



Climate finance: OECD DAC reporting framework

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Outline of the presentation:

- Overview of resource flows covered in OECD DAC statistics
- Financing in support of climate change mitigation and adaptation
 - Rio markers
 - Multilateral flows
- Pertinence of the data to MRV of climate finance

Overview of resource flows covered in OECD DAC statistics (1)

Flows from countries

	Concessional	Non-concessional
Official	Official development assistance (ODA) --grants --concessional loans	Other official flows (OOF) --non-concessional loans (e.g. by DFIs) --investment-related transactions --export-related transactions
Private	NGO, foundation and other charitable flows	Private flows at market terms --FDI and portfolio investment --export credits --bonds

Overview of resource flows covered in OECD DAC statistics (2)

Flows from multilateral agencies

Multilateral agencies active in development	Concessional	Non-concessional
MDBs		
World Bank Group	IDA grants and loans	IBRD loans, IFC loans and investments
Regional Development Banks Arab Institutions	AfDF grants & loans IsDB loans ...	AfDB loans IsDB non-concessional ...
United Nations agencies, funds or commissions	IFAD grants and loans UNDP, IAEA TC Fund...	IFAD non-concessional
European Union	EDF, DCI (EU budget), EIB (subsidised)	EIB (unsubsidised)
Other multilateral institutions	GEF, Montreal Protocol, Nordic Development Fund...	



Overview of resource flows covered in OECD DAC statistics (3)

Flows from foundations

- Bill and Melinda Gates Foundation (first data submission on 2009 flows)



Financing in support of climate change mitigation and adaptation (1)

Data availability at present:

- Bilateral ODA for climate change mitigation (data as from 1998)

Work in progress:

- Bilateral ODA for climate change adaptation (first data on 2010 flows)
- Bilateral non-ODA developmental flows for climate change mitigation and adaptation (decision to expand the Rio marker coverage in June 2011)
- Multilateral ODA for mitigation and adaptation (donors' contributions to specific multilateral climate funds; estimates for multi-purpose agencies)

Financing in support of climate change mitigation and adaptation (2)

Future prospects:

- Improve sectoral data to identify officially supported export credits that could potentially mitigate climate change
- Clarify definitions of various categories of private flows
- Introduce possible new statistical categories for official sector interventions that leverage private finance for climate change mitigation and adaptation

*** *Workshop to advance reflection on private finance
(OECD, 10 Nov 2011)*

The OECD DAC system for measuring climate-change-related ODA and OOF: “Rio markers” (1)

Marker system

- Members of the Development Assistance Committee (DAC) report their aid activities to the OECD Creditor Reporting System (CRS) database.
- Donors are requested to indicate for each aid activity whether or not it targets climate change mitigation or adaptation as a principal or significant objective.

*** *Workshop on the Rio markers – methodology and data uses
(21 September)*

Rio markers (2)

Data series

- Data for years **1998-2006** were obtained on a **trial basis**: pilot data collection in 2002, followed by a trial period.
- Reporting became **mandatory starting with 2007 flows**: at the end of the trial period, the DAC Working Party on Statistics approved the inclusion of the Rio markers as permanent items of the CRS data collection system.
- **Data series are available for 1998-2009**: while there are some gaps, the coverage of reporting has improved regularly. Only Luxembourg did not report on Rio markers for 2009 flows.

Rio markers (3)

Definitions

- **Aid in support of climate change mitigation**

is defined as activities that contribute 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. (*Article 2 of the UNFCCC*)

- **Aid in support of climate change adaptation**

is defined as activities that aim to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience.

Rio markers (4)

Definitions (cont'd)

- **Criteria for eligibility, examples, and key features of the Conventions** are also provided in the CRS reporting directives, to ensure common understanding of the definition among reporters.
- This material was developed in close collaboration between the DAC Working Party on Statistics, the DAC Network on Environment and Development Co-operation and the UNFCCC Secretariat.

Rio markers (5)

Scoring system

- 0** Not targeted
- 1** Significant objective
- 2** Principal objective

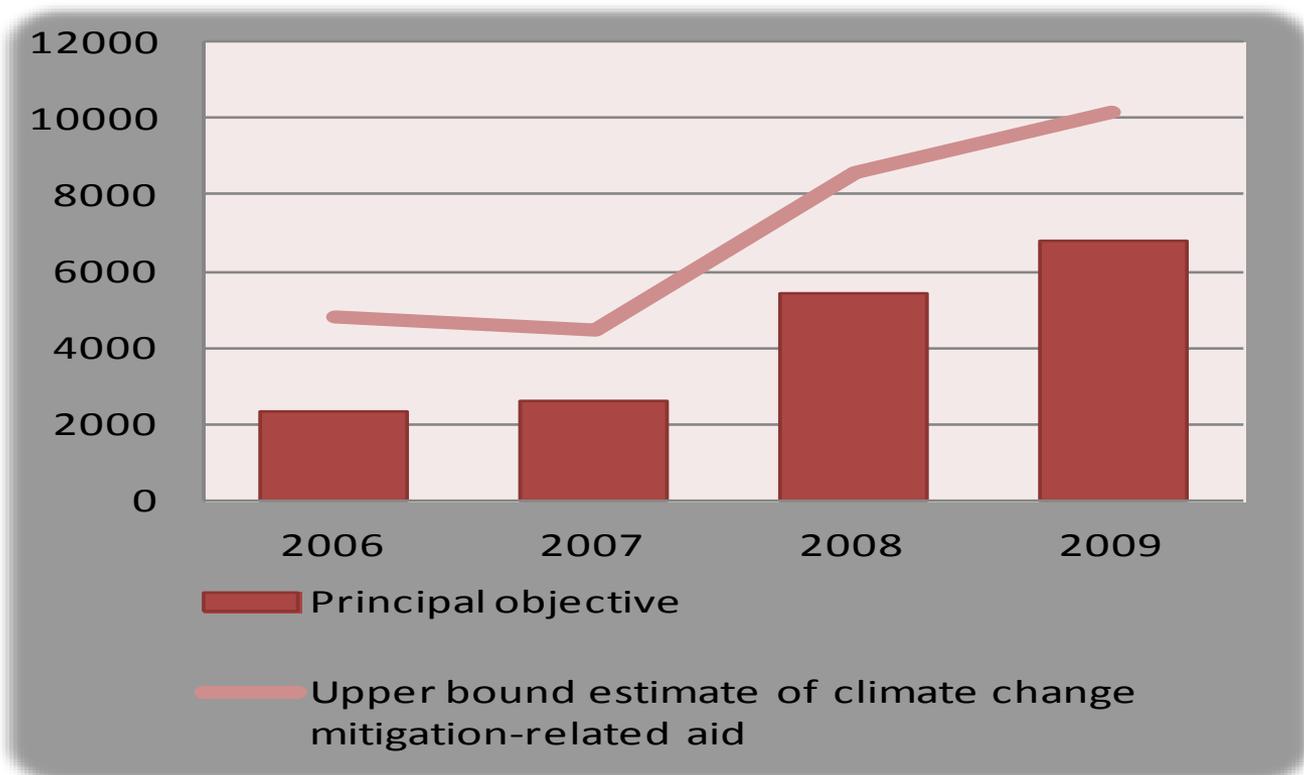
2 = Specifically directed to climate change mitigation or adaptation

1+2 = Upper bound estimate of climate-change-related aid

Rio markers (6)

Illustration

Trends in climate change mitigation-related aid





Multilateral flows

- The Rio markers are applicable to bilateral contributions only. However, data on multilateral ODA to **specific climate funds** (e.g. GEF-SCCF) can be identified through “channels of delivery”.
- With regard to contributions to **agencies active in all sectors**, possibility of calculating “imputed amounts” based on the agencies’ reporting on their outflows.
 - IDA and IBRD
 - Other MDBs



Pertinence of the data to MRV of climate finance (1)

- One of original aims of the Rio markers was to facilitate the compilation of national communications.
 - UNCCD
 - UNCBD
 - The climate markers were established in close collaboration with the Secretariat of the UNFCCC.



Pertinence of the data to MRV of climate finance (2)

Advantages

- OECD DAC/CRS: authoritative source for internationally comparable statistics on aid flows
- The CRS is the most comprehensive dataset on climate-change-related aid today. It is a “ good basis on which to build ”.
- Common reporting rules and standards ensure data **homogeneity and comparability** at the international level.



Pertinence of the data to MRV of climate finance (3)

Advantages (cont'd)

- Quality reviews
 - Special quality review of Rio marker data undertaken in 2009
 - Verification of data on 2008-09 flows (WP-STAT June 2011)
 - Close screening of data on 2010 flows (first reporting on adaptation marker)
- Rio marker definitions adopted by other institutions



Pertinence of the data to MRV of climate finance (4)

Challenges

- Markers indicate donors' policy objectives in relation to each aid activity. They allow an **approximate quantification** of aid flows that target climate objectives.
- Capacity building support is included but not separately identifiable.
- DAC system well suited to measure performance against long-term benchmark but not for tracking performance against the Fast Start Finance commitments
- Definitional and coverage issues in Copenhagen Accord not resolved.



For discussion: advantages vs. challenges

Can DAC statistics support UNFCCC processes?

improve reporting on financial, technology and capacity building support to developing country Parties?

help to ensure the information provided in national communications from developed countries is complete, comparable, transparent and accurate?

enhance guidelines (“common reporting formats”, “methodologies for finance”)?

For more information

Methods and data are available on the DAC
website at

www.oecd.org/dac/stats/rioconventions