (adaptation score 1).
DEBT – 600				

28. Members are currently not required to indicate the Rio/environment focus of GBS data. There may be rationale to revisit this however, in recognition of the 2011 Busan commitments on effective development co-operation to increase the use of country systems. Going forward, possible options for qualifying these flows in terms of their degree of focus could be pursued using a more refined methodology. Options include: i) Reviews of GBS donor co-ordination groups in recipient countries: these reviews could provide information on the content of policy dialogue that accompanies GBS and report on the specific measures taken to address biodiversity/climate/desertification/environment-related objectives, and ii) Monitoring of the recipient country's domestic expenditure on biodiversity/climate/desertification/environment-related activities.

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
<i>Excluded from marking (see paragraph 5) except for debt swaps which can be specifically targeted to environmental purposes.</i>				
HUMANITARIAN AID – 700				
Emergency response – 720	0 or 1	0 or 1	In the case of a situation which results from natural disasters, the short term response to support the affected population can score mitigation or adaptation 1 if designed with a clear link to climate change in terms of GHG emission reductions or improvement of adaptive capacity and resilience.	Mitigation <ul style="list-style-type: none"> • Provision of solar lights for use during emergency responses (mitigation score 1).
Reconstruction relief and rehabilitation – 73010	0 or 1	0,1 or 2	Mitigation Restoration of services or repairing of infrastructure with the incorporation of low carbon technologies (such as efficient batteries, solar panels for heating water or electricity) could be marked as mitigation. Adaptation In the aftermath of a natural disaster caused or hardened by climate change, the improvement of capabilities to cope with natural disasters caused by climate change can be marked as adaptation,	Mitigation <ul style="list-style-type: none"> • Review and assess the adequacy of current environmental management practices on a range of humanitarian activities (mitigation score 1). Adaptation <ul style="list-style-type: none"> • Activity to support the early recovery and reconstruction as well as establishment of resilient society / community (“build-back better”) in disaster-affected areas (adaptation score 1 or 2).
Disaster prevention and preparedness – 74010	0 or 1	1,2 or 0	Mitigation Activities that include the provision of services/tools to be better prepared in case of occurrence of a disaster can qualify to score 1 in mitigation if they lead to significant GHG emission reductions. Adaptation Activities that aim at reducing the vulnerability (or strengthening the resilience) of the population, the economy, and its infrastructure against the short-term negative consequences of climate change related disasters can score 1 or 2 against the adaptation marker, depending on the purpose of the activity (adaptation score 1 is appropriate if the measure is not directly aimed at adapting to climate change, but still significantly contributes to it).	Mitigation <ul style="list-style-type: none"> • Provision of solar lights in anticipation for a disaster impacted by climate change (mitigation score 1). Adaptation <ul style="list-style-type: none"> • Developing emergency prevention and preparedness measures including insurance schemes to cope with potential climatic disasters such as floods or landslides (adaptation score 2). • Support to Civil Protection Team to improve their information on climate change impacts through the use of satellite-based maps in the preparation of event scenarios and rescue plans after the heavy monsoon rains that caused floods (adaptation score 1). • Developing emergency preparedness plans and disaster

Sector/CRS purpose codes	Mitigation	Adaptation	Rationale for scoring	Examples of qualifying activities
			Climate risk management ²⁹ which consists in preventing and dealing with long-term loss and damage resulting from climate change (e.g., impacts of sea level rise) qualifies for adaptation score 2.	<p>risk reduction strategies in order to protect key infrastructure assets from the impacts of climate change; this includes setting up early warning systems, addressing governance issues and promoting awareness (adaptation score 2).</p> <ul style="list-style-type: none"> • Promoting disaster preparedness and the links to climate change adaptation at various levels of government as well as at community level (adaptation score 2). • Social protection for climate disasters: e.g. as part of a pre-disaster preparedness programme which seeks to build resilience to potential future climate related disasters, having a social protection scheme in place to enable emergency cash transfers to happen when a flood/storm strikes – means poorest people don't need to sell down their assets in the immediate aftermath of a disaster (adaptation score 1 or 2 if main objective).
ADMINISTRATIVE COSTS – 910 <i>Excluded from marking (see paragraph 5).</i>				
REFUGEES IN DONOR COUNTRIES – 930 <i>Excluded from marking (see paragraph 5).</i>				
UNALLOCATED – 998				

29. Note the risk of confusion with terms when climate risk management is referred to as climate risk “mitigation”; the latter can be misinterpreted as “mitigation” instead of “adaptation” related.

Annex 19. Programme-based approaches: examples

Ghana

Financial Sector Reform Programme

1. Is the host country or organisation exercising leadership over the programme supported by donors?

YES. Designated government staff co-lead and co-ordinate the donor funded activities through the Private Sector Development Working Group and the Financial Sector Sub-Group. Activities (whether project activity or budget support) are detailed and governed in MoUs between the donor community and the Government.

2. Is a single comprehensive programme and budget framework used?

YES. The Programme has a budget framework that captures the Government and donor input. For PSD and Financial Sector activities, the framework is connected to specific strategic outcomes and is used as a management tool. Majority of the donors provide some project activity support – all of these activities are incorporated in the framework.

3. Is there a formal process for donor co-ordination and harmonisation of donor procedures for reporting budgeting, financial management and procurement?

YES. Both the PSD and Financial sector processes fulfil all four functions.

4. Does your support to the programme use at least two of the following local systems: (i) programme design, (ii) programme implementation, (iii) financial management and (iv) monitoring and evaluation?

YES, IT USES 2 SYSTEMS. USAID uses local system for programme design and participates in design of other donor's activities. USAID activities are implemented with various GoG agencies / ministries / departments (e.g. technical assistance to farmers is designed with and then provided by local GoG agricultural workers). USAID also gives money to local institutions to implement activities. As USAID does not provide pooled funding or sector budget support, USAID does not use local financial management and M & E Systems.

Source: USAID.

Tanzania

Health SWAp

1. Is the host country or organisation exercising leadership over the programme supported by donors?

YES. Basket funding is managed by the Ministry of Health and Social Welfare (MOHSW) which its Chief Medical Officer chairs the Health SWAp Technical Working Group. The technical working group is comprised of a subset of invited partners from government, donors, CSOs and private sector.

2. Is a single comprehensive programme and budget framework used?

YES. A Mid-Term Economic Framework budgets all health funds at the district and above levels. Funds include government revenue, General Budget Support and the Health Basket. Progress is being made to include projectised donations into the MTEF.

3. Is there a formal process for donor co-ordination and harmonisation of donor procedures for reporting budgeting, financial management and procurement?

YES. A very active Donor Partner Group for Health meets monthly and has sub-groups for basket funding, M & E and other topics which cover all four areas.

4. Does your support to the programme use at least two of the following local systems: (i) programme design, (ii) programme implementation, (iii) financial management and (iv) monitoring and evaluation?

Yes. Programme implementation uses the SWAp Technical Working Group. Financial management is done through the basket subcommittee of Donor Partner Group on Health reviews and comments on the MTEF. Monitoring and evaluation is done through the Joint Assistance Strategy for Tanzania Review.

Source: USAID.

Afghanistan

Afghan Reconstruction Trust Fund (ARTF)

1. Is the host country or organisation exercising leadership over the programme supported by donors?

Yes. ARTF funding only goes to public sector activities that have been defined in Government of Afghanistan's budget, the National Development Framework and its National Priority Programme. It provides funding in support of 11 National Priority Programmes which are based on the NDF.

2. Is a single comprehensive programme and budget framework used?

Yes. The ARTF has one framework and programme consisting of two windows – for recurrent expenditure and investment. This means that there is one source of funding for the recurrent budget. Further, all proposals for activities that are to receive ARTF funding come from the Ministry of Finance. Whilst these can in principle come from any line ministry of the Government, it must be accompanied by a justification in terms of importance to the Government of Afghanistan's NDF and NPPs.

3. Is there a formal process for donor co-ordination and harmonisation of donor procedures for reporting budgeting, financial management and procurement?

Yes. The ARTF is overseen by a Management Committee (MC) consisting of representatives from the Asian Development Bank, the Islamic Development Bank, UNDP and the World Bank. The MC is responsible for reviewing progress and taking key decisions, including the approval of investment projects proposed for ARTF financing. Donors participate in a Steering Committee that meets quarterly, focusing on administrative and performance issues.

4. Does your support to the programme use at least two of the following local systems: (i) programme design, (ii) programme implementation, (iii) financial management and (iv) monitoring and evaluation?

Yes. By working through reimbursements, which are verified by the Monitoring Agent, ARTF provides an incentive to improve financial management and accountability. In addition, the World Bank (which manages the ARTF) is providing technical assistance to the Ministry of Finance to enable increased use of government systems. The recent Public Expenditure Review demonstrated that strong progress has been made in the Government's fiscal discipline and budget planning and information on budget execution.

Source: DFID and Assessment, Afghanistan Reconstruction Trust Fund (ARTF), March 2005.