
Questions & Answers: Rio Marker Climate and Environment-Related Development Finance Statistics

Following the 1992 Rio Earth Summit, three United Nations' conventions - known as the Rio Conventions – were established on biodiversity, climate change and desertification. These aim to address global environmental challenges and to ensure sustainable development.

The Rio markers were introduced to identify activities targeting the implementation of the Rio conventions. The markers form part of the overall OECD statistical system that monitors official development finance.

➤ *What is a Marker?*

A marker is a variable that is included in a database to filter data according to certain characteristics.

➤ *Why are markers needed?*

Whether an activity covers aspects of environmental sustainability may already be partially identified through data at the sectorial level. However, since activities targeting environmental objectives may cut across a range of sectors, sectorial information alone is not always sufficient. For example, energy efficiency activities occurring in the transport sector would not be identifiable as contributing towards climate change mitigation through the ‘transport’ sector code alone.

➤ *How many markers are there?*

Four Rio markers exist to track activities targeting the Rio convention objectives – two markers for climate change on adaptation and mitigation, one for biodiversity, and one for desertification.

In addition, a fifth marker – the environment marker – also exists to track development finance targeting more local environmental issues.

➤ *Who collects the data?*

The markers are included within the OECD Development Assistance Committee (DAC) database called the Creditor Reporting System (CRS).

DAC data is publically available online and gathers activity-level information on development finance (aid and other resource flows) from providers of development finance to developing countries, together with over 50 fields of descriptive information, such as the project description, the recipient, the sector and the type of financial instrument.

The DAC statistical framework is based on standardised definitions and classifications, which enables robust and comparable data collection across countries. The markers are applied to Official Development Assistance - known as ODA - and more recently to other official flows.

Providers report on markers following rules - including definitions and criteria for eligibility that are agreed upon by all DAC members - to support integrity and consistency in reporting across providers. Providers reporting also periodically goes through quality reviews carried out by the Secretariat to identify possible anomalies. Reviews are then sent back to members for discussion and ultimately improve consistency of reporting in the future. In addition, a joint OECD DAC Environment and development network (ENVIRONET) and DAC Working Party on Development Finance Statistics (WP-STAT) Task Team is working to improve the Rio markers, environment and development finance statistics.

➤ *How do the Rio markers work?*

The Rio markers indicate providers' policy objectives in relation to each activity. For example, the marker for climate change mitigation identifies if reducing greenhouse gas emissions is the principal objective of the activity being reported, if it is a secondary but significant objective; or if the activity does not target climate change mitigation at all.

The markers are descriptive rather than strictly quantitative; they allow for an approximate quantification of the financial flows targeting the objectives of the Rio conventions.

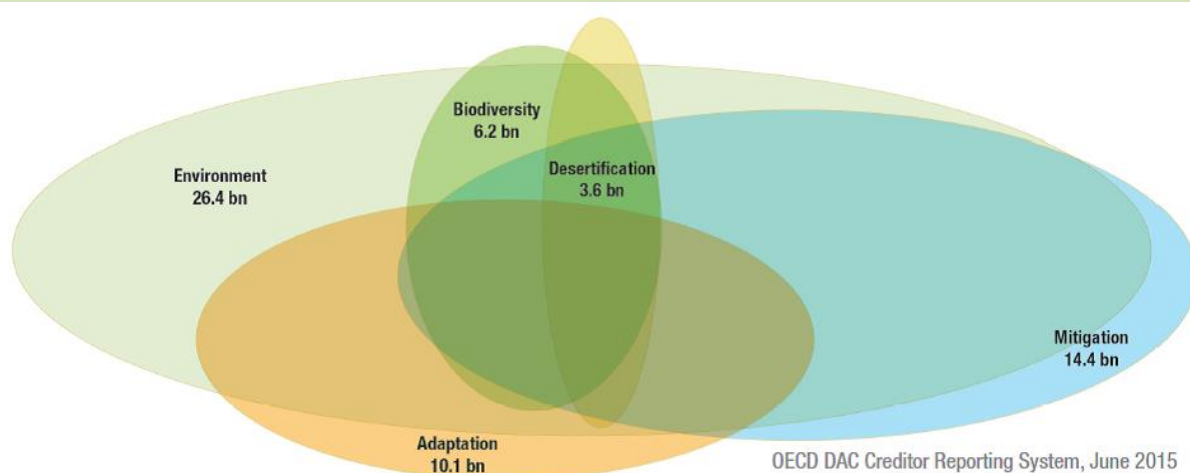
WATCH OUT!

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. An activity may target multiple objectives and can be marked against several Rio markers (e.g. the same activity can target and be marked for climate change mitigation and biodiversity, or for biodiversity and desertification).

While this allows the 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-counting the same activity, separately 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 "treated".

The multiple objectives of environmental development co-operation

3 year annual average, 2011-2013, bilateral commitments, USD billion, constant 2013 prices



Example: “treating the overlap” to avoid double counts!

If preparing statistics combining more than one marker, it is necessary to calculate the overlap between the markers, and to then net out this overlap when calculating the total to avoid double counting.

For example, to calculate total climate-related development finance committed by providers in 2012, you need to:

1. **Download activity-level information** (from the aggregate dataset, it is not possible to isolate the overlap, and adding totals for different markers from the dataset would result in double-counting).
2. **Calculate total development finance to mitigation (a)** by selecting the “mitigation” variable and aggregating finance marked as both significant and principal “i.e. by markers 1 and 2” (Please note data is recommended to be managed through the use of pivot tables and filters). This total includes activities marked for mitigation that are also marked for adaptation.
3. **Calculate total development finance to adaptation (b)** by selecting the “adaptation” variable and ticking “1,2”. This total includes activities marked for adaptation that are also marked for mitigation.
4. **Calculate total development finance targeting mitigation and adaptation simultaneously (c)** by selecting the “mitigation” variable AND the “adaptation” variable and ticking “1,2” for each
5. **Calculate total development finance to climate** as (a) plus (b) minus (c)

Total development finance to climate = (a) plus (b) minus (c)

	Mitigation (a)	Adaptation (b)	Overlap (c)	Total climate (a+b-c)
Australia	373.1	561.7	313.7	621.2
Austria	15.0	12.0	2.9	24.1
Belgium	69.5	88.0	41.4	116.2
Canada	381.6	524.1	337.1	568.6

Commitments, USD million, 2012, current prices

➤ *Why do Rio markers provide only an approximate quantification of financial flows?*

In DAC statistics, markers indicate providers' policy objectives in relation to each development co-operation activity, providing a descriptive assessment of whether each activity targets environmental issues as a principal or significant objective. The marker methodology is not applied on a strictly quantitative basis to identify or assign a climate-specific project share or component.

Instead, the Rio marker data reflect the full amount reported against the activity by the provider, both for the principal and significant objectives. DAC statistical presentations show the figures for principal and significant separately, with the sum referred to as the "upper bound" estimate, whilst a "lower bound" is represented by activities which target environmental issues as a principal objective only.

The current marker methodology recognises that it is not always logical to separate a project into different components. The data track the extent to which development co-operation portfolios are being "greened", so as to assess progress on the extent to which environmental considerations are being integrated and mainstreamed into development practice.

➤ *Does the DAC track disbursements?*

The DAC Statistical Reporting Directives currently advise that statistical presentations on policy markers, including Rio markers, are based on commitment data (see Statistical reporting Directives Box 5). This is explained on the basis that policy markers identify a provider's policy objectives which can be best assessed at the design stage of projects, hence applied to commitments. Rio marked commitment data have been made publically available online for a number of years¹ through the general CRS online database.

Policy marker data on a disbursement basis could be interesting from a recipient perspective, to analyse resources flowing into a country in a specific year.

The CRS captures activity-level data on both commitments and disbursements, but to date Rio marker data on disbursements is incomplete.

As of December 2014, 16 members have confirmed the completeness of their disbursement data, and the DAC is currently working with its members to improve reporting.

¹ Since 1998 for climate mitigation, biodiversity and desertification, and since 2010 for adaptation.