

**Development Co-operation Directorate
Development Assistance Committee**

DAC Working Party on Development Finance Statistics

REVIEW OF THE OECD CRS SECTOR CLASSIFICATION IN LIGHT OF THE SDG7 ON ENERGY

Formal meeting of the Working Party on Development Finance Statistics (WP-STAT)
1-2 July 2019, OECD Conference Centre, 2 rue André Pascal 75016 Paris

This note is presented for APPROVAL under item 9.c of the draft annotated agenda DCD/DAC/STAT/A(2019)2.

The Secretariat has been contacted by the Sustainable Energy for All Initiative (SEforALL) regarding a possible update of the CRS sector classification to better track development finance in support of the SDG7.

In June 2018 the Secretariat prepared a room document [DCD/DAC/STAT/RD(2018)2/RD7] to discuss with members possible amendments to the CRS classification to improve the tracking of development co-operation activities in support of SDG7. This note is a revised proposal that takes into account the comments received.

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REVIEW OF THE OECD CRS SECTOR CLASSIFICATION IN LIGHT OF THE SDG7 ON ENERGY

Background

1. The Working Party on Development Finance Statistics (WP-STAT) has been working to improve methods for monitoring resource flows in support of the 2030 Agenda for Sustainable Development since 2015. The WP-STAT has approved the revision of several purpose codes to improve their alignment to SDGs and targets, and of a new field to report the SDG focus of development co-operation activities.
2. The Sustainable Energy for All Initiative (SEforALL) approached the Secretariat in 2018 to signal that the CRS classification in use is not capable of properly capturing the types of development co-operation projects that are considered more promising to achieve universal access to modern energy services, in particular in the areas of decentralised electricity and clean cooking solutions.
3. The International Energy Agency (IEA) estimates that decentralised electricity solutions will be a key element in all efforts to achieve universal energy access by 2030. Mini-grid or off-grid systems using non-hydro renewable energy, in particular solar photovoltaic (PV) energy, will represent 71% of the additional connections needed to achieve the SDG 7.1¹. Universal access to clean cooking fuels and appliances by 2030 will be extremely challenging given that progress has been very slow, and the IEA estimates that 2.3 billion people, or 27% of global population will still not have access by 2030 and further domestic and international action is needed.
4. In a recent study on finance to achieve the SDG7, SEforALL noted the difficulty of tracking finance for decentralised electricity and clean cooking. The report invited existing international data reporting systems such as the OECD DAC CRS to start collecting energy access-relevant information².
5. In June 2018, the Secretariat prepared a room document to discuss with members possible amendments to the CRS sector classification to improve the tracking of development co-operation activities in support of SDG7. This note is a revised proposal that takes into account the comments received in writing in follow-up to that meeting.
6. The proposal (see Tables 2 and 3) is presented **for members' approval** at the WP-STAT meeting on 1-2 July 2019. If approved, will entry into force in 2020 for reporting on 2019 activities.

¹ See: <https://www.iea.org/access2017/>

² See: https://www.seforall.org/sites/default/files/2017_SEforALL_FR4_PolicyPaper.pdf

Challenges of the current energy purpose codes

Current energy purpose codes and their use

7. The WP-STAT approved a revision of the energy-related purpose codes in 2014³ to facilitate the use of the codes for reporting and statistical analyses, including through easier identification of the different energy subsectors and technologies. The revision did not include a specific purpose code for energy access (although a proposal had been included in an earlier draft) due to the methodological difficulties in defining its boundaries noted by some members. Instead, this aspect was to be tracked through keywords, a solution that however was not implemented in the subsequent years.

8. The current classification provides a very detailed specification by source of energy but it is incapable of effectively tracking two fundamental activities to achieve SDG7: clean cooking and decentralised electricity systems.

9. The use of the energy-related purpose codes by data reporters is shown in Table 1. We can note that, although the classification is very detailed, most of the reporting (for 2015-17) is concentrated on few items⁴, in particular:

- The energy policy code (23010) catches almost 25% of the total number of activities, and 13% of total amounts committed.
- The two voluntary budget identifier codes for energy policy and energy regulation have never been used.
- A large number of codes are very seldom used. For ten out of 23 used codes, the activities add up to 0.5% or less of the total amount committed.
- Electric power transmission and distribution and Renewable sources-multiple technologies are the codes with the largest share of commitments (24.8% each).

³ See DCD/DAC/STAT(2013)3/REV3.

⁴ It is recalled that the CRS purpose codes are also used in the reporting on export credits to the OECD Export Credit Division. Distinguishing between different technologies is essential in that context.

Table 1. Energy projects by sub-sectors, 2015-17, ODA and OOF, bilateral and multilateral finance providers

DAC 5	CRS codes	Voluntary codes	Description	Share of total amount committed	Share of total number of activities
230			Energy		
231			Energy Policy		
	23110		Energy policy and administrative management	13.3%	24.7%
		23111	Energy sector policy, planning and administration	0%	0%
		23112	Energy regulation	0%	0%
	23181		Energy education/training	0.1%	2.2%
	23182		Energy research	0.1%	1.7%
	23183		Energy conservation and demand-side efficiency	1.5%	2.7%
232			Energy generation, renewable sources		
	23210		Energy generation, renewable sources - multiple technologies	24.8%	19.1%
	23220		Hydro-electric power plants	3.8%	4.5%
	23230		Solar energy	12.0%	7.5%
	23240		Wind energy	2.1%	2.1%
	23250		Marine energy	0.0%	0.0%
	23260		Geothermal energy	2.5%	1.4%
	23270		Biofuel-fired power plants	0.4%	1.8%
233			Energy generation, non-renewable sources		
	23310		Energy generation, non-renewable sources, unspecified	6.6%	8.5%
	23320		Coal-fired electric power plants	1.4%	1.0%
	23330		Oil-fired electric power plants	0.5%	0.5%
	23340		Natural gas-fired electric power plants	1.8%	0.8%
	23350		Fossil fuel electric power plants with carbon capture and storage (CCS)	0.0%	0.1%
	23360		Non-renewable waste-fired electric power plants	0.0%	0.1%
234			Hybrid energy plants		
	23410		Hybrid energy electric power plants	0.1%	0.1%
235			Nuclear energy plants		
	23510		Nuclear energy electric power plants	0.3%	3.2%
236			Energy distribution		
	23610		Heat plants	0.0%	0.0%
	23620		District heating and cooling	0.2%	0.1%
	23630		Electric power transmission and distribution	24.8%	17.1%
	23640		Gas distribution	3.7%	0.8%
				100%	100%

10. There is a certain level of heterogeneity of reporting that results from the choices made at the classification level, for example:

- As with other codes referring to sector policy and administrative management (ending in 10) in the CRS classification, the energy policy code also includes any energy project not fitting elsewhere. However, a rapid analysis of the projects reported against 23110 reveals that a large number of projects could, on the basis of their titles or descriptions, be assigned more specific codes.
- The code 23110 also pulls together – by design – policy interventions linked with large investments in the energy utilities and infrastructures, and technical assistance in the policy and regulatory space. Although this coding is correct, members may want to reflect if it would not be better to separate these two types of activities.
- The code 23230 “Solar energy” contains very different kinds of projects from large grid-connected solar power plants to small solar home systems.
- The code 23510 is titled “nuclear energy electric power plants” with an additional note on coverage about the inclusion of nuclear safety. In practice, the data reported almost exclusively relate to nuclear safety and, in few cases, nuclear regulations. This is due to the fact that according to DAC Directives⁵, *assistance towards the peaceful use of nuclear energy is reportable as ODA. This includes the construction and decommissioning of nuclear power reactors for civilian power supply, the development or supply of medical isotopes, and food irradiation and other industrial and commercial applications. Nuclear weapons research and other military applications of nuclear technology are excluded. However, it should be noted that in parallel Participants to the OECD Arrangement on Officially Supported Export Credits have banned as of 2009 any “aid support” to finance the construction of new nuclear power plants as well as the modernisation of existing nuclear power plants. This is stipulated in the Nuclear Sector Understanding (see the Arrangement: Annex II/Chapter II/paragraph 7).*
- The code 23060 “Electric power transmission and distribution” is used for very large transmission projects, but also for village-scale isolated mini-grids. Isolated mini-grids are often also reported under other codes, such as hydro or solar, depending from the energy source powering the infrastructure.

Classification of clean cooking activities

11. Clean cooking activities, which involve both the fuels and the equipment, are mainly covered by the following codes.

23183	Energy conservation and demand-side efficiency	All projects in support of energy demand reduction, e.g. building and industry upgrades, smart grids, metering and tariffs. Also includes efficient cook-stoves and biogas projects.
23640	Gas distribution	Delivery for use by ultimate consumer.

⁵ See DCD/DAC/STAT(2018)9/ADD1/FINAL, Annex 12, page 111.

31261	Fuelwood/charcoal	Forestry development whose primary purpose is production of fuelwood and charcoal.
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In practice however, clean cooking activities have also been identified under 31220 (Forestry development), 52010 (Food Aid/ Food security programmes), 41020 (Biosphere protection), 23210 (Energy generation, renewable sources) and others. The spread of clean cooking activities under so many different codes confirms the need to reform the taxonomy to better identify the activities.

12. The main issues identified in the classification in relation to clean cooking are the following:

- Code 23183 includes a wide variety of activities, from industries through metering to air conditioning and to efficient stoves. Although all these activities are linked to SDG 7.3 on Energy Efficiency (By 2030, double the global rate of improvement in energy efficiency), it would be more useful to split the code into more coherent groups of activities. Manufacturing of clean cookstoves, biogas production and refurbishment of industrial complexes are very different activities in nature.
- Gas distribution projects may include both large infrastructures (e.g. pipelines) and distribution to end users (cylinders, urban gas projects) and these can have multiple uses, such as heating, industrial and others.
- The production of biofuels other than charcoal (e.g. bioethanol, wood pellets) is not specifically mentioned under any code. Special attention should also be given to the production of charcoal and related products because of its negative environmental effects if the activity is not developed in line with sustainability criteria.

Classification of electricity production and distribution

13. As regards electricity production and distribution, the current classification is very wide with over 15 different electricity generation technologies covered. However, the classification seems particularly suited to cover only the traditional top-down power generation and grid extension projects, and is not well adapted to identify the newest decentralised technologies, in particular:

- There is only one code that covers *electricity distribution*:

23630	Electric power transmission and distribution	Grid distribution from power source to end user; transmission lines. Also includes storage of energy to generate power (e.g. pumped hydro, batteries) and the extension of grid access, often to rural areas.
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This code does not distinguish between long-distance power transmission projects, urban distribution, isolated grids, putting together a wide range of different projects.

- On *power generation*, the classification does not distinguish between i) large, grid-connected plants, ii) small power generation for mini grids and iii) standalone systems. For example, the solar energy code below includes both very large utility-scale, grid-connected projects and solar lamps that can last few hours.

23230	Solar energy	Including photo-voltaic cells, solar thermal applications and solar heating.
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Proposed changes

14. On the basis of the considerations above, it is proposed to make the following changes to the CRS purpose codes related to energy (see also Table 2):

Table 2 - Overview of proposed changes to purpose codes related to energy

Code	Action	Rationale
232X1	New code	Separate identification of not grid-connected solar energy
232X2	New code	Separate identification of solar thermal energy
236XX	New code	Separate identification of mini-grids
236XY	New code	Separate identification of liquid and solid fossil fuels distribution
236XZ	New code	Separate identification of electric mobility infrastructure
321XX	New code	Separate identification of modern biofuels
321XY	New code	Separate identification of clean cooking appliances
23110	Code edited	Addition of reference to SDG7, tariffs, market building
23183	Code edited	Coverage now limited to energy efficiency processes
23230	Code edited	Coverage now limited to grid-connected solar energy
23340	Code edited	Coverage of feed-in infrastructure clarified.
23510	Code edited	Coverage of nuclear safety mentioned in the title
23630	Code edited	Coverage limited to centralised grids
23640	Code edited	Coverage of retail gas distribution clarified
31261	Code edited	Coverage of fuelwood/charcoal activities clarified
32167	Code edited	Coverage of energy manufacturing clarified
32262	Code edited	Coverage of fossil fuels clarified
23111	Deletion	Unused code
23112	Deletion	Unused code

15. The above changes do not address the request, made by various partners, to use the CRS system to track the number of people gaining energy access from the reported activities, possibly by tier of access⁶. Although such information is valuable, tracking expected results is outside the scope of the ODA statistical framework which is designed to provide information on the sectors of aid input (using the CRS purpose codes) and a limited set of policy objectives (using the policy markers and the SDG focus field). The CRS cannot easily accommodate standardised metrics on results. For the moment, the only possibility is therefore that providers share such information in the long description field.

16. The full proposal is presented in Table 3 below. Proposed new text is shaded and deleted text struck through.

Table 3 – Detailed proposal on changes to purpose codes related to energy

DAC 5	CRS Codes	Voluntary codes	Description	Clarifications
230			ENERGY GENERATION, DISTRIBUTION AND EFFICIENCY	Categories 231 through 235 include both electric power plants and combined heat and power (CHP) plants. Heat-only plants, whatever the type of fuel, are reportable under category 236. Activities relating to fuelwood/charcoal production, energy manufacturing and natural resources extraction (including oil and gas pipelines) are reportable under categories 312, 321 and 322 respectively.
231			Energy generation, distribution and efficiency – general	
	23110		Energy policy and administrative management	Energy sector policy, planning; aid to energy ministries and other governmental or non-governmental institutions for activities related to the SDG7; institution capacity building and advice; tariffs, market building, unspecified energy activities; energy activities for which a more specific code cannot be assigned.
		23111	<i>Energy sector policy, planning and administration</i>	
		23112	<i>Energy regulation</i>	<i>Regulation of the energy sector, including wholesale and retail electricity provision.</i>

⁶ The SDG7 Global Tracking Framework distinguishes five tiers of energy access, from tier 1 (very basic access, some lighting and phone charging for few hours a day) to tier 5 (full access to modern energy services 24/7). See https://trackingsdg7.esmap.org/data/files/download-documents/tracking_sdg7-the_energy_progress_report_full_report.pdf

DAC 5	CRS Codes	Voluntary codes	Description	Clarifications
	23181		Energy education/training	All levels of training not included elsewhere.
	23182		Energy research	Including general inventories, surveys.
	23183		Energy conservation and demand-side efficiency	All projects in Support for of energy demand reduction, e.g. building and industry upgrades, smart grids, metering and tariffs. Also includes efficient cook stoves and biogas projects.
232			Energy generation, renewable sources	
	23210		Energy generation, renewable sources – multiple technologies	Renewable energy generation programmes that cannot be attributed to one single technology (codes 23220 through 23270 below). Fuelwood/charcoal production should be included under forestry 31261.
	23220		Hydro-electric power plants	Including energy generating river barges.
	23230		Solar energy for centralised grids	Including photo-voltaic cells, concentrated solar power systems connected to the main grid and net-metered decentralised solutions. solar thermal applications and solar heating,
	232X1		Solar energy for isolated grids and standalone systems	Solar power generation for isolated mini-grids, solar home systems (including integrated wiring and related appliances), solar lanterns distribution and commercialisation. This code refers to the power generation component only.
	232X2		Solar energy – thermal applications	Solar solutions for heating indoor space and water (except for solar cook stoves 236XX).
	23240		Wind energy	Wind energy for water lifting and electric power generation.
	23250		Marine energy	Including ocean thermal energy conversion, tidal and wave power.
	23260		Geothermal energy	Use of geothermal energy for generating electric power or directly as heat for agriculture, etc.
	23270		Biofuel-fired power plants	Use of solids and liquids produced from biomass for direct power generation. Also includes biogases from anaerobic fermentation (e.g. landfill gas, sewage sludge gas, fermentation of energy crops and manure) and thermal processes (also known as syngas); waste-fired power plants making use of biodegradable municipal waste (household waste and waste from companies and public services that resembles household waste, collected at installations

DAC 5	CRS Codes	Voluntary codes	Description	Clarifications
				specifically designed for their disposal with recovery of combustible liquids, gases or heat). See code 23360 for non-renewable waste-fired power plants.
233			Energy generation, non-renewable sources	
	23310		Energy generation, non-renewable sources – unspecified	Thermal power plants including when energy source cannot be determined; combined gas-coal power plants.
	23320		Coal-fired electric power plants	Thermal electric power plants that use coal as the energy source.
	23330		Oil-fired electric power plants	Thermal electric power plants that use fuel oil or diesel fuel as the energy source.
	23340		Natural gas-fired electric power plants	Electric power plants that are fuelled by natural gas; related feed-in infrastructure (LNG terminals, gasifiers, pipelines to feed the plant).
	23350		Fossil fuel electric power plants with carbon capture and storage (CCS)	Fossil fuel electric power plants employing technologies to capture carbon dioxide emissions. CCS not related to power plants should be included under 41020. CCS activities are not reportable as ODA.
	23360		Non-renewable waste-fired electric power plants	Electric power plants that use non-biodegradable industrial and municipal waste as the energy source.
234			Hybrid energy electric power plants	
	23410		Hybrid energy electric power plants	Electric power plants that make use of both non-renewable and renewable energy sources.
235			Nuclear energy plants	
	23510		Nuclear energy electric power plants and nuclear safety	Includes nuclear safety. See note regarding ODA eligibility of nuclear energy.
236			Heating, cooling and energy distribution	
	23610		Heat plants	Power plants which are designed to produce heat only.

DAC 5	CRS Codes	Voluntary codes	Description	Clarifications
	23620		District heating and cooling	Distribution of heat generated in a centralised location, or delivery of chilled water, for residential and commercial heating or cooling purposes.
	23630		Electric power transmission and distribution (centralised grids)	Grid distribution from power source to end user; transmission lines. Also includes storage of energy to generate power (e.g. pumped hydro, batteries) and the extension of grid access, often to rural areas.
	236XX		Electric power transmission and distribution (isolated mini-grids)	Includes village grids and other electricity distribution technologies to end users that are not connected to the main national grid. Also includes related electricity storage. This code refers to the network infrastructure only.
	23640		Retail gas distribution	Delivery for use by ultimate consumer. Includes urban infrastructure for the delivery of urban gas and LPG cylinder production, distribution and refill. Excludes gas distribution for purposes of electricity generation (23340) and pipelines (32262).
	236XY		Retail distribution of liquid or solid fossil fuels	
	236XZ		Electric mobility infrastructures	Includes electricity or hydrogen recharging stations for private and public transport systems and related infrastructure (except for rail transport 21030).
312			Forestry	
	31261		Fuelwood/charcoal	Sustainable forestry development whose primary purpose is production of fuelwood and charcoal. Further transformation of biomass in biofuels is coded under 321XX.
321			Industry	
	32167		Energy manufacturing	Including gas liquefaction; petroleum refineries, wholesale distribution of fossil fuels. (Use 23640 for retail distribution of gas and 236XY for retail distribution of liquid or solid fossil fuels.)
	321XX		Modern biofuels	Includes biogas, liquid biofuels and pellets for domestic and non-domestic use. Excludes raw fuelwood and charcoal (31261).
	321XY		Clean cooking appliances	Includes manufacturing and distribution of efficient biomass cooking stoves, gasifiers, liquid biofuels

DAC 5	CRS Codes	Voluntary codes	Description	Clarifications
				stoves, solar stoves, gas and biogas stoves, electric stoves.
322			Mineral Resources & Mining	
	32262		Oil and gas (upstream)	Petroleum, natural gas, condensates, liquefied petroleum gas (LPG), liquefied natural gas (LNG); including drilling and production, oil and gas pipelines.

17. The note below, included in the List of CRS purpose codes remains unchanged.

Note:

Extraction of raw materials for energy generation should be included in the mining sector. Energy manufacturing (e.g. gas liquefaction; petroleum refineries) should be included in the industry sector. CCS not related to power generation should be coded as biosphere protection. According to DAC Directives, assistance towards the peaceful use of nuclear energy is reportable as ODA. This includes the construction and decommissioning of nuclear power reactors for civilian power supply, the development or supply of medical isotopes, and food irradiation and other industrial and commercial applications. Nuclear weapons research and other military applications of nuclear technology are excluded. However, it should be noted that in parallel Participants to the OECD Arrangement on Officially Supported Export Credits have banned as of 2009 any “aid support” to finance the construction of new nuclear power plants as well as the modernisation of existing nuclear power plants. This is stipulated in the Nuclear Sector Understanding (see the Arrangement: Annex II/Chapter II/paragraph 7).