How Do Development Agencies Support Climate Action?

Rachael Calleja

Abstract

This paper explores how development agencies are integrating climate action into development portfolios in response to calls to scale-up climate engagements in alignment with both the Sustainable Development Goals and the Paris Agreement. Using data compiled on all 30 members of the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC), this paper maps and analyzes trends in both the scale and usage of official development assistance allocated to support climate activities and the tools and approaches used to integrate climate across development activities. This paper shows that while climate has become a key priority for development agencies, there remains scope for deepening integration by improving monitoring and reporting of climate and development results, integrating climate considerations across the life cycle of projects, and searching for complementarities across agencies.

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Executive summary

Climate change will have very serious implications for all countries, but particularly for the poorest. Some of the world's least developed countries have barely contributed to global emissions and yet, they will be the most impacted from climate change. In 2009, developed nations committed to mobilizing $100 billion per year for climate related activities in developing countries by 2020; this pledge was reaffirmed as part of the Paris Agreement in 2015, when all countries agreed to make financial flows "consistent with a pathway towards low greenhouse gas emissions and climate-resilient development."[1] For development agencies, meeting this objective implies considering climate across activities, beyond those with climate-specific priorities. In other words, to align development cooperation with the climate agenda, and specifically the Paris Agreement, providers are being called to integrate climate objectives across portfolios.

This paper explores how development agencies are responding to global calls through supporting, and integrating, climate action into their development activities. Using quantitative and qualitative data compiled on all 30 members of the Organization for Economic Cooperation and Development's Development Assistance Committee (OECD-DAC), this paper maps and analyzes key trends in both the scale and usage of official development assistance (ODA) allocated to support climate activities and the tools and approaches used to integrate climate across development portfolios.

Trends in allocations of concessional climate-related development finance

In 2018, total climate finance was assessed to be at $78.9 billion.[2] While climate finance is intended to be "new and additional," no agreed method exists for assessing this and governments have taken different and inconsistent approaches. Indeed, this paper finds that 13 of the 24 providers assessed still use an interpretation where any annual amount is additional. As the progress against the $100bn target is updated by the UNFCCC, **governments will need to ensure a clearer definition of any measure and of the baseline for any future climate spending target (recommendation 1).**

In 2018, OECD-DAC development agencies recorded commitments of some $40 billion as concessional climate-related development finance, equivalent to around 23 percent of total ODA from DAC members and almost double the figure of $22bn in 2012. Concessional climate-related development finance from DAC members is predominantly focused on mitigation despite international commitments to an "even split" between objectives as part of the Paris Agreement. If providers intend to meet the even split commitment, then they

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[1] United Nations Framework Convention on Climate Change, *Paris Agreement* (New York: UNFCCC, 2015). Available at: https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf

[2] OECD, Climate Finance Provided and Mobilised by Developed Countries in 2013–18, (Paris: OECD, 2020).

should consider scaling-up engagement for adaptation when aligned with partner priorities and plans (recommendation 2).

Climate integration across development policies and programmes

Development agencies are increasingly prioritizing and integrating climate objectives into and across their development programmes. A review of DAC-provider policies, approaches and practices showed that almost all DAC members include climate action as an explicit objective or priority of their development cooperation. Additionally, most providers have targets to increase their climate funding, and at least seven have established a dedicated funding mechanism for allocating climate-related development finance, often in collaboration with environmental ministries.

However, the evidence base and results reporting from climate-related development finance needs to be improved. Transparency and reporting on results achieved from climate-related ODA investments is currently limited, as methodologies and capacities for monitoring climate and development results remain at an early stage. At a minimum, **providers should work to invest in scaling-up this capacity in order to meaningfully monitor the performance of climate-related ODA, and to support long-term learning and effectiveness (recommendation 3)**. Providers could consider collaborating to develop common approaches to reporting climate-related development impacts, which could allow for more comparable metrics and evidence base over the longer term.

To understand how providers mainstream climate objectives across all development activities—beyond those with an explicit climate focus—this review examined the guidance and policies used by agencies to integrate climate objectives across development portfolios. The review showed that most providers already have tools in place to integrate climate objectives across their development portfolios, most of which are focused on screening activities to ensure that development efforts "do no harm" to global climate. While **all development agencies should have guidance for screening activities for climate impacts to ensure that spending is aligned with the Paris Agreement (recommendation 4),** to deepen climate mainstreaming, agencies should also integrate climate across the life cycle of projects or programmes, including through implementation, monitoring, and final evaluations.

Beyond ODA approaches to integrating climate objectives

This report includes a brief look at policy support for climate and international development beyond ODA. While the report identified some early efforts to integrate climate across foreign policies including migration, trade and security, there remains room for improvement. To ensure that the range of foreign engagements support, rather than undermine, climate action, **provider governments should work to strengthen and formalize approaches to climate to ensure that climate objectives are supported across foreign (and domestic) policy engagements (recommendation 5).**

Similarly, **provider governments should leverage complementarities across agencies to support climate-related development outcomes (recommendation 6)**. Providers have a range of flows, instruments and tools available to support climate-related action. Leveraging the resources available across governments could ensure that the actions taken by different agencies are pulling in the same direction and working to strengthen outcomes.

Conclusion

Development agencies are now playing a significant role in the efforts to combat climate change. As their role grows, they will need to: collectively develop stronger systems for measuring and reporting their climate spend and impact; work with partners to understand climate vulnerabilities and priorities; ensure their non-climate spend takes the right opportunities to mitigate and support adaptation to climate impacts; and use approaches beyond ODA in climate action which address and keep in mind providers own role in emissions.

1. Introduction

Climate change poses heightened risks to the eradication of poverty, reduction of global inequalities and the achievement of the Sustainable Development Goals.[3] The interlinkages between climate and development are well-known—poor and vulnerable populations will be disproportionately affected by climate change due to a combination of vulnerable geography and less ability to cope and respond to acute shocks. As a result, climate change not only makes it harder for vulnerable populations to move out of poverty, but rising temperatures also threaten to undermine past developmental progress and could push an additional 100 million people into extreme poverty by 2030.[4] If left unchecked, by 2050, 143 million people in three regions (Latin America, South Asia, and Sub-Saharan Africa) could be forced to move within their countries to escape the onset of climate change.[5]

For development agencies, the connections between climate and development are not new; many have been pledging to contribute "additional" resources for environmental and climate protections since the 1970s.[6] Over time, renewed calls for climate action—often accompanied by funding commitments of increasing scale and scope—have reflected the growing urgency of the challenge. Most recently, climate action has not only featured as a core objective of the Sustainable Development Goals (SDG)—as SDG 13—but also underlies the 2015 Paris Agreement, which reaffirmed the global commitment to mobilize $100 billion per year for climate related activities in developing countries by 2020 and beyond.[7]

Alongside these financial commitments, the Paris Agreement broke new ground by including, for the first time, a long-term objective stating that all financial flows should be made consistent with, and should not undermine, climate action (Article 2.c).[8] For development agencies, this objective has clear implications—it frames climate action as an aim to be pursued by activities beyond those with climate-specific priorities. In other words, to align development cooperation with the climate agenda, and specifically the Paris

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[3] J. Roy, P. Tschakert, H. Waisman, et al. 'Sustainable Development, Poverty Eradication and Reducing Inequalities'. In V. Masson-Delmotte, P. Zhai, H.-O. Pörtner et al (Eds) *Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty* (Geneva: Intergovernmental Panel on Climate Change, 2018).

[4] Stephane Hallegatte et al., *Shock Waves: Managing the Impacts of Climate Change on Poverty* (Washington, DC: World Bank, 2015).

[5] Rigaud, Kanta Kumari, de Sherbinin, Alex, Jones, et al. *Groundswell: Preparing for Internal Climate Migration*, (Washington, DC: World Bank, 2018).

[6] Roberts, J.T. et al., "Has Foreign Aid Been Greened?," *Environment: Science and Policy for Sustainable Development* 51, no. 1 (2009): 10.

[7] United Nations, "Sustainable Development Goals," https://sustainabledevelopment.un.org/?menu=1300; United Nations Framework Convention on Climate Change, *Paris Agreement* (New York: UNFCCC, 2015).

[8] Shelagh Whitley et al., *Making finance consistent with climate goals: insights for operationalising Article 2.1c of the UNFCCC Paris Agreement* (London: Overseas Development Institute, 2018); Organisation for Economic Cooperation and Development, The Only Way Forward: Aligning Development Co-operation and Climate Action (Paris: OECD, 2019).

Agreement, providers are being called to integrate climate objectives across portfolios alongside efforts to scale-up climate finance.

This paper explores *how* development agencies are responding to global calls through supporting, and integrating, climate action into their development activities. Using quantitative and qualitative data compiled on all 30 members of the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC), this paper maps and analyzes key trends in both the scale and usage of official development assistance (ODA) allocated to support climate objectives, and the tools and approaches used to integrate climate across development activities.[9] As such, the scope of this paper takes ODA budgets and portfolios as a starting point, and examines trends in climate-related development finance (i.e. ODA tagged as being climate-related using the Rio Marker methodology) and approaches to accounting for climate risks across non-climate development programming (i.e. development projects that are not specifically climate-related). The ultimate aim of this paper is to provide a snapshot of the ways that providers are integrating climate objectives across development programs, in order to provide a basis for comparison of the approaches used and for identifying potential lessons for development agencies.

This paper is structured in seven main parts. The next section (Section 2) provides a brief history of climate-related development finance commitments, highlighting the current pledges and agreements that development agencies are called to support. Section 3 uses data on climate-related development finance to identify key trends in concessional spending on climate across providers. Section 4 reviews policy documents to map the key instruments and methods used to integrate climate across development objectives. Section 5 briefly explores early efforts to integrate climate action across beyond ODA engagement while Section 6 summarizes and compares the approaches taken by providers. Lastly, Section 7 outlines six recommendations arising from the analysis.

2. Why spend concessional resources on climate action?

Development cooperation providers have been responding to calls to support climate action as part of their development engagement for almost five decades. As early as 1972, the Stockholm Declaration—the outcome document from the international community's first major conference on the toll of human development on the environment—highlighted the need for strategic action for environmental protection, including through the transfer of "additional international technical and financial assistance" to developing countries.[10] Such transfers were seen as fundamental, not only to ensure that sufficient resources were made

[9] The scope of this analysis is limited to bilateral members of the OECD-DAC on the basis that most DAC members are Annex II parties of the UNFCCC and are therefore primarily responsible for providing climate finance and action in alignment with global commitments.

[10] United Nations, *Stockholm Declaration* (Stockholm: United Nations, 1972); Roberts et al., "Has Foreign Aid Been Greened."

available to support environmental action, but also to securing a global agreement in the first instance. In the lead-up to the Stockholm conference, the position of many developing countries was that they should not have to bear the costs of cleaning up environmental damage caused by industrialization, which primarily benefitted the developed countries, nor should their own growth be limited by environmental considerations arising from such damage.[11] The resulting message was clear: if the Global North wanted the South to advance environmental protections, then they would have to provide the financial resources to enable environmentally conscious development.[12]

That such resources should be provided in addition to, rather than as a substitute for, pre-existing development cooperation was also acknowledged early in the climate finance discussions. Concern that increased international attention on climate action in developing countries could re-direct cooperation away from other developmental priorities was captured in the 1992 United Nations Framework Convention on Climate Change (UNFCCC), which noted a commitment by OECD-DAC providers (Annex II countries) to "provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations" under the agreement.[13] While a single definition of "new and additional" in climate finance has never been achieved (see Box 1), the concept has remained relevant to discussions on concessional climate finance .

[11] Karin Mickelson, "The Stockholm Conference and the Creation of the South-North Divide in International Environmental Law and Policy," in *International Environmental Law and the Global South,* ed. Shawkat Alam et al. (New York: Cambridge University Press, 2015); Roberts et al., "Has Foreign Aid Been Greened."
[12] Mickelson, "The Stockholm Conference and the Creation of the South-North Divide in International Environmental Law and Policy."
[13] United Nations, United Nations Framework Convention on Climate Change (New York: United Nations, 1992).

Box 1. Current definitions of "new and additional" climate finance

Provider governments continue to adopt a range of definitions of "new and additional" climate finance. A review of the fourth iteration of the UNFCCC Biennial Reports (most recent) across providers showed that four main definitions are currently used by DAC members:

1. **Above 0.7 percent:** climate finance is new and additional when above the 0.7 percent ODA/GNI spending target. This definition is used by three providers.

2. **Above growing ODA:** spending is considered new and additional when allocated alongside a growing ODA budget, indicating that climate finance is not substituting for traditional ODA spending. This definition is used by four providers.

3. **Above historic:** funding is new and additional when climate commitments are higher than a previous effort, typically from a defined baseline. This definition is used by four providers.

4. **Annual additional:** funding is new and additional in each year based on the understanding that annual appropriations are "new" to that years' budget. This definition is used by 13 providers.

A full list of the definitions used by each DAC provider is available in Annex 1. Six providers do not report definitions of "new and additional" flows in their UNFCCC reporting documents. These providers tend to be newer OECD-DAC members, which are not considered UNFCCC Annex II providers and are not obliged to report on how "new and additional" climate finance is defined. Annex II membership is based on OECD membership in 1992 and does not include several countries that have since joined the DAC (such as Czech Republic, Hungary, Korea, Poland, Slovenia, and Slovakia). In the 2018 Biennial Reporting Round, the USA did not submit a report (having announced intentions to withdraw from the Paris Agreement in 2017). As a result, the definition of "new and additional" provided by the USA in the latest biennial report it submitted (2nd round) is used instead.

2.1 Current commitments to international climate finance

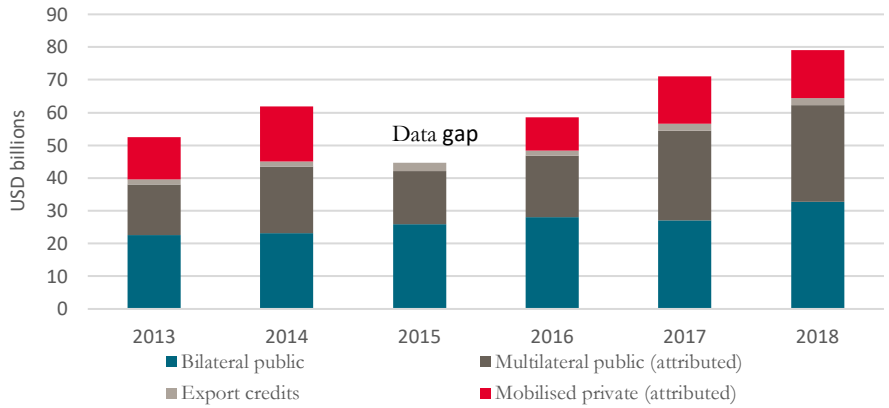
In 2015, the international community re-affirmed a commitment to mobilizing $100 billion in climate finance annually by 2020, as part of the Paris Agreement. The target initially emerged from the 15th Conference of Parties (COP) meeting in Copenhagen in 2009, when OECD-DAC members pledged to provide "new and additional, predictable and adequate funding" for climate mitigation and adaptation activities in developing countries to a value of $30 billion between 2010–2012, increasing to $100 billion per year by 2020.[14] Crucially, the Paris Agreement both extends the target to 2025 and considers the $100 billion target as a "floor," with the expectation that climate finance will reach, if not exceed, this base from

[14] United Nations Framework Convention on Climate Change, "Report of the Conference of the Parties on its fifteenth session, held in Copenhagen from 7 to 19 December 2009: Addendum" https://unfccc.int/sites/default/files/resource/docs/2009/cop15/eng/11a01.pdf

2020 onwards.[15] Such funding is intended to support "a balance between adaptation and mitigation" objectives based on partner country needs and is expected to be funded from a range of sources, including public and private sector actors. [16]

In recent years, the international community has made progress towards this target, although it has not yet been reached. Data on progress towards the Paris Agreement spending target is captured by the UNFCCC and used in figures on climate finance mobilization presented by the OECD. According to the latest figures available, as of 2018, $79 billion had been mobilized as climate finance from all sources, up 11 percent over the prior year.[17] While time lags in climate spending data make it difficult to capture a more current picture of climate spending, current analysis shows that climate finance is broadly increasing, despite annual variability (see Figure 1).

Figure 1. Climate Finance provided and mobilised by developed countries



Source: Reproduction of table included in the OECD's Climate Finance Provided and Mobilised by Developed Countries in 2013–18, p. 14.

Note: OECD source notes that 2015 data gap is "due to the progressive implementation of enhanced measurement methodologies" which mean that grand totals over time are not directly comparable. For more, see OECD, Climate Finance Provided and Mobilised by Developed Countries in 2013–17.

[15] UNFCCC, *Paris Agreement*.

[16] UNFCCC, *Paris Agreement*.

[17] OECD, *Climate Finance Provided and Mobilised by Developed Countries in 2013–18* (Paris: OECD, 2020), 6. Analysis from the UNFCCC shows similar levels of international climate finance. However, the UNFCCC reports broader climate finance contributions, beyond the spending target for Annex II countries. In 2015, (latest available) the UNFCC reported that total climate finance was valued at $681 billion, most of which was from private investment. See UNFCCC Standing Committee on Finance (pg. 6) available at: https://unfccc.int/sites/default/files/resource/2018%20BA%20Technical%20Report%20Final.pdf

3. Mapping concessional climate-related development finance across development agencies

This section analyses climate-related development finance data across all OECD-DAC providers to identify how much providers allocate as concessional climate-related development finance, for what purposes, and where. Doing so allows us to highlight differences in the climate-focus of development agencies' portfolios, as well as general trends related to climate-related development spending from DAC providers. The analysis presented in this section draws on data from the OECD's Climate-related Development Finance dataset (provider perspective, unless stated otherwise), which compiles figures on climate-related development finance on a commitment basis. The dataset covers all OECD-DAC providers and distinguishes between concessional climate-related development finance, other official flows (OOFs), as well as private financing reported to the DAC. Specifically, concessional climate-related development finance figures are calculated using the Rio Markers for bilateral flows, which monitor development finance targeted to the objectives of the Rio Convention including for climate change, and imputed contributions to multilateral agencies.[18]

While the analysis that follows aims to provide a full picture of concessional climate-related development finance across development cooperation providers, there are a few important caveats worth noting:

1. **This analysis does not attempt to identify "new and additional" climate-related development finance.** Despite calls for climate finance to be "new and additional" to other development spending, the absence of global consensus around the definition of additionality makes it impossible to measure consistently across providers.[19] This means that the data presented in this analysis captures *all* concessional climate-related development finance as measured through the Rio Makers and imputed multilateral methodology used by the OECD, not necessarily all of which could be considered "new and additional" to other development spending.

2. **This analysis focuses on climate-related development spending, not international climate finance.** The scope of this exercise is primarily focused on exploring trends in ODA that has been marked as addressing climate-related

[18] A full description of the methodology used by the OECD to compile this dataset is available at: OECD, *Climate-related Development Finance Data* (Paris: OECD, 2018), retrieved from: http://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/Climate-related-development-finance-in-2018.pdf

[19] Jessica Brown et al., "Climate finance additionality: emerging definitions and their implications," *Climate Finance Policy Brief No. 2* (Berlin and London: Heinrich Boll Stiftung and Overseas Development Institute, 2010); Martin Stadelmann et al., "New and additional to what? Options for baselines to assess 'new and additional' climate finance," *Climate and Development* 3 no.3 (2011): 175–192; T.J. Roberts et al., "Copenhagen's climate finance promise: six key questions," *International Institute for Environment and Development Briefing* Paper, 2010; Martin Stadelmann et al., "Baseline for trust: defining 'new and additional' climate funding," *International Institute for Environment and Development Briefing* Paper, 2010.

objectives using the Rio Marker method, rather than accounting for international climate finance efforts more broadly. International climate finance includes types of international finance beyond ODA (such as non-concessional finance and mobilized private finance) that are allocated to developing countries in support of climate objectives, and which are beyond the scope of this analysis. Figures on international climate finance—which aim towards the $100 billion target—are reported through the UNFCCC and compiled by the OECD in its report on *Climate Finance Provided and Mobilised by Developed Countries in 2013–2018* (latest available). By contrast, climate-related development finance refers to spending that has been tagged as targeting climate objectives using the Rio Markers or multilateral climate component methodology and is reported by providers to the OECD. Climate-related development finance ultimately highlights the degree to which development activities also support climate objectives.

3. **Rio Markers are intended to be a mainstreaming tool. Using them to assess levels of climate-related development spending has limitations.** The Rio Markers are a mainstreaming tool used to code development activities reported to the OECD's Creditor Reporting System on the degree to which activities are intended to support climate-related development purposes. For each development activity, providers indicate if the activity targets key climate objectives of mitigation and adaptation. Activities are deemed to have a "principal" climate objective when climate change mitigation or adaptation "is explicitly stated as fundamental in the design of, or the motivation for, the activity," and a "significant" objective when climate mitigation or adaptation is stated but is not the primary reason for undertaking the activity. The upshot of this is that for spending marked as "significant," while only a portion of the total project cost is likely intended to support climate objectives, the Rio Marker method tags the entire project cost for climate-relevance.[20] This means that a simple sum of climate-related development programming using the Rio Markers captures the total value of projects with some climate focus, rather than the portion of project costs that align with the climate-related spend, and could lead to an overestimate of the amount finance intended to support climate objectives. A fuller discussion of how this issue is addressed in UNFCCC reporting is available in Box 2.

More broadly, several studies have highlighted challenges with the Rio Marker system, including that the self-reported nature of the data makes it prone to overestimations.[21] One study found that of the $10.1 billion of bilateral ODA tagged as being related to adaptation in 2012, only $2.4 billion "appeared to be genuinely adaptation related." Issues related to

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[20] Romain Weikmans and J. Timmons Roberts, "The International climate finance accounting muddle: is there hope on the horizon?," *Climate and Development* 11 no. 2, 2019: 97–111.

[21] Romain Weikmans et al., "Assessing the credibility of how climate adaptation aid projects are categorized," *Development in Practice* 24, 4 (2019): 458–471; Romain Weikmans and J. Timmons Roberts, "The International climate finance accounting muddle: is there hope on the horizon?," *Climate and Development* 11 no. 2, 2019: 97–111.

human error, broad definitions of adaptation, and political incentives to "over-report" using the Rio Markers have all been identified as potential sources of the challenge.[22]

4. **"Concessional and developmental" spending, as defined in the dataset, is not wholly equivalent to ODA.** The OECD's Climate Finance dataset (using data reported from a "provider perspective") measures "concessional and developmental" flows across providers, drawing data primarily from bilateral ODA reporting against the Rio Markers and multilateral commitments. While this spending closely resembles ODA, the dataset includes climate-related spending from multilateral development banks, which have a different method of reporting climate components to the OECD..

5. **Data presented for Luxembourg is likely an underestimate of its climate-related development finance.** Unlike other providers, Luxembourg treats its international climate finance as "additional" to ODA.[23] As such, Luxembourg's international climate finance, which focuses on least-developed countries and small island developing states is allocated through the Climate and Energy Fund of the Luxembourg government. Seeing as this fund is "additional" to ODA, these flows are not captured in the OECD's Creditor Reporting System and are not included in the analysis below. As a result, any figures presented for Luxembourg should be considered an underestimate.

[22] Lisa Junghans and Sven Harmeling. "Different tales from different countries, a first assessment of the OECD 'Adaptation Marker'." *Germanwatch Briefing Paper.* Bonn: Germanwatch, 2016. Accessed from: https://germanwatch.org/sites/germanwatch.org/files/publication/7083.pdf

[23] UNEP Finance Initiative, *Luxembourg Sustainable Development Roadmap,* available at: https://gouvernement.lu/dam-assets/documents/actualites/2018/10-octobre/04-sustainable-finance/Luxembourg-Sustainable-Finance-Roadmap-WEB.pdf

Box 2. The scope of overestimating "significant" climate-related spending

When reporting to the UNFCCC on international climate finance, DAC providers select the coefficient applied to concessional climate finance marked as "significant," which determines the share of the project value recorded as a contribution to climate finance under the Rio Marker methodology. Table 1 below, summarizes the coefficients used by DAC providers on "significant" spend (a full summary of the coefficients used, by provider, is available in Annex 2). Broadly, these coefficients range from 30 percent (used by 3 providers) to 100 percent (used by 7 providers), while the bulk of actors (11/21) opt for values around 40–50 percent. Other providers not listed—including Belgium, Finland, Japan, Switzerland the UK and US—use own approaches or a range of coefficients based on the most relevant share of project value attributed to climate-related activities.

Table 1. Coefficients applied to "significant" climate spending by provider

Coefficient value (%)	List of providers using coefficient value
30	Australia, Canada, New Zealand
40	EU Institutions, France, Italy, Netherlands, Norway, Sweden
50	Austria, Denmark, Germany, Ireland, Spain
100	Czech Republic, Greece, Iceland, Luxembourg, Poland, Slovakia, Slovenia

Source: Authors' own compilation based on OECD (2015) and OECD (2019).

The risks of overestimating the value of climate finance are particularly acute when providers count 100 percent of "significant" marked project values as climate related. By definition, projects marked as "significant" under the Rio Markers have only a secondary purpose related to climate, making it unlikely that most or all of the project value is mobilized to support climate outcomes. For large climate providers in particular—such as Japan, which uses a coefficient of either 100 percent or 0 percent for projects—the coefficient used on "significant" climate spend could make a substantive difference to global concessional climate finance reporting. In 2018, for instance, Japan reported around $9.6 billion as concessional climate-related development finance commitments, of which $9 billion was designed as "significant" expenditure. The choice of coefficient used by Japan determines how much of this is counted as climate finance, anywhere from zero if the 0 percent coefficient is applied consistently to $9 billion if the 100 percent coefficient is used in all cases (reality is likely somewhere in between). Even mid-range coefficient values could overstate the actual amount of finance allocated to target objectives, depending on the project—consider a case where 20% of the project value is attributable to climate, yet the coefficient applied is 50 percent. While more work is needed to understand the full extent of the potential overestimation of "significant" marked climate finance, such challenges suggest that the value of concessional climate finance may be lower than reported.

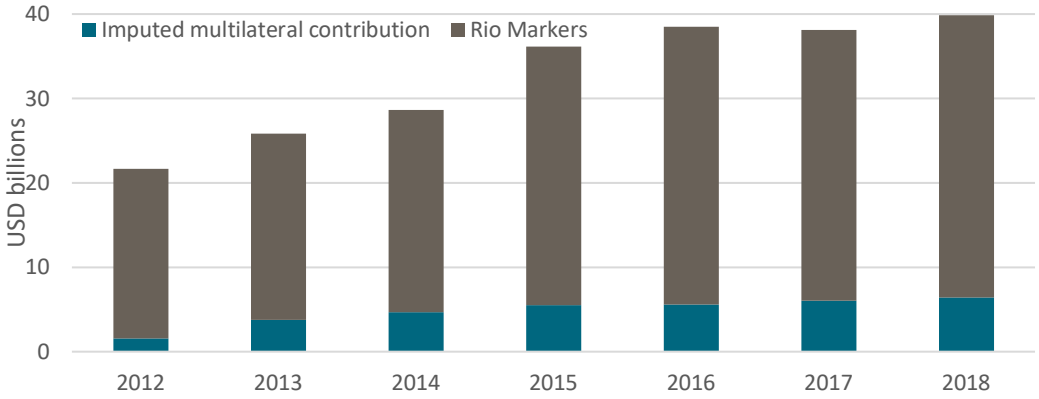
Note: For more on the challenges around climate finance reporting, see Romain Weikmans and J. Timmons Roberts, "The International climate finance accounting muddle: is there hope on the horizon?," *Climate and Development* 11 no. 2, 2019: 97–111.

While this paper takes the current approach to concessional climate-related development finance reporting (as measured using the Rio Markers and presented in the OECD's Climate Finance dataset) as given, this should not be taken as an endorsement of the current system. Yet despite potential challenges, this data remains the best and the most comprehensive source available for comparing concessional climate-related development finance flows across providers and is used on this basis.

3.1 How much ODA is allocated as concessional climate-related development finance and through which channels?

In 2018, OECD-DAC members committed approximately $40 billion as concessional climate-related development finance (including both principal and significant climate spending, bilateral and imputed multilateral contributions), the equivalent of about 23 percent of total aid committed by DAC providers that year.[24] Reported concessional climate-related development commitments have increased over time, almost doubling from $22 billion in 2012 to a recent high in the current year (see Figure 2). This increase occurred in parallel to global calls to scale-up total international climate finance towards the $100 billion spending target.

Figure 2. Climate-related concessional and developmental commitments from DAC providers by channel, 2012–2018



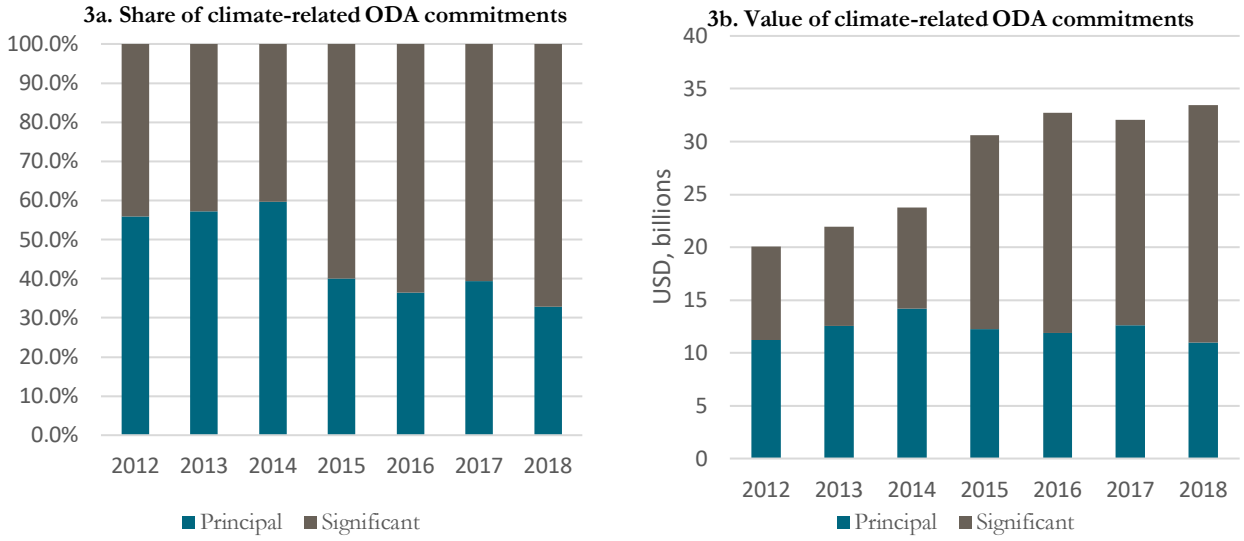
Source: Authors' analysis of OECD's Climate Finance Dataset, provider perspective.

Note: Figures report "concessional and developmental" climate commitments for OECD-DAC members only, and include funding coded with either a "principal" or "significant" climate objective. Figures are reported in constant USD, 2018 prices. OECD data was downloaded on May 29th, 2020. Imputed multilateral contributions represent the climate-related share of each multilaterals' portfolio that can be attributed to bilateral providers based on their core contributions to each agency. For more on the specific methodology, please see the OECD's *Methodological Note on the OECD-DAC Climate-related Development Finance.*

[24] EU Institutions are included in the numerator and denominator of this figure. Figures are based on authors' analysis of total ODA provided by DAC countries and EU Institutions in 2018, taken from the DAC1 table, minus core contributions made to the EU from EU member countries using data from the OECD's Members' use of the Multilateral System Dataset. Core contributions to the EU are subtracted from the total to avoid potential double counting.

Since 2012, most climate finance from OECD-DAC providers has been committed via bilateral spending channels, the majority of which was provided for projects that consider climate a secondary (or "significant") objective. In 2018 around 84 percent—or $33.4 billion—of concessional climate finance was allocated bilaterally, 67 percent of which was committed for "significant" climate activities.[25] Over time, bilateral ODA for climate with a "principal" climate objective has declined considerably as a share of ODA. Since 2012, the share of "principal" climate spending fell from more than half (56 percent) to around one-third (32.9 percent) by 2018 (see Figure 3). In absolute volumes, climate finance from DAC providers with a principal focus on climate remained flat between 2012 and 2018 from $11.2 billion to $10.9 billion in the latest year.[26] The increase in spending marked as "significant" could reflect provider efforts to mainstream climate objectives into a larger portion of their development portfolios.

Figure 3a and 3b. Share and value of DAC providers' bilateral ODA commitments for climate by Rio Marker, 2012–18



Source: Authors' analysis of OECD's Climate Finance Dataset, provider perspective.

Note: Figures report "concessional and developmental" climate commitments for OECD-DAC members only, and include funding coded with either a "principal" or "significant" climate objective. Figures are reported in constant USD, 2018 prices. OECD data was downloaded on May 29th, 2020.

In addition to bilateral climate finance, around 16 percent of climate-related spending from DAC providers is attributed to "imputed multilateral contributions" allocated as core support to climate-oriented vertical funds[27] or via multilateral institutions that engage in

[25] Figures on share of spending by principal and significant objective are based on the author's own calculations using data sourced from the OECD's Climate Finance Dataset, provider perspective, available from: http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/climate-change.htm

[26] Own calculations, figures reported in constant 2018 prices.

[27] A vertical fund is a specialized funding mechanism that pools and allocated resources for a specific thematic priority; the Green Climate Fund, for instance, is a climate-focused vertical fund.

climate-related programming.[28] Between 2016–2018, the International Development Association (IDA) was the largest channel for climate-related spending using the imputed multilateral methodology at an average of $1.9 billion per year (see Table 1). Other large channels for climate-related multilateral spending include the Green Climate Fund and Global Environment Facility Trust Fund, which received an average of $1.7 billion and $0.5 billion per year for climate purposes, respectively.

Table 1. Key data on top five climate multilaterals (imputed contributions methodology)

Agency	Amount (3-year average 2016–2018)	Genesis (climate verticals only)	Imputed methodology coefficient
International Development Association	$1.9 billion	NA	25%
Green Climate Fund	$1.7 billion	Established during COP-15 in Copenhagen in 2009 to support progress towards climate scale-up	100%
Global Environment Facility	$0.5 billion	Established in lead-up to 1992 Rio Convention to support climate financing	66%
Asian Infrastructure Investment Bank	$0.44 billion	NA	39%
African Development Fund	$0.41 billion	NA	28%

Source: Authors' own compilation. Amount data taken from the OECD's Climate Finance Dataset, provider perspective, and represents imputed multilateral contributions. Imputed multilateral shares computed by the OECD; methodology and full list of coefficients are available at the OECD's Climate Finance website at: http://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/climate-change.htm

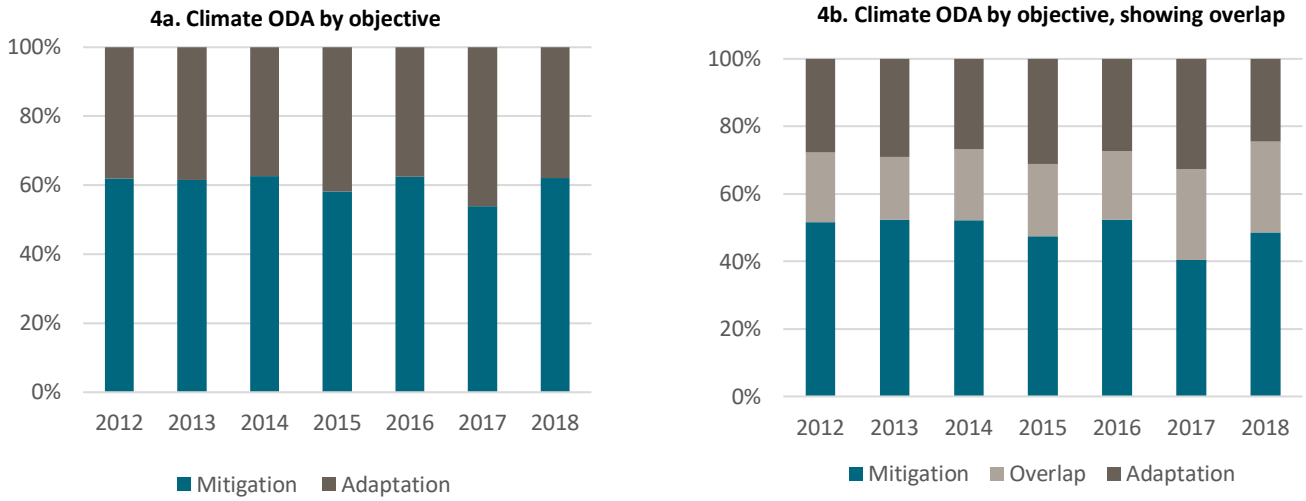
3.2 Where does the money go and for which objectives?

Since 2012, climate finance has consistently prioritized mitigation programming over adaptation. In 2018, around 62 percent of bilateral concessional climate-related development finance was allocated to mitigation activities, with the remaining 38 percent provided for adaptation (Figure 4a; Figure 4b shows the extent of "overlap" between the objectives, representing projects tagged as addressing both mitigation and adaptation). Over time, the overall split between objectives has remained relatively flat, although the share of projects addressing both mitigation and adaptation has increased from 21 percent in 2012 to 27 percent in 2018 (Figure 4b). While this suggests that providers are increasingly addressing both objectives simultaneously, the data shows that despite calls for the equal pursuit of

[28] Imputed multilateral contributions are equivalent to the share of core contributions to multilateral agencies that are expected to be spent on climate-related programming, as reported in the OECD's Climate Finance Dataset. For more information on imputed multilateral contributions and the OECD's methodology, please see the OECD's "Methodological note on the OECD-DAC climate-related development finance databases" (Paris: OECD, 2018), retrieved from: http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/METHODOLOGICAL_NOTE.pdf

climate objectives as part of the Paris Agreement, DAC providers have continued to prioritize climate mitigation.

Figure 4a and 4b. Climate-related development finance commitments from DAC providers, by objective



Source: Authors' analysis of OECD's Climate Finance Dataset, provider perspective.

Note: Figures report "concessional and developmental" climate commitments for OECD-DAC members only, and include funding coded with either a "principal" or "significant" climate objective. Spending by objective cannot be calculated for imputed multilateral commitments and apply to bilateral climate data using the Rio markers only. Figures are reported in constant USD, 2018 prices. In figure 4a, spending that address both mitigation and adaptation priorities (or "overlap") is split evenly between the objectives. Hungary is excluded as it only reports climate finance through multilateral institutions for 2016–2018.

There are notable differences in where funding for mitigation and adaptation activities is allocated. Between 2016 and 2018, mitigation spending tended be focused in middle-income countries, with lower middle-income countries receiving an average of 39 percent of bilateral climate-related development spending from DAC providers over the period, with a further 18 percent allocated to upper middle-income countries (Table 2). By contrast, adaptation-focused activities tend to prioritize the poorest countries, which often are considered the most at risk from the adverse impacts of climate change.[29]

[29] Betzold and Weiler (2018) show that the probability of countries receiving ODA for adaptation declines alongside income levels, suggesting that "adaptive capacity (and thus recipient need) plays an important role when donors make decisions on who receives adaptation aid" (p. 141).

Table 2. Share of concessional climate-related development finance commitments by income group, 3-year average 2016–2018

	LDCs and LICs	LMICs	UMICs	Unallocated by income group
Mitigation	17.2%	39.0%	17.7%	26.1%
Adaptation	32.0%	25.3%	10.6%	32.1%
All bilateral ODA	23.8%	27.1%	12.7%	36.3%

Source: Authors' analysis of OECD's Climate Finance Dataset, provider perspective.

Note: Figures report "concessional and developmental" climate commitments for OECD-DAC members only, and include funding coded with either a "principal" or "significant" climate objective. Figures are reported in constant USD, 2018 prices and report a three-year average. Figures reported for "all bilateral ODA" sourced from OECD's Creditor Reporting System database.

Looking within the adaptation and mitigation categories, there is a clear difference in the focus sectors for projects that target climate as a "principal" versus "significant" objective (see Table 3). Just over one-quarter (27 percent) of adaptation spending is programmed with a primary (or "principal") focus on supporting climate-resilient development and societies. Across DAC providers, adaptation spending with a principal climate focus tends to prioritize productive sectors like agriculture, forestry and fishing and general environmental protection, while secondary spending focusses on both agriculture and water supply and sanitation. In contrast, ODA spending on climate mitigation has 38 percent of spending designated as "principally" climate focused, with projects tending to support the energy sector, including renewable energy generation. The remaining 62 percent of mitigation spend was allocated as the secondary objective, a large share of which was provided for transport and storage.

Table 3. Share of concessional climate finance to top 5 sectors, by objective, 3-year average 2016–2018

Mitigation				Adaptation			
Sector	Principal	Significant	Total	Sector	Principal	Significant	Total
Energy	17.8%	10.2%	28.0%	Agriculture, Forestry, Fishing	6.7%	18.4%	25.1%
Transport & Storage	3.4%	20.8%	24.2%	Water Supply & Sanitation	4.0%	14.4%	18.4%
General Environment Protection	6.5%	5.7%	12.2%	General Environment Protection	6.2%	7.1%	13.3%
Agriculture, Forestry, Fishing	2.9%	7.4%	10.3%	Other Multisector	4.4%	7.6%	11.9%
Other Multisector	1.9%	6.1%	8.1%	Government & Civil Society	1.1%	4.5%	5.7%

Source: Authors' analysis of OECD's Climate Finance Dataset, provider perspective.

Note: Figures report "concessional and developmental" climate commitments for OECD-DAC members only, and include funding coded with either a "principal" or "significant" climate objective. Figures report a three-year average between 2016–2018 and excluding funding to MADCTs.

3.3 Which providers spend the most on climate-related development finance and for what purposes?

On average, between 2016–2018, DAC providers allocated about 13 percent of their development cooperation to climate-related programmes. The largest providers, as a share of total ODA budgets[30] were Japan (39.5 percent), Germany (25.6 percent) and EU Institutions (excluding the European Investment Bank) (24.3 percent). These providers also allocated the largest absolute volume of funds for climate, committing an average of $9.5 billion, $8.2 billion, and $6.0 billion on climate per year between 2016–2018, respectively (see Table 4; a full list of spending by provider is available in Annex 3).[31] Together, these three providers accounted for 61 percent of the total volume of concessional climate-related development commitments from DAC providers over this period.

[30] Based on the face value of commitments as grant equivalent figures are unavailable before 2018.

[31] Climate-related spending by bilateral agencies is calculated as a three-year average to smooth potential data anomalies due to lump-sum commitments/allocations to multilateral institutions. For instance, some donors, like Canada and Australia, provide funding to key climate vertical funds like the Green Climate Fund as a single large payment every three years. This means that annual analysis of climate-related development finance by donor could show higher or lower commitments depending on whether the year in question included a GCF payment. As a result, taking an average of spending levels over recent years smooths lumpy reporting in the ODA data and provides a more representative analysis of climate-spending across providers.

Table 4. Top five DAC providers of climate finance as a % of ODA commitments

Provider	% of total ODA commitments on climate-related activities, 3-year average	Total "concessional and developmental" climate finance (bilateral and multilateral imputed) ($, millions) 3-year average
Japan	39.5	9488.6
Germany	25.6	8187.3
EU institutions	24.3	5950.1
United Kingdom	24.0	2570.9
France	22.9	3542.3

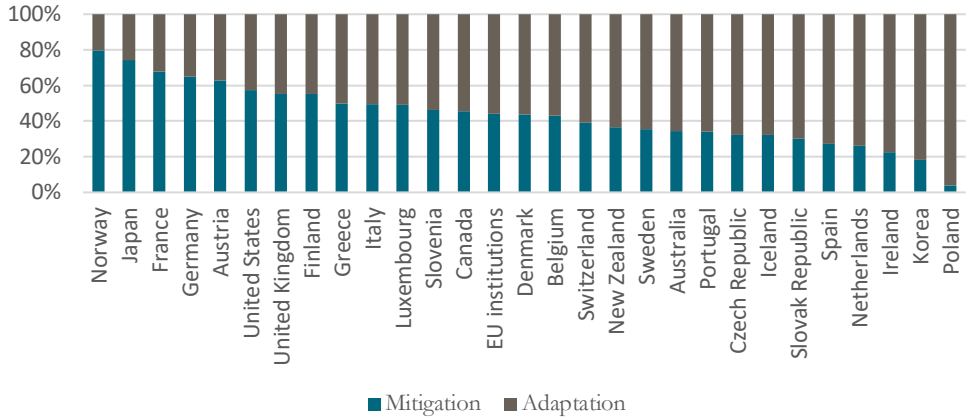
Source: Authors' analysis of OECD's Climate Finance Dataset, provider perspective.

Note: Figures report "concessional and developmental" climate commitments and include funding provided for mitigation and adaptation objectives, categorized with either a "principal" or "significant" climate focus.

Two of the largest providers—France and Germany—also tend to be the most focused on climate as a "principal" objective of their spending. Between 2016–2018, the pair were amongst the largest providers of "principal" climate-related development finance, committing 24 percent and 14 percent of total bilateral ODA as spending with a primary climate objective. Other providers with "principal" climate-related development finance as a large share of their bilateral aid include Norway (13 percent), the UK (11 percent), and Canada (10 percent).

Across DAC providers, there is variation in how climate-related development spending is split between mitigation and adaptation priorities (Figure 5a) and the prevalence of "overlap," where projects are tagged as addressing both adaptation and mitigation objectives (Figure 5b). Between 2016–2018, Norway committed the largest average share of its bilateral climate-related development finance for mitigation at 80 percent, followed by Japan (74 percent), France (68 percent), and Germany (65 percent). Notably, Japan, France, and Germany each rely heavily on loan instruments to allocate their climate-related development finance, using loans primarily to support climate mitigation and renewable energy projects. Norway's high share of funding for climate mitigation is linked to its International Climate and Forest Initiative (NICFI), its main climate funding instrument, which focuses on activities to reduce emissions from deforestation in developing countries, with Brazil as its largest recipient. These large providers also appear to have lower levels of "overlapping" objectives across projects than some of the smaller climate and development providers.

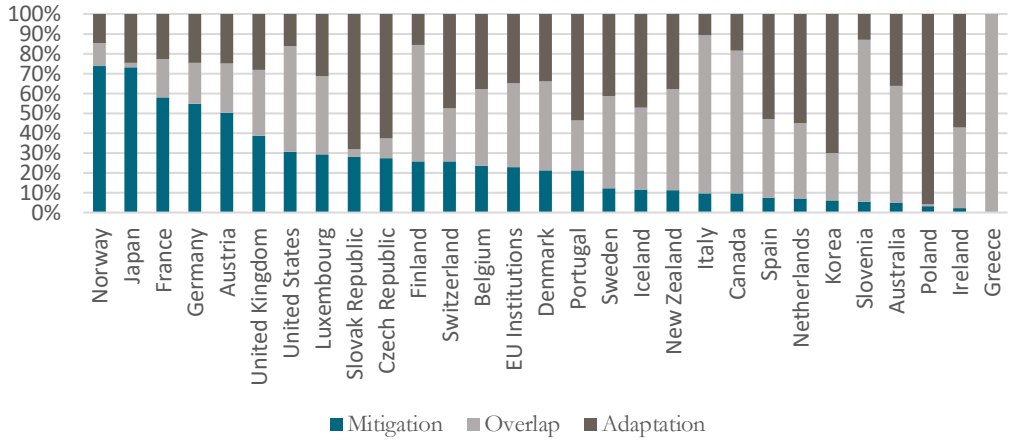
Figure 5a. Average percentage of climate-related development finance by provider and objective, 2016–2018



Source: Authors' analysis of OECD's Climate Finance Dataset, provider perspective.

Note: Figures report "concessional and developmental" climate commitments for OECD-DAC members only, and include funding coded with either a "principal" or "significant" climate objective. Figures are reported in constant USD, 2018 prices. Spending that address both mitigation and adaptation priorities (or "overlap") is split evenly between the objectives. Hungary is excluded as it does not provide bilateral climate finance; it only reports climate finance through multilateral institutions for 2016–2018. Values for Luxembourg may not show the actual share of climate-related development finance by objective as Luxembourg does not count most of its climate finance as ODA (it is treated as additional), which means it is not included in the OECD's Climate Finance dataset. For more on the additionality of Luxembourg's climate finance, please see Luxembourg's Sustainable Finance Roadmap available at: https://gouvernement.lu/dam-assets/documents/actualites/2018/10-octobre/04-sustainable-finance/Luxembourg-Sustainable-Finance-Roadmap-WEB.pdf.

Figure 5b. Average percentage of climate-related development finance by provider and objective, 2016–2018



Source: Authors' analysis of OECD's Climate Finance Dataset, provider perspective.

Note: Figures report "concessional and developmental" climate commitments for OECD-DAC members only, and include funding coded with either a "principal" or "significant" climate objective. Figures are reported in constant USD, 2018 prices. Hungary is excluded as it only reports climate finance through multilateral institutions for 2016–2018.

Yet most DAC providers prioritize adaptation (18/30) or have an almost even split between objectives (another 4/30). Adaptation-focused donors tend to use grant, rather than loan-based instruments; two exceptions are Korea, which provided an average of 60 percent of its climate-related development financing as loans between 2016–2018, and Poland, which made a single but substantive (in relative terms) loan to Myanmar for adaptation purposes.

3.4 Main findings from the climate-related development finance data

Taken together, the analysis in this section highlights four findings related to concessional climate-related development finance provided by DAC members.

The absence of a consistent definition for "new and additional" is an ongoing challenge.

That provider governments have failed to agree to a consistent definition of "additionality" has been well noted in the literature.[32] This review of providers' own reporting on definitions shows that providers tend to use four main definitions of "new and additional," with 13 of 24 Annex II countries adopting a definition that counts any annual amount (new budget appropriations) (see Annex 1). As one commentator put it, this means that "every cent the government spends, whether for joint strike fighters or mowing public lawns, is new and additional under this definition, rendering it meaningless."[33]

The blurred boundary between climate and development funding has raised debate about how and whether climate-focused development finance should be considered separately from ODA.[34] For climate-related development spending in particular, the risk is that "increased attention to climate action in developing counties might lead to a redirection of funding away from other relevant development priorities."[35] At the same time, the close relationship between traditional development and climate spending raises questions about how or whether these can meaningfully be separated. This is particularly true for adaptation spending, which is often closely aligned to—or indistinguishable from—regular development flows.

Currently, only a few providers clearly commit to ensuring that climate does not come at the expense of other development programming. Luxembourg, for instance does not count its climate finance for development as ODA, while Sweden and Norway consider climate finance to be additional to the 0.7 percent they regularly spend on development. While the

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[32] Jessica Brown et al., "Climate finance additionality: emerging definitions and their implications"; Martin Stadelmann et al., "New and additional to what? Options for baselines to assess 'new and additional' climate finance"; T.J. Roberts et al., "Copenhagen's climate finance promise: six key questions"; Martin Stadelmann et al., "Baseline for trust: defining 'new and additional' climate funding."

[33] Fiona Ryan, "Separating climate finance and ODA," *Devpolicy blog* (April 24, 2019), available from: https://devpolicy.org/separating-climate-finance-and-oda-20190424/

[34] Erik Lundsgaarde et al., *Coordination Challenges in Climate Finance* (Copenhagen: Danish Institute for International Studies, 2018).

[35] Erik Lundsgaarde et al., *Coordination Challenges in Climate Finance*, 12.

unresolved debate and exclusion of the "new and additional" term in the Paris Agreement "suggests that the ambiguity has been accepted,"[36] the question of how increasing pressure for climate action through development may impact spending on other development priorities remains important for thinking about how to prioritise limited ODA resources for long-term and sustainable development outcomes.

Reported concessional climate-related development finance with a "significant" climate objective appears to be increasing relative to "principal" spend, raising questions around the potential impact of this shift for climate outcomes (and finance levels).

Given the challenges related to the "significant" marker and the potential to overstate the cost of climate-related development finance flows, the shift from principal to significant climate programming suggests that a smaller portion of concessional climate-related development finance is explicitly mobilized to support climate outcomes as the primary objective. While increasing significant climate spending could reflect any number of changes across providers—it could, for instance, represent deepening provider efforts to integrate (or mainstream) climate considerations across development programming, or more cynically, potential "overcoding" of ODA spending. A key question is how "significant" climate expenditure compares to "principal" spend in terms of supporting climate and developmental outcomes.

To the degree that "significant" climate spend is less explicitly targeted towards achieving climate impacts than "principal" engagements, then the trend towards a higher proportion of "significant" climate spending could be troubling. However, the current evidence base on the effectiveness of concessional climate-related development spending is thin, making it difficult to meaningfully assess and compare the effectiveness of programming across levels of focus and objectives.[37] Moreover, the dual objectives of climate spend, which aims to support both climate and developmental outcomes, further complicates efforts to assess the impact of climate actions across levels of climate targeting and how concessional climate finance can best advance developmental, as well as climate outcomes.[38]

Reported concessional climate-related development flows remain primarily allocated through bilateral channels, potentially making it prone to the same allocation preferences as non-climate development spending.

The data shows that over time, the bulk of reported climate finance from bilateral providers has been allocated through bilateral development programming. This is notable given the presumed role of multilateral institutions in supporting GPG provision, including climate

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[36] Erik Lundsgaarde et al., *Coordination Challenges in Climate Finance*, 12.

[37] Matthew Juden and Ian Mitchell, "Cost-effectiveness and synergies for emissions mitigation programmes in developing countries" (London: Center for Global Development, 2021); Daniel Y. Kono and Gabriella R. Montinola, "Foreign aid and climate change policy" United Nations University (UNU) WIDER Working paper 2019/15, available at: https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp-2019-15.pdf

[38] Jane Ellis et al., *Exploring Climate Finance Effectiveness* (Paris: OECD, 2013).

action (specifically mitigation), due to the ability to act as "instruments for global burden-sharing."[39] Specifically for GPGs, which are non-rival and non-excludable in nature, the potential for free-riding can create adverse incentives for bilateral actions and—in theory—makes multilateral channels appealing. Indeed, since the early climate negotiations in the 1990s, multilateral agencies were identified as key channels for supporting climate finance, with the international community establishing several multilateral climate mechanisms to pool concessional resources for climate action. Such mechanisms, including the Global Environment Facility, Adaptation Fund, or most recently, the Green Climate Fund, largely arose from climate-focused negotiations[40] and were often considered one way of demonstrating global commitment to climate action as well as the novelty and additionality of climate finance; spending via such multilaterals would be "new" (seeing as the mechanisms themselves had just been created) and therefore could be considered additional to climate budgets.[41] Yet despite the potential for multilateral mechanisms to offer benefits for international climate action, including the ability to reduce individual risk and increase impact through pooling resources as well as providing a "greater voice" and more representation for developing countries in decision-making,[42] DAC providers have continued to prioritize climate action through bilateral channels.

To the degree that preferences for bilateral channels in climate-related development finance mirror those of concessional spending more broadly—i.e. bilateral channels give providers greater opportunities to align funding to strategic priorities than multilateral engagement, which tends to be less susceptible to political capture by individual actors[43]—this could suggest that bilateral spending will follow broader allocation patterns, reflecting efforts to maximize climate outcomes, recipient need and provider interests to varying degrees.[44] Indeed, there is already some evidence that climate-related development finance follows wider allocation patterns alongside responding to the vulnerability (for adaptation) or mitigation potential of partner countries.[45] To the degree that provider preferences influence allocation choices, this means—as one observer noted for mitigation in particular—that "the result is likely to be a cross-country allocation of climate mitigation assistance that is

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[39] Nilima Gulrajani, *Bilateral versus multilateral aid channels: Strategic choices for donors* (London: Overseas Development Institute, 2016).

[40] Mechanisms stemmed from Brundtland Report (1987), Kyoto Protocol (1997), and Copenhagen Accord (2009), respectively.

[41] Erik Lundsgaarde et al., *Coordination Challenges in Climate Finance*.

[42] Neil Bird et al., "The Global Climate Finance Architecture," *Heinrich Boll Stiftung and Overseas Development Institute Climate Finance Fundamentals Brief 2* (Washington and London: Heinrich Boll Stuftung and Overseas Development Institute, 2017): 2.

[43] See review of evidence on differences between bilateral and multilateral channels provided in Gulrajani (2016).

[44] See Gulrajani and Calleja (2019) for a brief review of the literature on motivations for aid allocation.

[45] For adaptation, see Florian Weiler, Carola Klöck and Matthew Dorman, "Vulnerability, good governance, or donor interests? The allocation of aid for climate change adaptation" *World Development* 104, p. 65–77. Weiler et al. find that for adaptation, there is evidence that while providers tend to prioritise adaptation spending for poor and physically exposed countries, recipient merit and the economic interests of providers also influence allocations. For mitigation, see Sarah Blodgett Bermeo, *Targeted Development* (USA: Oxford University Press, 2018). Bermeo (2018) shows that while ODA for mitigation responds modestly to emissions growth, it also responds to provider interests and is not clearly associated with other mitigation indicators including overall GHG emissions or urban growth.

inefficient from the standpoint of decreasing the level of future climate change."[46] Ultimately, the risk is that when climate-related development finance follows broader patterns of bilateral allocation, it likely faces the same dual motives as non-climate development spending, meaning that allocations may not align with the most efficient choices for either climate or development.

Providers that claim the largest climate-related development finance budgets are also those that appear to prioritize mitigation programming. If providers are to achieve the even split between objectives outlined in the Paris Agreement, then a scale-up of spending on adaptation is needed.

While most providers of reported climate-related development finance primarily provide concessional resources for adaptation, the largest absolute providers tend to focus climate engagement on mitigation. This could be driven by a number of factors including that these providers typically use instruments that make it more practicable to invest in mitigation (loan portfolios) or pursue bilateral partnerships with countries that need or prioritize mitigation support over adaptation (consider Japan's bilateral focus on Asia, for instance).

The challenge is that meaningful progress towards supporting mitigation and adaptation in equal measure—as outlined in the Paris Agreement—will require more support for adaptation from the largest provides in particular; the sheer volume of climate-related development finance that they control means that without shifts in their allocation priorities, and barring large increases from other providers, adaptation funding will likely remain smaller than that for mitigation. Given well-established linkages between poverty and vulnerability to climate change, where lower-income countries have been said to experience an "adaptation deficit" driven by lower financial or institutional capacity to adapt effectively,[47] there is developmental value (if not also a moral imperative given the role of developed economies in causing climate damage over the long-term) to advance adaptation support via concessional spending.

4. How are providers integrating climate action in development policies and programmes?

This section seeks to understand the approaches used by providers to integrate climate action across their development portfolios, including how climate considerations are integrated into non-climate programming. Doing so provides insight into the types of practices that are currently used to support the systematic consideration of climate across portfolios.

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[46] Sarah Blodgett Bermeo, *Targeted Development,* 140.

[47] Samuel Fankhauser and Thomas K.J. McDermott, "Understanding the Adaptation Deficit: Why are poor countries more vulnerability to climate events than rich countries?," *Grantham Research Institute on Climate Change and the Environment,* available at: Understanding the adaptation deficit: why are poor countries more vulnerable to climate events than rich countries? (lse.ac.uk)

To understand how climate is integrated in development activities, this section provides analysis based on a desk review of reporting and strategy documents from across all 30 DAC providers, conducted between April and May 2020. Specifically, the analysis was conducted using two main sources of information:

1. **Development policy and strategy documents, including any specific climate and development policies,** were reviewed across all providers. These sources provided basic information on how climate is included within broader development strategies. These documents outline key priorities for development agencies and can provide a sense of how climate fits within the broader context of an agency's strategic action plan. A list of the main development and climate policy documents consulted, per provider, is included in Annex 4.[48]

2. **Other materials from cooperation providers related to climate and environmental mainstreaming, including environmental assessment tools, methodologies, and guidance,** were assessed when available. These documents were typically identified through development policies and used to understand internal practices and guidance related to climate integration. Not all providers systematically publish details of such approaches, so the review of these materials was limited to the information publicly available.

This section is presented in four parts. The first part provides a broad overview of the ways the climate features in development policies, including whether and how frequently climate action appears as an objective in development cooperation policies. The second part uses a review of policy documents to identify the main ways that providers program climate-specific spending. The third section explores strategies used to integrate climate objectives and spending into non-climate focused development programs and activities, while the fourth section summarizes main findings across providers.

While this study has attempted to be as systematic as possible in reviewing the policy, strategic and guidance materials across all DAC providers, including by searching for documentation in provider languages, it is possible (as always) that some materials may have been missed.

4.1 How does climate feature in development policies?

This review of development policies showed that across providers, climate actions tend to be included in development policies in two main ways: 1) as strategic objectives, either as a "thematic" area of action or as a "cross-cutting" priority; and 2) as a financial commitment, often linked to a specified climate finance spending target.

[48] While most strategy documents are produced in English, where unavailable, original texts were translated using Google Translate. While this is necessarily an imperfect option, it remains the most feasible approach to conducting analysis across all DAC providers.

Climate as a strategic objective

Almost all DAC providers currently reference climate action within their development cooperation strategies.[49] Yet the degree of prominence given to climate objectives differs widely across agencies. From the DAC member countries, the actor with the clearest strategic emphasis on climate action as part of its development policy is the French Development Agency (AFD), which is currently the only provider that commits to "full alignment" with the Paris Agreement as an overarching goal of its development strategy, pledging that all development activities will be "100 percent Paris Agreement-compatible."[50] More commonly, providers tend to either characterise climate action as a sectoral priority for development cooperation (12 out of 30), as a cross-cutting priority that is integrated across activities regardless of their priority sector (10/30), or as a combination of both (7/30).[51] The main difference between these forms of integration is that countries with thematic focus on climate action are more likely to have dedicated climate-focused activities, whereas integrating climate as a "cross-cutting" theme often means that climate priorities are considered across sectors and interventions, but may not have substantive dedicated programming.[52] Additionally, half of all DAC providers produce separate sectoral strategies for climate and development.

Within development cooperation strategies, providers also tend to specify countries or regions of focus for climate action in their development policies. Notably, providers tend to focus climate action on the regions and countries where they primarily engage, whereby climate allocations follow the basic pattern of bilateral spending. For instance, providers with clear regional focus—Australia and New Zealand (Oceania/Pacific), Japan (Asia), Czech Republic (Balkans), Ireland (sub-Saharan Africa)—specify that climate action will prioritize these partner regions, matching broader patterns of bilateral allocation. As a result, the types of climate action that providers support (adaptation/mitigation) tends to align with the needs of the providers' geographic focus. For instance, Ireland prioritizes climate adaptation objectives in its development engagement, matching the type of action that likely best supports the needs of low-income partners in sub-Saharan Africa. In cases where providers have a broad geographic focus, the type of climate engagement pursued is sometimes specified by region. Finland, for instance, differentiates between supporting climate through energy (mitigation) programs in South-East Asia, South America and South Africa, versus

[49] Greece is the exception as it does not have a development policy. According to the OECD's *Development Co-operation Peer Review: Greece* (2019), Greece "does not possess a clear policy vision or top-level statement of purpose" for development and its medium-term strategy for development has not been updated since 2006 (p. 38); this research also verified that a policy was not available through Greek government publications at the time of writing.

[50] Agence Française de Développement (AFD), *Our World in Common,* (Paris: AFD, 2018).

[51] These figures add to 29 rather than 30 as Greece is excluded from this analysis as it does not have a clearly defined development policy (see OECD, *Development Co-operation Peer Review: Greece*).

[52] OECD, *Mainstreaming Cross-cutting Issues* (Paris: OECD, 2014).

(adaptation) through water and sanitation programming in Ethiopia, Kenya, Nepal and Vietnam.[53]

Financial commitments for climate

Almost all DAC members (25/30) have some form of financial commitment for climate-focused ODA (see Table 5).[54] Such commitments tend to take one of two forms: 1) a climate-finance spending target that specifies the share of ODA to be allocated for climate-related activities; or 2) a forward spending plan, usually as a lump sum commitment, for climate-related finance over the coming years.

Presently, some DAC providers have a defined climate-related development spending targets as part of their development policies. Of these, the French target is both the largest and most specific, outlining planned climate-spending shares by region of engagement, while the Swedish target for climate is one of a broader suite of "environmental" spending commitments. A further 14 providers[55] include commitments to scale-up resources for climate finance over the coming years in their development policies. The UK, for instance, committed to spending at least £5.8 billion on climate finance between 2015–2020, while Germany[56] promised to double its international climate finance from €2 billion in 2014 to €4 billion by 2020.[57] Other providers have financial targets for climate finance that are not listed in development policies. While targets cannot guarantee that climate spending will meaningfully reach countries or sectors with the greatest potential for impact, they can provide a clear signal of providers' intentions and the relative prioritization of climate objectives within development programmes.

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[53] Government of Finland, *Food Security and Natural Resources, Including Access to Water and Energy* (Helsinki, Government of Finland, no date).

[54] This is consistent with findings presented in OECD's *The Only Way Forward: Aligning Development Co-operation and Climate Action*, which show that a majority of agencies that responded to their survey of climate engagement had financial targets for climate finance.

[55] Australia, Austria, Belgium, Canada, Denmark, Germany, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Spain, UK.

[56] Germany specifies that this scale-up will be from budgetary sources and grant equivalents of development loans.

[57] HM Treasury and Department for International Development, *UK Aid: Tackling global challenges in the national interest* (London: HMT and DFID, 2015); Federal Ministry for Economic Cooperation and Development (BMZ), *Climate Change—Time to Act* (Germany: BMZ, 2016).

Table 5. Climate-related spending targets used by DAC members

Provider	Climate-related spending target
Australia	Committed to spending $1 billion on climate development assistance from 2015–2020
Austria	Increase the ratio of environmental measures in programmable official development assistance to 45% [a]
Belgium	Committed to provide EUR 50 million per year as public climate finance up to 2020
Canada	Committed to spending $2.65 billion on climate finance 2015–16 to 2020–21.
Czech Republic	Committed to providing "around US$5,000 thousands of climate financing through bilateral cooperation." [b]
Denmark	Increase funding for Danish Climate Envelope to DKK 540m annually. [c]
EU Institutions	Committed to spending at least 25% of EU expenditure on climate action between 2021–2027. [d]
France	Committed to spending at least 50% of its financing to projects on climate; targets also differentiated by region and should represent at least 70% of funding in Asia and Latin America, 50% for the Mediterranean and 30% for sub-Saharan Africa.
Germany	Germany plans to double its international climate finance from the 2014 target value of EUR 2 billion to EUR 4 billion by 2020 (from budgetary sources and grant equivalent of loans).
Hungary	Pledged HUF 1 billion between 2016–2020 for international climate finance.
Iceland	Plans to provide around $10 million annually to climate-related development efforts.
Ireland	Seek to at least double the percentage of ODA spending on climate finance by 2030.
Italy	Italy committed to increasing its support for international climate finance reaching at least USD 4 billion between 2015–2020. Note: this represents an overall mobilization target for the entire period, from different sources including public and private, bilateral and multilateral.
Japan	Japan committed to provide Y 1.3 trillion of public and private climate finance to developing countries in 2020. [e]
Luxembourg	Committed to spending EUR 120 million for International Climate Finance from 2014 to 2020; this money is considered "new and additional" to ODA.
Netherlands	Pledges new 40 million EUR per year between 2019–2022 for climate activities in developing countries.
New Zealand	Committed to delivering at least $300 million in climate-related support from 2019 to 2022.
Norway	Pledged up to 3 billion NOK per year for the NICFI, Norway's climate finance fund. [f]
Poland	Plans to provide US$ 8 million until 2020 for climate finance.
Portugal	Climate finance support amounting to EUR 10 million in public grant funding for climate financing in Portuguese African Speaking Countries and Timor-Leste over the period 2017 to 2020. [g]
Slovenia	Pledged EUR 3.5 million per year between 2016–2020.
Spain	Committed to doubling its international climate support by 2020 to EUR 900 million.
Sweden	By 2020, increase the share of funding to climate change to 28%. [h]

Switzerland	Committed to spending CHF 147.83 million for the global environment between 2019–2022. [i]
United Kingdom	Committed to spending at least £5.8 billion on climate finance between 2015–2020.

Notes: (a) Austria's recent development policy also commits to "increase the ratio of environmental measures in programmable official development assistance to 45%." While environmental and climate measures are intertwined, this target is excluded from the Table above on the basis that it does not explicitly reference climate activities. For more, please see Federal Ministry of Europe, Integration and Foreign Affairs, *Working together. For our world*, (Vienna: Federal Ministry of Europe, Integration and Foreign Affairs, 2018); (b) Direct quote from: UNFCCC, "Roadmap to $100 Billion" (Bonn: UNFCCC Climate Finance Unit, 2019): p. 13; (c) Ministry of Foreign Affairs of Denmark, *Priorities for Danish Development Cooperation 2019* (Denmark: MFA, 2019); (d) European Commission, "Supporting climate action through the EU budget," https://ec.europa.eu/clima/policies/budget/mainstreaming_en#:~:text='The%20EU%20has%20agreed%20to,all%20major%20EU%20spending%20programmes; (e) government of Japan. "Japan's Updated Strategies and Approaches for Scaling-up Climate Finance" (Japan: Government of Japan, 2018); (f) Ministry of Climate and Environment, Ministry of Climate and Environment (Norway). "Why NICFI and REDD+?" https://www.regjeringen.no/en/topics/climate-and-environment/climate/climate-and-forest-initiative/kos-innsikt/hvorfor-norsk-regnskogsatsing/id2076569/; (g) Austrian Presidency of the Council of the European Union, "Submission by Austria and the European Commission on behalf of the European Union and its Member States" (Vienna: Austrian Presidency of the Council of the EU, 2018), p. 98; (h) Commitment does not specify the denominator, so it is unclear whether target is measured as a share of bilateral or total ODA. Target outlined in Swedish International Development Agency, "Environmental Targets 2017–2020" (Sweden: SIDA, 2017); (i) Swiss Federal Office for the Environment, "International environmental financing," retrieved from: https://www.bafu.admin.ch/bafu/en/home/topics/international-affairs/topics-and-conventions/international-environmental-financing.html#:~:text=On%205%20September%202018%2C%20the,of%20the%20GEF%20Trust%20Fund.

4.2 How is development spending for climate programmed?

Broadly, concessional spending for climate can be divided into two distinct types of actions. The first is spending that is targeted and programmed for climate-related development activities, i.e. the project was designed with the intention of supporting climate objectives as either a primary or secondary objective. The second is development funding which is not directly climate focused, but which could cause, or be affected by, climate impacts. This section focuses on the approaches used by providers to integrate the first type of action—climate focused—in development programs, while the next section (Section 4.3) explores how providers integrate climate objectives across their broader cooperation portfolios.

Climate-focused funding mechanisms

Several DAC providers use climate-focused funding mechanisms to allocate resources to climate activities, including climate-related development programmes. These mechanisms tend to be co-managed by environmental ministries and development agencies and essentially earmark a portion of ODA resources for climate-related activities. Table 6

provides a summary of the main bilateral mechanisms for providing climate-related concessional spending used by DAC providers.[58]

Table 6. Climate-focused funding concessional finance mechanisms, by provider

Provider	Mechanism	Amount	Mandate	Responsible agencies
Denmark [a]	Climate Envelope	DKK 540 million in 2019 [b]	"dedicated climate funding to support mitigation and adaptation activities in developing countries"	Ministry for Energy, Utilities and Climate and Ministry of Foreign Affairs each propose and prepare activities for half of the climate envelope.
EU Institutions [c]	Global Climate Change Alliance Plus Initiative (GCCA+)	EUR 420 million (2014–2020)	"help the world's most vulnerable countries to address climate change."	Proposals are screened and designed by DG DEVCO
Germany [d]	International Climate Initiative (IKI)	Allocated over EUR 4.5 billion between 2008–2020	"The IKI central goals are climate change mitigation and biodiversity conservation."	Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU); often implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
Luxembourg	Climate and Energy Fund	Approx. EUR 130 million in 2020 [e]	NA	Ministry of Environment, Climate and Sustainable Development
Netherlands	Dutch Fund for Climate and Development	EUR 160 million between 2019–2021 [f]	"enables private sector investment in projects aimed at climate adaptation and mitigation in developing countries"	Managed by a consortium composed of the Dutch development bank (FMO), World Wide Fund for Nature, SNV Netherlands Development Organisation and Climate Fund Managers.
Norway [g]	Norway's International Climate and Forest Initiative (NICFI)	Up to 3 billion NOK per year	"supporting efforts to reduce greenhouse gas emissions from deforestation and forest degradation in developing countries"	Ministry of Climate and Environment is responsible, but the Norwegian Agency for Development Cooperation (NORAD) and embassies have delegated responsibility for some of the portfolio.
United Kingdom [h]	International Climate Finance	£5.8 billion between 2016–2021	"Builds the resilience of the poorest people and communities … works to ensure that the vast expansion in	Department for International Development (DFID), Business, Enterprise and Industrial Strategy (BEIS), and Department for

[58] Finland and Portugal also have climate-related funding mechanisms. In the case of Finland, the mechanisms appears to be run in cooperation with the International Finance Corporation (IFC) and uses a combination of ODA and non-ODA resources. Portugal's Environment Fund in run via its Environmental Ministry; however, Portugal's 4th Biennial Report to the UNFCCC notes that the fund is "mainly focused at environmental domestic level" and that "funding ODA projects is not the core objective" of the Fund (p. 64–65).

	infrastructure in developing countries is low carbon and climate resilience … supports work to halt deforestation, improve land use and create profitable sustainable supply chains that protect the environment …"	Environment, Food and Rural Affairs (DEFRA)

Source: Author's own compilation from provider reporting documents.

Notes: (a) DANIDA, *Guiding Principles for the Danish Climate Envelope*; (b) OECD, *OECD Environmental Performance Reviews: Denmark 2019* (Paris, OECD, 2019); (c) Global Climate Change Alliance Plus Initiative. "About EU GCCA+." EU. https://www.gcca.eu/funding/how-does-gcca-funding-work; (d) Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) "International Climate Initiative (IKI)," (Germany: BMU, 2020); Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, "IKI Thematic selection procedure 2020" (Germany: BMU, 2020); (e) Figure represents the sum of relevant entries taken from Luxembourg's 2020 budget, available here: https://budget.public.lu/lb/budget2020/am-detail.html?chpt=depenses&dept=22&sect=148; (f) Government of the Netherlands, "A consortium of FMO, WWF-NL, SNV and CFM to manage the new Dutch Fund for Climate and Development" https://www.government.nl/topics/development-cooperation/documents/publications/2018/11/19/grant-application-dfcd; (g)
Ministry of Climate and Environment (Norway). "Why NICFI and REDD+?"; Ministry of Climate and Environment (Norway). "Grants from NICFI" https://www.regjeringen.no/en/topics/climate-and-environment/climate/climate-and-forest-initiative/kos-innsikt/tilskudd-fra-klima--og-skoginitiativet/id2565438/; (h) HM Government, "UK International Climate Finance" (London: UK Government, no year).

The funds tend to have clear paraments and guidelines for the activities to be supported under the instrument. The Danish Climate Envelope for instance, pursues a "balance" between mitigation and adaptation activities, and notes that where possible, funds from the Envelope should be targeted to two sectors (energy and water) where Denmark holds a comparative advantage.[59] Denmark also specifies priority countries for funding across objectives, with mitigation activities focused on emerging economies, while adaptation funding is targeted to poorer countries, mainly in Africa. Other providers offer similar guidance for their climate-focused mechanisms—Norway's recent call for proposals under the NICFI specifies that projects should target "drivers of deforestation" and focus on countries with "forest geographies,"[60] Germany's current guidance highlights ten broad thematic funding priorities under the IKI, including "energy transition" and "financing NDC implementation," with a geographic focus on 23 IKI partner countries (mostly those at middle-income status),[61] while the EU's GCCA+ focuses on adaptation priorities, but specifies that actions should be focused on least developed countries or small island developing states.[62]

A notable exception is the UK's International Climate Finance, which does not appear to have specific guidance around funding criteria. Indeed, a 2019 report from the Independent Commission for Aid Impact (ICAI) found that "there is no up-to-date strategy for the UK International Climate Finance as a whole" and that key aspects of the UK's approach, such as sectoral and geographic priorities and the connection between low carbon development and poverty eradication, "have not been articulated."[63] Rather, ICAI notes differing investment strategies across the two agencies responsible for programming ICF resources—the Business, Energy and Industrial Strategy (BEIS) department and the former Department for International Development (now Foreign Commonwealth and Development Office)—cautioning that care should be taken to ensure that ICF spending "remains coherent and aligned with the UK's strategic objectives."[64]

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[59] DANIDA, 2016.

[60] Norwegian Agency for Development Cooperation (NORAD), "NICFI 2021–2025: Q&A to the call for proposals" https://norad.no/en/front/funding/climate-and-forest-initiative-support-scheme/nicfi-2021-2025-faq-to-the-call-for-proposals/

[61] Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU; Germany), "IKI Thematic selection procedure 2019" (Germany: BMU, 2019).

[62] Global Climate Change Alliance Plus Initiative, "How does GCCA+ funding work?," https://www.gcca.eu/funding/how-does-gcca-funding-work

[63] Independent Commission for Aid Impact, *International Climate Finance: UK aid for low-carbon development* (London: ICAI, 2019): p. ii.

[64]Ibid; differences in funding priorities across environmental and development agencies that sometimes share responsibility for climate-related development funding is not unique to the UK case. Pickering et al. (2013) note that differences in the institutional mandates of such ministries can result in divergent preferences around the allocation of concessional climate spending. In Denmark, Climate Envelope, which was originally jointly managed by the foreign and environmental ministries, was split into two "frames" in 2012—the Poverty Frame and the Global Frame—in order to streamline the programme development, approval and allocation process. The budget is now split evenly between the ministries, with the foreign ministry maintain responsibility for the Poverty Frame and programming climate finance in low-income countries, while the environmental ministry programmes the Global Frame which prioritizes mitigation efforts in emerging economies (DANIDA, 2015).

Climate action as part of bilateral country partnerships

Several providers including Australia, Germany, Ireland, Italy, Netherlands, New Zealand, Portugal, Switzerland, Sweden and the USA, note that climate programming is country-driven, based on partners' needs, and often integrated into bilateral partnerships or multi-year funding programmes, following broader good practice for development programming.[65] Most providers stress this approach, particularly with priority partner countries, stating that climate-related activities and programming is based on the nationally determined contributions (NDCs) and developmental priorities of partners. Australia, for instance, notes that NDCs "provide clear blueprints for climate change action and will help inform Australia's investments" for climate.[66] NDCs essentially map planned goals and targets related to climate, whereby financial and technical support can be used to deepen implementation and the design of ambitious future commitments.[67] Moreover, this approach of aligning climate action to the priorities of partner countries also follows global norms around best practices in development cooperation effectiveness by prioritizing partner ownership in climate programming and priorities.

Climate-related development finance project investment criteria

To understand how climate-related development programming decisions are made—especially from providers using distinct mechanisms for climate ODA—this analysis reviewed documents related to project selection to identify any key criteria or indicators used by providers. The review showed that providers typically use three distinct types of indicators to drive climate-related ODA programming decisions: 1) **Outcome** related indicators to capture expected climate results; 2) **Country selection** indicators to identify which countries receive climate-related programmes, typically based on needs; and 3) **Cost-effectiveness** to ensure the value-for-money of programming choices. Table 7 highlights the criteria identified for key climate-related mechanisms, with a fuller analysis presented, below.

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[65] Many references to partner-focused programming were found in documents submitted to the UNFCCC by providers as part of the 4th Biennial Reporting round.

[66] Department of Foreign Affairs and Trade, *Climate Change Action Strategy,* (Canberra: DFAT, 2019): p. 22. Retrieved from https://www.dfat.gov.au/sites/default/files/climate-change-action-strategy.pdf

[67] OECD, *The Only Way Forward: Aligning Development Co-operation and Climate Action* (Paris: OECD, 2019).

Table 7. Indicators or allocation criteria used for climate-related project selection

Provider	Indicator	Application in selection process
Denmark (Climate Envelope)	Denmark's Climate Envelope has three core indicators: • Tons of carbon dioxide equivalent (tCO2 eq) reduced as a result of Climate Envelope mitigation projects/programmes • Total number of people supported to cope with the effects of climate change by Climate Envelope resilience programmes (direct and indirect, gender disaggregated) • Volume of finance leveraged by Climate Envelope funding (disaggregated by public and private sources, annual)	"Proposed Climate Envelope interventions **must be able to demonstrate significant effect in terms of contribution to overall Climate Envelope impact and outcomes."** [a] All projects funded by the Climate Envelope are expected to report against these three core indicators "unless it can be justified that these indicators are not appropriate for the specific action." [b]
European Union (GCCA+)	While there are "no specific allocation criteria" for GCCA+ funds, with funding choices based on funds available, type of intervention proposed, country population size and the number of requests received in a given year, GCCA+ uses the GCCA+ Index to assess vulnerability of countries to climate change and "to support decisions on country selection and on funding allocation." [c] The Index is based on four components (34 indicators): natural hazards, exposure, vulnerability and capacity. [d]	**GCCA+ funds are prioritized to "those countries most vulnerable to the adverse effects of climate change …,"** where climate vulnerability is assessed using the GCCA+ Index. [e]
France	Main indicator: Tonnes of CO2 that will be avoided annually AFD also measures expected benefits to adaptatio\n and policy as part of the Sustainable Development Opinion (see Annex 7).	AFD notes that projects are eligible for climate accounting if: i) it **"has a carbon footprint which reduces or avoids GHG emissions, stores carbon, or contributes to mitigation;** or ii) **contributes to reducing exposure to climate risks, thereby contributing to adaptation.** In the case of public policy funding, the existence of a cross-cutting 'climate' activity is necessary." [f] **"A carbon footprint measurement is required for all projects unless it can be demonstrated that it cannot be measured.** In general, AFD considers that a project has a climate/mitigation co-benefit when the reduction in emissions is greater than 10,000 tCO2e /year." Lower thresholds are sometimes used for smaller projects. [g] Since 2007, AFD has used its "Carbon Footprint Tool" to measure the climate impacts of projects and as an "integral part of appraisal process and documentation." [h]

Germany (IKI)	IKI has six standard indicators: 1. Reduction in greenhouse gas emissions and increase in carbon storage (as tCO2 eq) 2. Number of people the programme directly assists with adaptation to climate change impacts or ecosystem conservation 3. Ecosystem area (hectares) that is improved or protected by the programme's activities 4. Number of new or improved policy frameworks for managing climate change and/or conserving biodiversity 5. Number of new or improved institutionalized structures or processes for managing climate change and/or conserving biodiversity 6. Number of new or improved methodological tools for managing climate change and conserving biodiversity	**All new projects must report on IKI's standardized indicators** (to which it intends to make a significant contribution), as well as any project/programme specific indicators. Expected impact against such areas appears to be used to partially inform whether projects are "suitable," where suitability includes the projects' potential contribution to international climate change cooperation. These indicators align with the core "goals" of IKI funding.[i]
Japan	Expected GHG emission reductions from the project	Japan's FIT tools for climate mitigation support measurement of expected climate impact of the project.[j] Note: Japan also has a FIT tool for adaptation. The tool appears to provide differentiated ways of measuring or considering adaptation impacts across sectors, rather than using a single indicator for allocation choices etc.
Norway (NICFI)	Cost-effectiveness; baseline for expected results in alignment with NICFI strategic objectives	**Value for money is part of NORAD's Resource Allocation Model** which is used to assess project proposals.[k] In addition, NICFI submission guidance states that "at the time of application, you should already have a baseline for as many of the indicators in the results framework as possible," suggesting that expected results are factored into funding decisions.
United Kingdom (ICF)	Cost-effectiveness	**ICF guidance notes that "ICF spending decisions are based on evidence and analysis of what offers the best value for money for achieving the strategic objectives."**[l] ICF also uses a series of KPIs to monitor results, including the expected change in GHGs from ICF programming.

Source: Adapted from Namhata, 2018 (p. 48–49). Note: Namhata (2018) also finds that the Netherlands and Switzerland use indicators of GHG emissions avoided. However, this analysis could not verify if these indicators are used as part of a selection criteria. The examples included in the table represent the clearest data that could be located. Ireland also indicates that climate programming targets the most vulnerable. Emphasis added in all cases.

Notes: (a) DANIDA, *Guiding Principles for the Danish Climate Envelope*, p. 5; (b) DANIDA, *Guiding Principles for the Danish Climate Envelope*, p. 8; (c) Climate Funds Update, "Global Climate Change Alliance," Heinrich Boll Stiftung and ODI, (accessed March 8, 2021) https://climatefundsupdate.org/the-funds/global-climate-change-alliance/; (d) Miola Apollonia, et al. "Index for the EU Global Climate Change Alliance Plus Initiative," *JRC Technical Report* (Brussels: European Union, 2015); (e) Global Climate Change Alliance

Plus, "Eligibility Criteria," https://gcca.eu/funding/eligibility-criteria; (f) Agence Française de Développement (AFD), *Climate-Development Strategy 2017–2020 Midterm Review*. P. 60; (g) Agence Française de Développement (AFD), *Climate-Development Strategy 2017–2020 Midterm Review*. P. 60; (h) Agence Française de Développement (AFD), *Climate-Development Strategy 2017–2020 Midterm Review*; Climate Action in Financial Institutions, "Assessment of Projects' GHG Emissions at AFD: Implementation of a Comprehensive Carbon Footprint Tool" (Climate Action in Financial Institutions, 2017); (i) Federal Ministry for the Environment, Nature Conservation and Nuclear Safety. "IKI Thematic selection procedure 2019" (Germany: BMU, 2019); Federal Ministry for the Environment, Nature Conservation and Nuclear Safety. *Guidelines on results-based project/programme planning and monitoring in the International Climate Initiative* (Germany: BMUB, 2019); (j) Japan International Cooperation Agency, "Climate Change—JICA Climate FIT (Mitigation)" (Japan: JICA, 2019); (k) Norwegian Agency for Development Cooperation (NORAD), "Resource Allocation Model v.6" (Norway: NORAD, 2020); Norwegian Agency for Development Cooperation (NORAD), "NICFI 2021-2025: Q&A to the call for proposals."; (l) Department for Business, Energy and Industrial Strategy (BEIS), "Department for business, Energy and Industrial Strategy Allocation of Official Development Assistance 2016–2020" (London: BEIS, 2016).

This review showed that most agencies with dedicated climate mechanisms have guidance or **outcome related indicators** to support decisions around the allocation of climate-related spending. In most cases, such indicators include measures of the expected reduction of GHG emissions from the planned programming; these are particularly common for providers with large mitigation portfolios. For instance, Japan's Climate Finance Impact Tool (FIT—Mitigation) provides guidance for quantifying the projected GHG emissions reductions from mitigation projects at the planning stage.[68] As part of the FIT suite, Japan also provides differentiated guidance and methodologies for calculating GHG emissions according to the specifications of key mitigation sectors including forestry and natural resource conservation, traffic and transport, energy savings, energy (including thermal power, heat and electricity generation and rural electrification), renewable energy and sewage and urban sanitation. Similarly, Germany's IKI programme requires applicants for funding to indicate the expected outcomes from proposed projects using a range of standard indicators, including the reduction in GHG emissions and increased carbon storage,[69] while France's Sustainable Development Opinion, which is a screening process applied to all projects (including those focused on climate), includes an assessment of the potential mitigation, adaptation and policy (for climate) impact of the proposed project.[70]

Country selection indicators appear to be used by providers such as the EU (through its GCCA+ mechanism), Ireland and Denmark, which note that adaptation finance prioritizes the most "vulnerable" countries, where "vulnerability" tends to refer to those most likely to be affected by climate change (although, there is no universally agreed definition).[71] The EU's GCCA+, for instance, uses the GCCA+ Index, which identifies countries vulnerable to climate change using a series of 34 indicators to capture the risk of natural hazards, exposure

[68] Japan International Cooperation Agency, "Climate Change—JICA Climate FIT (Mitigation)."

[69] See Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, "IKI Thematic selection procedure 2019"; see also BMUB, *Guidelines on results-based project/programme planning and monitoring in the International Climate Initiative*, (Germany: BMUB, 2019).

[70] On mitigation specifically, French projects are awarded scores based on the expected carbon balance of the project with highest marks awarded for projects expected to reduce GHG emissions by more than 500 kilo tonnes of carbon dioxide per year. For more, see AFD, *Methodology Guide to the "Sustainable Development Opinion" Mechanism,* (Paris: AFD, 2014).

[71] Carola Betzold and Florian Weiler, "Allocation of Aid for Adaptation to Climate Change: Do vulnerable countries receive more support?" *International Environmental Agreements: Politics, Law and Economics,* 17 (1), 2017: pp. 17–36.

to climate impacts, and vulnerability (or sensitivity) to potential harm and lack of capacity to adapt, to "give priority" to vulnerable countries in funding decisions.[72]

Additionally, some providers—the UK and Norway—appear to use **cost-effectiveness** indicators to ensure the value for money of climate-related development programming. In the UK, beyond ICF guidance that investments should be based on evidence of value-for-money, the 2019 *Green Finance Strategy* pledged to use an "appropriate carbon price in relevant bilateral programme appraisals," presumably also to support investment choices.[73] A 2019 supplement to the UK's Green Book—the government's guide for the appraisal and evaluation of policies, projects and programmes, including for ODA—provides guidance on how departments should quantify and value energy use and emissions across programming.[74] Similarly, Norway's NICFI, which acts on a "payment for results" basis, uses an agreed carbon price to incentivize emissions reductions in partner countries, paying the equivalent carbon price per tonne of GHG emissions reduced from deforestation and degradation.[75]

Moreover, the OECD reports that a third of providers, also use **exclusion lists** to prohibit investment in certain types of carbon-intensive activities—most commonly prohibiting investments in coal.[76] Germany's development bank (KfW Development Bank), for instance, discontinued financing the construction and retrofitting of coal-fired power stations in 2015, while the European Investment Bank (EIB) has commitment to ending all financing for fossil fuel energy projects from late 2021 onwards.[77]

Results reporting for climate-related development spend

Providers report a variety of results related to their climate-related development finance. These include specific indicators on mitigation results, adaptation results, policy results, and institutional results.

Most providers with dedicated climate mechanisms report some results or outcomes from their climate-related development spending as part of regular reporting (a sample of climate indicators and results reported by providers is available in Annex 5). Perhaps as expected, the most common climate results indicator reported across providers highlights the volume of GHG emissions reduced or avoided through provider programming, either at the

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[72] Miola Apollonia, et al. "Index for the EU Global Climate Change Alliance Plus Initiative"; Global Climate Change Alliance Plus Initiative, "Eligibility Criteria."
[73] HM Government, *Green Finance Strategy* (London: HM Government, 2019).
[74] HM Government, "Valuation of energy use and greenhouse gas," available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/794737/valuation-of-energy-use-and-greenhouse-gas-emissions-for-appraisal-2018.pdf
[75] Jonathan Lash and Georges Dyer, *Norway's International Climate and Forest Initiative: A Strategic Evaluation,* (Oslo: Norwegian Ministry of Climate and Environment, 2014).
[76] OECD, *The Only Way Forward: Aligning Development Co-operation and Climate Action* (Paris: OECD, 2019): p. 77. The OECD source does not provide a list of the providers included in the survey or those with "exclusion lists."
[77] OECD, *The Only Way Forward: Aligning Development Co-operation and Climate Action* (Paris: OECD, 2019).

portfolio or project level. Other common mitigation indicators speak to the supply and production of clean energy.

By contrast, adaptation results have more differentiated reporting, both in terms of the indicators measured—which tend to differ across providers and are based on the specific areas and sectors of engagement (see Annex 5). Where available, the indicators used to capture adaptation results range from broad measures of the number of recipients benefiting from climate-resilient technologies or practices (Canada, Netherlands, UK), or more sector-specific indicators such as the hectares of land brought under sustainable use (for agriculture—used by EU, France, Finland, Netherlands), or the number of people benefitting from water management (for water management, used by the Netherlands).

Some providers also report on the policy impact of their engagement with partner countries or on the volume of finance "leveraged" from concessional climate-related engagements. The United States, for example, reports the number of energy-related laws, policies, regulations, standards or strategies formally proposed, adopted, or implemented by its partner countries as supported by US engagement. Alternatively, the UK's ICF uses a measure of the volume of public or private finance mobilized for climate as a result of ICF funding, as a key performance indicator for its climate portfolio.

Moreover, as part of efforts to "mainstream" climate objectives throughout not only development programming, but the broader practices of development agencies, the review showed that 7/30 providers report measures of how institutional practices align with climate commitments. Currently, such indicators fall into two categories (full list of the institutional climate results identified through the review is available in Annex 6):

1. Emissions due to staff travel: estimates emissions from staff ground and/or air travel, or travel emissions reduced on prior years.

2. Efficiency of office buildings: includes a range of indicators related to the use of resources at headquarters, such as energy usage, water consumption, building emissions, paper use etc.

The OECD has urged agencies to adapt internal practices, performance metrics and incentives to further support climate objectives and remains an area for future action.[78]

4.3 How are climate objectives integrated across development activities?

In compliance with Article 2c of the Paris Agreement, providers are being called on to integrate climate considerations across financing, including projects that are not directly intended to support climate action. This review showed that 17 DAC members reference intentions to integrate climate considerations across their entire development portfolio in

[78] OECD, *The Only Way Forward: Aligning Development Co-operation and Climate Action* (Paris: OECD, 2019).

their development policies,[79] mirroring findings from a recent study by the OECD which noted that "environment mainstreaming is common practice among DAC members."[80] This section outlines the main approaches used by providers to integrate climate objectives across programming that is not specifically targeted to climate objectives.

Legislation or directives for climate integration

A recent study by the OECD shows that some countries use legislation or official directives to mandate the integration of climate considerations across development programming.[81] In the US, for instance, Executive Order 13677 on "Climate-Resilient International Development" (signed in 2014) requires US government agencies with international development programs and investments—including USAID—to "incorporate assessments of climate-related risks and vulnerabilities in agency strategies, planning, programs, projects, investments … and simultaneously sets up a process to explore further mitigation opportunities in broader U.S. international development work."[82] Similarly, in Canada, the Canadian Environmental Assessment Act and Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals provide a legal foundation for Global Affairs Canada's Environmental Integration Process (EIP), which is a screening tool applied to all development interventions to ensure that activities do not result in "significant adverse environmental effects."[83] The OECD notes that such legal frameworks can both ensure that environmental considerations remain on the agenda through political or management changes, providing continuity of focus on climate issues over the longer-term, and can position climate as a policy objective across the domestic institutional landscape.[84]

Environmental and climate assessments

Most development cooperation providers (this review identified 20) have clear tools or guidance to integrate environmental and or climate considerations across all programming, including sectors not directly focused on climate. These tools tend to use either "screenings" or "assessments" to determine the potential risk of environmental degradation and climate change to the long-term sustainability of the project and/or the potential impact of the project on climate change (including through emissions resulting from the project) or community resilience. A list of the screening and assessment tools used for environmental and climate integration by OECD-DAC provides is available in Annex 7.

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[79] Providers that note explicit plans to integrate climate across all programming include: Australia, Austria, Belgium, Canada, the EU, Finland, France, Ireland, Norway, Poland, Slovenia, Slovakia, Switzerland, Sweden, UK. Other providers, including Japan and the USA have clear tools and guidance for integrating climate across portfolios, so can be assumed to prioritize integrating climate objectives across development actions.

[80] OECD, *Greening Development Cooperation* (Paris: OECD, 2019).

[81] Ibid.

[82] USAID. *Integrating Climate Change into USAID Activities* (Washington D.C.: USAID, 2015): p. 1. https://pdf.usaid.gov/pdf_docs/PA00KN7C.pdf

[83] OECD, *Greening Development Cooperation*; Global Affairs Canada, "Environmental Integration Process Screening Tool" (2016), retrieved from: https://www.international.gc.ca/world-monde/funding-financement/screening_tool-outil_examen_prealable.aspx?lang=eng

[84] OECD, *Greening Development Cooperation* (Paris: OECD, 2019).

Across providers with guidance or tools for environmental and climate integration, one common feature is the **use of assessments at the planning stage of the programme or project cycle** to identify potential environmental and climate risks and opportunities to better align projects to climate goals prior to implementation. Such assessments often **follow initial screenings**, which are designed to quickly identify the degree of climate risk associated with programming and identify cases where fuller assessments are required. At the screening phase, projects and programmes are typically assigned a "risk category" based on the sector of engagement and/or the type of support provided. Table 8 provides a compilation of the sectors and activities typically included in high, moderate and low risk categories.[85]

[85] An additional risk category is sometimes used for emergency responses, which may proceed without environmental analysis in the immediate term, but which are expected to undergo environmental assessments when provided after the initial emergency period. See Canada's EIP categorization, for example.

Table 8. Typical climate risk category by sector

Risk Category	Sector or activity
High	Large scale projects in sensitive sectors such as: • agriculture, water resources and coastal development • industry or manufacturing, extractives, large-scale food production • fishing, forestry, land reclamation • energy • infrastructure (including transport and construction) • population resettlement
Moderate	Small and medium scale projects in sensitive sectors (as above) and: • infrastructure (maintenance or small-medium scale construction projects) • tourism and leisure • economic development (micro, small and medium enterprise development microfinance, trade, investment) • capacity building (related to the environment, natural resources or infrastructure) Non-sensitive sectors but with physical infrastructure— • health and education (mainly when physical infrastructure is involved)
Low	Projects that do not include physical works including: • technical assistance • scholarships • research • awareness raising • health and educations programmes (that do not include infrastructure) • capacity and institutional strengthening, social safety nets, human rights (and child protection) • conferences, and information management systems

Source: Author's own compilations based on review of DAC providers' climate integration tools and guidance. List represents broad groupings of sectors by risk category from the following providers: Canada, EU Institutions, New Zealand and Norway. See Annex 4 for more information on climate integration tools and sector risk categories by provider.

The type of assessment undertaken per project or programme differs based on the degree of risk identified (using screenings and risk categorizations). **High risk projects or programmes** undergo the most extensive analysis as part of project planning, typically involving a full environmental or climate impact assessment. These assessments conduct in-depth analysis to systematically identify possible environmental consequences of the implementation of new activities and are designed to inform decisions on whether projects should be funded, modified, or rejected in cases when environmental and climate risks are deemed too high. **Moderate risk projects or programmes** are typically subject to full or partial assessments based on the likelihood of adverse environmental impacts. In Canada, for instance, guidance notes that moderate risk projects "require environmental analysis, the

depth of which is commensurate with the initiative's environmental significance."[86] Similarly, the EU uses specified criteria to determine if moderate risk projects require an environmental impact assessment based on intervention characteristics, the environmental sensitivity of the target region, and the likelihood of significant effects to climate (and other factors such as health, biodiversity and material assets).[87] **Low risk projects** do not typically undergo further assessments.

In addition to integrating climate in project planning, some providers list guidance for integrating climate across the life cycle of projects including during **implementation, monitoring and evaluations**. The EU, for instance, uses environmental management plans and climate risk management plans, drafted as part of environmental assessment processes, to ensure that implementation is aligned with plans to mitigate climate and environmental risks.[88] These plans also identify key indicators of climate-related risks which are examined in monitoring systems, plans, reports and final evaluations.

The use of climate integration tools can be either mandatory for all projects or conducted on a voluntary basis. Providers including Australia, Canada, Denmark, the EU, Finland, France, Germany, Norway, Sweden, the UK and the US, note that climate risks are assessed for *all new projects*, although it is unclear whether this applies to *all* ODA spending allocated from government departments beyond lead development agencies. In Austria, such assessments are mandatory for projects over a financial threshold of EUR 500,000.[89] In other cases, climate risk assessments are conducted on a voluntary basis. This is the case with Switzerland's Climate, Environment and Disaster Risk Reduction Guidance, for instance.[90]

Additionally, some providers use other tools for climate integration, including "thematic briefs" for sectors of importance, or developing "climate risk profiles" for key development partners. The Swedes, for instance, publish a set of "thematic briefs" on sectors on interest and importance for the environment and development—including agriculture, urban development and conflict—as part of their Green Toolkit.[91] The briefs highlight the relationship of sectoral engagement to climate change or environmental degradation, and typically highlight key principles for sustainability, and questions to consider during climate

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[86] Global Affairs Canada, "Environmental Integration Process," https://www.international.gc.ca/world-monde/funding-financement/screening_tool-outil_examen_prealable.aspx?lang=eng

[87] European Commission, "Integrating the Environment and Climate Change into EU International Cooperation and Development," *Tools and Methods Series Guidelines No. 6* (Brussels: EC, 2016). Available at: https://europa.eu/capacity4dev/public-environment-climate/documents/new-guidelines-integrating-environment-and-climate-change-eu-international-cooperation-0

[88] European Commission, "Integrating the Environment and Climate Change into EU International Cooperation and Development."

[89] Austrian Development Agency, *Manual Environmental, Gender and Social Impact Management* (Vienna: ADA, 2018).

[90] Swiss Agency for Development and Cooperation, *Climate, Environment and Disaster Risk Reduction Integration Guidance* (Bern: SDC, 2020).

[91] Swiss Agency for Development and Cooperation, *Climate, Environment and Disaster Risk Reduction Integration Guidance*

and environmental assessments.[92] While the Swedish approach provides sectoral guidance, the Dutch use "climate change profiles" to provide an individualized snapshot of the particular climate-related vulnerabilities faced by partner countries.[93] The profiles provide a basis for bilateral engagement that considers partner country context, environmental and climate priorities as well as those related to NDCs, and briefly maps the scale and scope of climate finance received by the partner (including funds beyond Dutch development cooperation).[94]

Dedicated capacities for climate and development

Beyond creating the tools and guidelines for climate integration, some providers are building dedicated capacities for climate-related engagement and programming within development agencies or in-country offices. For instance, the EU's Environment and Climate Change Mainstreaming Facility, which sits internally within DEVCO, was created to "improve the effectiveness of EU interventions having direct or indirect effects on environment and climate issues, or being affected by environment and climate issues, through EU thematic and geographic programmes, ultimately contributing to poverty eradication, sustainable development and green growth."[95] The Facility provides technical support and serves a "helpdesk" function to headquarters and EU delegations to ensure the climate issues are mainstreamed across programmes and throughout the whole project cycle. Similarly, Sweden and Germany have also set up climate "helpdesks" to support climate-related programmes.

Other countries are also developing dedicated climate capacity in various forms. In Germany, climate attachés from the environmental ministry sit in some embassies to support climate capacity and manage climate-related engagement.[96] In France, "climate focal points" in geographic programming units within the foreign ministry liaise on climate-related issues.

4.4 Main findings from the review of provider practices on climate-related development finance

Overall, the review of development providers' reporting documents and policies showed a few main trends in terms of how providers include and integrate climate actions across development portfolios.

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[92] Swedish Agency for International Development, "Green Toolbox," https://www.sida.se/English/partners/methods-materials/green-tool-box/

[93] Government of the Netherlands, "Climate Change Profiles," https://www.government.nl/documents/publications/2019/02/05/climate-change-profiles

[94] Government of the Netherlands, "Climate Change Profiles."

[95] European Commission Directorate-General for International Cooperation for Development, "Environment and Climate Change Mainstreaming in EU Development Cooperation," *Briefing note for the OECD-DAC peer-learning visit* (Brussels: DG DEVCO, 2018): p. 18.

[96] Nadia Ashraf, Hanne Knaepen, Jeske van Seters and James Mackie. "The integration of climate change and circular economy in foreign policies," *Discussion paper No. 274* (Brussels: ECDPM, 2020) https://ecdpm.org/wp-content/uploads/Integration-Climate-Change-Circular-Economy-Foreign-Policies-Discussion-Paper-274-June-2020-ECDPM.pdf

Almost all providers recognize the importance of climate action and include it in development cooperation policies through strategic and financial commitments, to different degrees.

This review found that providers consistently consider climate action as a core thematic or cross-cutting priority of development cooperation and often outline financial commitments for funding climate-related development objectives as part of their strategic documents. While there are considerable differences across providers in terms of degree to which climate features in policies and plans, France stands out by having both a commitment to ensuring that all development spending is Paris Agreement compatible, while also defining clear financial priorities for climate-related spending. The presence of both strategic and financial commitments to support climate-related development action clearly establishes climate integration as a priority action and gives agencies a mandate to deepen climate mainstreaming across portfolios. Moreover, it seems that some of the providers with the largest financial commitments to climate use dedicated mechanisms for programming (France is perhaps a notable exception), while smaller providers of climate-related development finance tend to mainstream climate into regular programming.

The basis for climate-related development programming decisions differs across countries. In most cases, programming often follows established allocation patterns and priorities, particularly for providers without climate finance mechanisms.

The review of development policies and integration methods further showed that providers tend to: 1. Identify regions of focus for climate activities that match broader allocation patterns, and 2. Integrate climate activities into country programming strategies and plans with key bilateral partners. While the close alignment between development and climate spending patterns implies that climate-related development finance may not be targeted explicitly towards maximizing climate outcomes (as mentioned in Section 3), it suggests that in many cases, climate action is being integrated into partnership agreements and country strategies rather than programmed separately. Such integration follows from how providers typically operate and can ensure that climate-related development engagement is aligned to partner priorities as outlined in national strategies and NDCs. Development agencies—after all—know how to do development well. Building climate considerations into development actions, systems and processes can ensure that climate-related development programming keeps development objectives at the forefront.

Additionally, some providers—typically those with dedicated funding mechanisms or large climate-related development finance providers (France and Japan, for instance)—use specific indicators or allocation criteria to inform project selection. This review highlighted three main types of indicators typically used by providers that inform choices based on expected outcomes, cost-effectiveness, or partner-specific characteristics (i.e., vulnerability to climate change). Of the three, measuring the expected climate outcomes of potential projects was the most common, with several providers using a measure of expected GHGs avoided as part of the project appraisal process. These types of ex-ante criteria can ensure that climate-related development spending is programmed to achieve climate benefits and align support with the mechanisms' "theory of change."

Results reporting from climate-related development finance is currently limited.

This analysis shows that while some providers publish climate-focused results, such reporting is relatively limited. Mitigation indicators—notably GHGs reduced or avoided—are perhaps the best reported climate-related outcome across providers with eight agencies reporting these results at the portfolio level. Adaptation-related results appear to have more differentiated reporting based on specific sectors or types of engagement. At the institutional level, climate objectives and outcomes are rarely assessed as part of agency-level performance, with a study from the OECD noting that only 9 of 22 providers (both bilateral and multilateral) surveyed include climate-related targets and indicators on institutional results and performance reporting.[97]

The absence of performance data makes it difficult to understand the real-world impact of provider efforts to integrate climate across development portfolios. Indeed, some providers are aware that more work is needed to capture climate-related development finance results effectively. Sweden, for instance, has noted that difficulties in establishing baselines prevent regular reporting and assessments of the cost-effectiveness of programming.[98] Similarly, France's AFD notes that most of its current indicators relate to monitoring financial commitments or ex ante evaluated targets, rather than assessing the "results actually achieved throughout the life of the projects and funding (ex post monitoring and analysis)."[99] As a result, AFD plans to give more thought to how to "better define the impacts sought ex ante, for example by using cost-benefit studies designed to capture and value the scope of adaptation measures and the emissions avoided, and to identify which impact monitoring systems should be deployed, including retrospective assessments, with their methodological specificities."[100]

As providers work to improve the monitoring and reporting of climate and development results, sharing methodologies and approaches could not only support system-wide reporting improvements, but the use of consistent methodologies could also support more comparable data and evidence across actors. Given the urgency of climate challenges and global commitments to align finance—including development resources—to climate objectives, understanding the impacts of current integration (including failures) can support more effective decision-making and programming around climate and development activities.

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[97] OECD, *The Only Way Forward: Aligning Development Co-operation and Climate Action* (Paris: OECD, 2019).
[98] For Sweden, a recent evaluation of the SIDAs environmental and climate change integration noted that there was "unfortunately no baseline to compare with" to measure explicit progress towards environmental integration (SIDA, 2019 p. 49). This is in line with a broader evaluation of SIDA programming, which found that the "lack of adequate M&E frameworks, baselines, measurement indicators and methodologies and the problem of attribution are often cited as the main challenge in capturing impacts" (SIDA, 2020 p. 31).
[99] AFD, Climate-Development Strategy 2017–2020 Midterm Review, (Paris: AFD, 2020): p. 27.
[100] Ibid.

Most providers have guidance and tools for considering climate objectives across development portfolios, but these differ in terms of application and scope.

This review showed that while many providers have guidelines or tools to support climate integration, most tend to be used prior to project implementation to ensure that programmes do not have a negative impact on climate. Such "screenings" are often designed to minimize risk, typically using project sectors as an initial proxy to determine whether deeper assessments are needed. However, in several cases, the public guidance reviewed as part of this study did not appear to specify how or whether climate impacts are (or should be) continually assessed throughout the project cycle including through implementation, monitoring and evaluation. The absence of such monitoring throughout the implementation process could make it difficult to identify and course-correct unexpected risks throughout the project cycle.

Moreover, current tools for screening and assessing climate risks appear to be targeted towards "doing no harm." While ensuring that development programming does not undermine the climate agenda is crucial, there may be scope for using climate screenings and assessments to also identify positive opportunities to integrate climate considerations and adjustments into programmes. Indeed, the OECD suggests that Paris-aligned development cooperation goes beyond "doing no harm," noting that making a "positive contribution to the system-wide transformation" to low-emissions, climate-resilient pathways is needed in order to meet the Paris Agreement and support the achievement of the SDGs.[101]

5. Integrating climate into "beyond ODA" engagements

The most important contribution to climate made by the OECD countries is their own greenhouse gas footprint which averages some 12tonnes per head, relative to around half a tonne across the poorest 52 countries.[102] Full integration of climate considerations would necessarily include examining and reducing providers' own emissions alongside other global engagements. While this is an important topic, this section focusses on the narrower issue of how providers are integrating climate considerations into other foreign policies and engagements with developing countries.

Beyond concessional spending, other **development finance** has also targeted climate activities. Perhaps most notably, bilateral development finance institutions (DFIs) provide a combination of concessional and non-concessional resources to support development activities, where the ability to attract commercial investments directly to projects or by acting as intermediaries in "blended" finance mechanisms (where ODA and non-ODA resources are pooled for development-related investments), has made them important actors in scaling-up climate-related investments. In 2018, the OECD estimated the amount of climate finance mobilized by bilateral and multilateral development finance interventions to be

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[101] OECD, *The Only Way Forward: Aligning Development Co-operation and Climate Action* (Paris: OECD, 2019): p. 21.
[102] Arthur Baker and Ian Mitchell, "Projecting Global Emissions for Lower-Income Countries," *Centre for Global Development Note* (London: Center for Global Development, 2020). Available from: https://www.cgdev.org/publication/projecting-global-emissions-lower-income-countries

around $14.5 billion, up from $10.1 billion the year prior.[103] Indeed, many DFIs invest in climate-relevant sectors, including sustainable infrastructure, energy, and transportation. Moreover, almost all the bilateral DFIs of DAC members measure climate-related indicators—such as annual or cumulative carbon dioxide avoided—as key proxies of the "development impact" of investments, often reporting such mitigation-related contributions in annual reports (a list of most recent climate-related "impact" figures from DFIs is available in Annex 8). Yet reporting across DFIs is not consistent, with measures including emissions from investments, emissions avoided and energy produced, with the focus of reporting differing across the entire portfolio or annual activities.

Moreover, other government departments, such as export credit agencies (ECAs), also support climate related actions through the provision of **export credits**. According to the OECD, climate-related export credits allocated by provider countries increased from $1.6 billion in 2013 to $2.1 billion in 2017, the vast majority of which are typically provided as credit risk guarantees (79 percent in 2017) with the remainder attributed to export credit loans. Perhaps unsurprisingly, most export credits were reported for climate mitigation, with the bulk reported for renewable energy products and technology.[104] While much of the export credit data for climate is based on projections, suggesting room for improvement from a measurement perspective, a recent study of the policies of export credit agencies also found that few currently make explicit commitments to supporting climate change in their activities, including through phasing out support for fossil fuels.[105] The report notes that "Overall, most ECAs seem to be at a very early stage of taking climate change considerations seriously and integrating them into their business strategies or global value chain."[106]

Some DAC providers have also begun mainstreaming climate-related actions across other foreign policy sectors including **trade, migration,** and **security,** albeit to a lesser degree. In terms of **trade**, there is some evidence that preferential trading agreements (PTAs) between DAC and developing country partners sometimes include provisions related to climate sustainability, most notably related to carbon mitigation. A study of the inclusion of climate considerations across PTAs showed that climate provisions in PTAs often focus on several types of mutual action, including: encouraging the uptake or deepening of renewable energy or energy efficiency, cooperation of climate governance, the reduction of GHGs and to a

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[103] OECD, *Climate Finance Provided and Mobilised by Developed Countries in 2013–17,* (OECD: Paris, 2019): p. 13. See section 3 of the OECD's report for a full description of the methodology for assessing mobilized climate finance. Due to a new methodology introduced in 2015, data on amounts of mobilized climate finance prior to 2015 are not necessarily comparable to the latest figures.

[104] OECD, *Climate Finance Provided and Mobilised by Developed Countries in 2013–17,* (OECD: Paris, 2019): p. 12–16. The OECD cautions that export credit flows are based on demand and tend to experience annual volatility and are based on projections. Moreover, the OECD notes that most providers are "currently unable to report climate-related projects beyond renewable energy," with only a few projects reported for other sectors.

[105] Igor Shishlov, Anne-Kathrin Weber, Inna, Stepchuk, Laila Darouich, Axel Michaelowa, *Study on external and internal climate change policies for export credit and insurance agencies,* report by the Perspectives Climate Group (Perspectives Climate Group: Germany, 2020). Available from: https://unfccc.int/sites/default/files/resource/20-03-11_Perspectives_ECA_Study_Final_revised.pdf

[106] Ibid, pg. 2.

lesser degree, climate adaptation.[107] For instance, a 2012 agreement between the EU and Central America included provisions for climate mitigation, stating that cooperation between the two would address the "strengthening of carbon market mechanisms."[108] Similarly, agreements between Australia and Malaysia detail "requirements related to the transfer of carbon capture capacities between the two countries," while other PTAs, "promote trade in environmental goods and services specifically related to GHG emissions."[109] For adaptation, agreements sometimes specify intentions to cooperate on climate adaptation including through technological development (Moldova-EU agreement) or measuring climate vulnerabilities (Korea-Peru).[110] Yet there remain questions around the effectiveness of these measures, which are sometimes "weakly 'legalized'" (i.e. measures are not obligatory, precise, or clearly enforceable) and often not adopted by the largest emitters.[111]

On **migration**, policy responses to address the climate and migration nexus remain limited. One attempt to support developing countries affected by climate change was undertaken by New Zealand, which in 2017 launched a "climate refugee" visa for Pacific Islanders who have been displaced by the effects of climate change.[112] While the plan aimed to provide a route for New Zealand's neighbouring countries and key development partners, the plan was ultimately dropped six months after being announced, on the basis that Pacific Islanders didn't want the visas and saw claiming refugee status as a last resort. They instead called on New Zealand to support climate mitigation and adaptation to prevent further damage to their homes.[113] More recently, in February 2021, US President Biden called for a study on the impact of climate change on migration as part of an executive order on "Rebuilding and Enhancing Programs to Resettle Refugees and Planning for the Impact of Climate Change on Migration."[114] The study has been directed to include "options for protection and resettlement of individuals displaced directly or indirectly from climate change" and appears to be a first step to inform potential future engagement.

Security is also emerging as a foreign policy sector with climate-relevance; a recent review of climate integration in foreign policy domains found that the "climate-security nexus is a

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[107] Jean-Frédéric Morin and Sikina Jinnah, "The untapped potential of preferential trade agreements for climate governance," *Environmental Politics* 27 no 3 (2018).
[108] Jean-Frédéric Morin and Sikina Jinnah, "The untapped potential of preferential trade agreements for climate governance."
[109] Ibid
[110] Ibid
[111] Ibid.
[112] Helen Dempster and Kayly Ober, "New Zealand's 'Climate Refugees' visas: lessons for the rest of the world," *Center for Global Development blog* (January 10, 2020), available from https://www.cgdev.org/blog/new-zealands-climate-refugee-visas-lessons-rest-world
[113] Helen Dempster and Kayly Ober, "New Zealand's 'Climate Refugees' visas: lessons for the rest of the world."
[114] The White House, "Executive Order on Rebuilding and Enhancing Programs to Resettle Refugees and Planning for the Impact of Climate Change on Mitigation," available at: https://www.whitehouse.gov/briefing-room/presidential-actions/2021/02/04/executive-order-on-rebuilding-and-enhancing-programs-to-resettle-refugees-and-planning-for-the-impact-of-climate-change-on-migration/

rising star in policy circles" across a sample of European countries.[115] Several countries have begun to consider definitions of security that include climate-related risks (Finland) or include the climate-security nexus in foreign policy strategies (Germany and Sweden). However, at this point, climate-security efforts appear limited to research to better understand the interrelationship between these objectives and efforts to increase awareness amongst staff.

5.1 Main findings from the review of "beyond ODA" engagements

This brief review of "beyond ODA" engagements highlights two main considerations.

While providers are starting to integrate climate objectives across broader foreign policy engagements, more work is needed to systematically advance climate objectives beyond ODA.

Beyond ODA, provider countries must be clear that their main climate contribution is through their own greenhouse gas emissions which remain above those of their development partners[116] and efforts to reduce partners emissions should consider this imbalance. As such, any efforts to respond to climate impacts through development finance—concessional or otherwise—must be coupled with regulatory or technological changes in provider countries to ensure that domestic practices within provider countries support—rather than undermine—international engagements on climate.

This paper has identified some early "beyond ODA" efforts for climate integration—including the Biden administrations study on the relationship between climate change and migration, and explorations of the climate-security nexus. On trade agreements covering environmental and climate issues, negotiating agencies will want to ensure provisions are not only balanced in recognising both parties' responsibilities and avoiding restrictions, but also that such measures are accompanied by commensurate action. More broadly, providers should consider developing policies or standards on climate to help mainstream climate objectives across foreign policy actions.

Providers could search for and consider potential complementarities across agencies and instruments.

The integration of climate considerations and objectives by both development agencies and DFIs suggests that within provider countries, there may be opportunities and scope for considering complementarities based on the comparative advantages of each actor. For instance, The OECD notes that Paris alignment requires complementary actions to support

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[115] Nadia Ashraf, Hanne Knaepen, Jeske van Seters and James Mackie. "The integration of climate change and circular economy in foreign policies," *Discussion paper No. 274* (Brussels: ECDPM, 2020) https://ecdpm.org/wp-content/uploads/Integration-Climate-Change-Circular-Economy-Foreign-Policies-Discussion-Paper-274-June-2020-ECDPM.pdf

[116] For example, see Arthur Baker and Ian Mitchell, "Projecting Global Emissions for Lower-Income Countries," available at: https://www.cgdev.org/publication/projecting-global-emissions-lower-income-countries

financing, policy, and capacity building.[117] Different types of actors within provider governments—and across the international system more broadly—will have instruments and business models best suited to different types of action. DFIs for instance, primarily engage through non-grant instruments and are typically well placed to finance infrastructure investment, while development agencies specialize in concessional financing and may be comparatively better positioned to engage in policy dialogue with partner countries.[118] For providers, there are opportunities to leverage complementary institutions and resources across government to advance climate action, the particular configuration of which should be based on the capacities available across governments and the needs of partner countries.

6. Summary of climate actions across providers

The analysis presented in this paper has mapped both the concessional financial contributions that providers make to support climate objectives as well as the policy tools, mechanisms and approaches used to integrate climate across development programmes. A summary of the volume of climate-related development finance and instruments used to integrate climate objectives are outlined in Table 9, below.

Table 9. Summary of climate spending and integration approaches by provider

Provider	Share of bilateral ODA for mitigation/adaptation (principal spend, only)			Climate objective	Financial commitment for climate	Separate fund	Identified climate assessment tool/ guidance	Largest multilateral recipient (3-yr average, imputed multilateral spending)
	Total	Mitigation (share of principal)	Adaptation (share of principal)					
Australia	1.7%	50.4%	49.6%	Yes	Yes	No	Yes	AIIB
Austria	4.2%	71.8%	28.2%	Yes	Yes	No	Yes	IDA
Belgium	2.5%	62.2%	37.8%	Yes	Yes	No	Yes	IDA
Canada	9.9%	48.7%	51.3%	Yes	Yes	No	Yes	IDA
Czech Republic	2.7%	50.3%	49.7%	Yes	Yes	No	No	IDA
Denmark	4.2%	65.1%	34.9%	Yes	Yes	Yes	Yes	GEF
EU institutions	6.9%	41.5%	58.5%	Yes	Yes	Yes	Yes	UNFCCC
Finland	8.7%	95.8%	4.2%	Yes	No	No	Yes	IDA
France	23.6%	68.2%	31.8%	Yes	Yes	No	Yes	GCF
Germany	14.2%	84.7%	15.3%	Yes	Yes	Yes	Yes	GCF
Greece	0.0%	NA	NA	NA	No	No	No	IDA
Hungary	0.0%	NA	NA	Yes	Yes	No	No	GCF
Iceland	6.7%	79.1%	20.9%	Yes	Yes	No	Yes	IDA

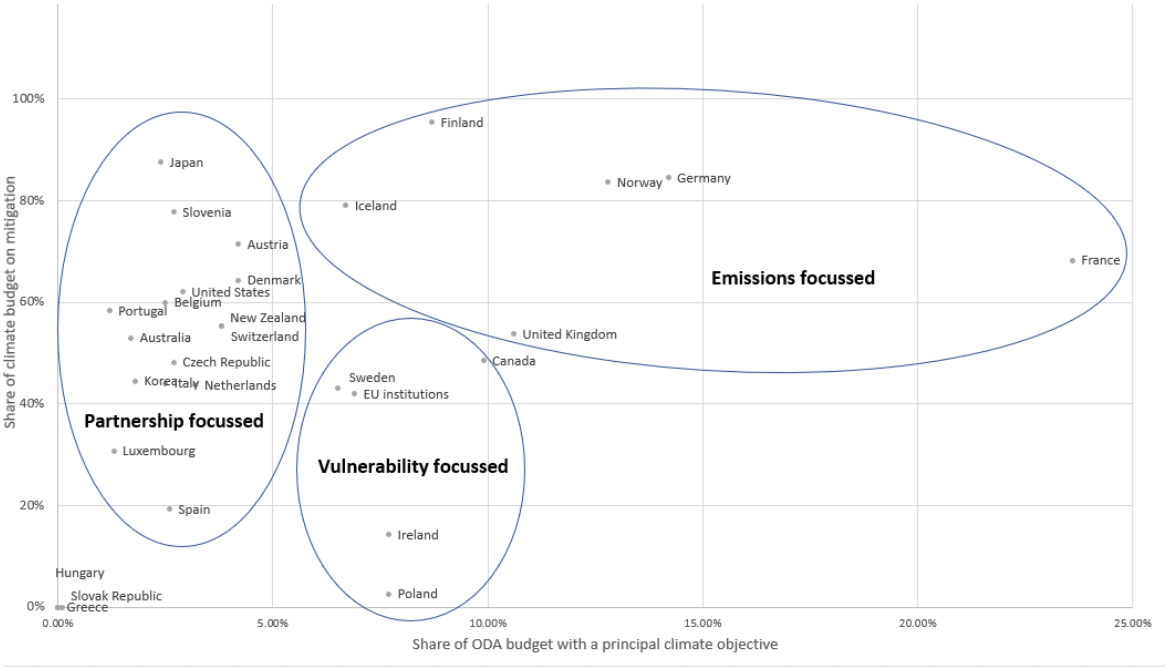
[117] OECD, *The Only Way Forward: Aligning Development Co-operation and Climate Action* (Paris: OECD, 2019).
[118] Ibid.

Ireland	7.7%	14.0%	86.0%	Yes	Yes	No	Yes	IDA
Italy	2.5%	42.4%	57.6%	Yes	Yes	No	No	GCF
Japan	2.4%	86.0%	14.0%	Yes	Yes	No	Yes	IDA
Korea	1.8%	43.8%	56.2%	Yes	No	No	No	AIIB
Luxembourg	1.3%	29.0%	71.0%	Yes	Yes	Yes	No	IDA
Netherlands	3.2%	43.0%	57.0%	Yes	Yes	Yes	Yes	IDA
New Zealand	3.8%	56.2%	43.8%	Yes	Yes	No	Yes	IDA
Norway	12.8%	83.7%	16.3%	Yes	Yes	Yes	Yes	GCF
Poland	7.7%	2.0%	98.0%	Yes	Yes	No	No	AIIB
Portugal	1.2%	53.0%	47.0%	Yes	Yes	No	No	AfDF
Slovak Republic	0.1%	39.1%	60.9%	Yes	No	No	No	IDA
Slovenia	2.7%	75.8%	24.2%	Yes	Yes	No	No	GEF
Spain	2.6%	21.0%	79.0%	Yes	Yes	No	Yes	IDA
Sweden	6.5%	43.8%	56.2%	Yes	Yes	No	Yes	IDA
Switzerland	3.8%	53.9%	46.1%	Yes	Yes	No	Yes	IDA
United Kingdom	10.6%	53.4%	46.6%	Yes	Yes	Yes	Yes	IDA
United States	2.9%	63.7%	36.3%	Yes	No	No	Yes	GCF

Source: Authors' own compilation. Financial data is sourced from the OECD's Climate Finance Dataset and OECD's Creditor Reporting System. All figures are presented as 3-yr averages between 2016–2018 and are calculated using commitment data, in constant 2018 prices. The share of ODA allocated as "principal" spending is calculated using total "climate finance commitments" which excludes overlap between activities marked as "principal" under both mitigation and adaptation objectives. Data on climate integration tools and approaches was sources though reviewing policies and guidance per donor, as noted in section 4. Acronyms for largest multilateral recipients are as follows: African Development Fund (AfDF), Asian Infrastructure Investment Bank (AIIB), Green Climate Fund (GCF), Global Environment Facility (GEF), International Development Association (IDA), United Nations Framework Convention on Climate Change (UNFCCC). The largest multilateral recipient reflects the agency that receives the largest volume of ODA (from each donor), attributable to supporting climate objectives or programmes by the multilateral agency. IDA is listed when the expected share of donor contributions to IDA that the agency spends on climate change is larger than contributions to other climate vertical funds or agencies support climate programming.

Broadly, the results of this mapping exercise can be used to identify three main types of climate providers. Table 10 below uses a simple 2x2 formula to group providers into categories based on: 1. Whether providers have above or below average levels of "principal" climate finance (average is 5 percent of bilateral ODA) and 2. Whether the majority of climate finance is allocated to mitigation or adaptation programming. While the groupings are admittedly imperfect (and not mutually exclusive) they provide a starting place for thinking about different types of climate engagement and groups of like-minded climate actors.

Chart 1. Reported principal climate share of total budget and share on mitigation



Source: Authors' own analysis based on DAC data.

Table 10. Typology of climate providers

	Adaptation	Mitigation
	Partnership focused	
Small share (<5%)	Australia, Czech Republic, Korea, Italy, Luxembourg, Netherlands, Slovakia, Spain	Austria, Belgium, Denmark, Iceland, Japan, New Zealand, Portugal, Slovenia, Switzerland, USA
Large share (>5%)	**Vulnerability focused** Canada, EU Institutions, Ireland, Poland, Sweden	**Emissions focused** Finland, France, Germany, Norway, UK

Source: Authors' own analysis based on data presented in Table 9.

Note: Greece and Hungary are excluded from Table 8 as neither provide bilateral ODA for "principal" climate purposes. In cases where the "principal" split between climate mitigation and adaptation is even, providers are grouped by the largest objective when "significant" spend is also counted.

Providers within each of the groupings share some common characteristics:

- **Vulnerability focused.** These are providers that spend more than 5 percent of bilateral ODA as "principal" climate finance for adaptation-related activities. In most cases, these providers consider climate to be a key objective or priority of development engagement and use a range of tools and approaches for climate integration including having a clear climate spending target and assessment framework. The higher share of spending to adaptation is partly linked to explicit commitments to adaptation finance (EU for instance, prioritizes adaptation in its GCCA+ fund), but also due to the focus of these providers on least developed countries and small island developing countries (Canada, Ireland, Sweden). Climate finance from these providers is mostly or wholly provided as ODA grants.

- **Emissions focused**. These are providers that spend more than 5 percent of bilateral ODA as "principal" climate finance for mitigation-related activities. In all cases, climate is a key priority of development cooperation providers with most using a range of tools for climate integration including separate funding mechanisms (used by Norway, Germany and UK), climate targets, and climate assessments. The higher share of spending for mitigation is partly linked to explicit commitments to mitigation objectives—Norway's NICFI for instance is focused on mitigation and deforestation primarily in middle-income countries—as well as to partnerships with middle income countries (Germany, for instance). Each of these providers have development finance institutes—some of which actively engage in climate investments—and in other cases (Germany and France) the bulk of mitigation spending is provided as ODA loans.

- **Partnership focused.** These are providers that spend less than 5 percent of bilateral ODA as "principal" climate finance for either adaptation or mitigation activities. While climate is generally considered an objective of development cooperation for these providers, the range of tools and approaches used to program climate spending tend to be more limited than in larger providers (one exception is Denmark, which has a separate climate fund). Moreover, in many cases, the type of climate-support offered and provided is based on the specific needs of partner countries, with climate support often integrated into partnership agreements (see Netherlands' Country Strategies for instance). This means that the type of climate objectives prioritized are likely linked to recipient needs, or in some cases, provider expertise (Iceland for instance has strong expertise in geothermal power so may skew support towards mitigation). In all cases, the relatively small proportion of spending for climate suggests that providers do not have climate-focused programmes, with many providing climate finance as a secondary (or "significant") objective integrated into non-climate focused activities (Japan, for instance, provides almost 40 percent of ODA on climate, most of which is as a secondary objective alongside economic development projects).

These groupings could form the basis of agencies with a common agenda working together to develop common standards on measures and best practice.

7. Recommendations for development agencies

Development agencies are now playing a significant role in efforts to combat climate change. Concessional funding from DAC-providers makes up more than half of currently reported progress towards the $100 billion climate financing target, while pledges to ensure that all financing is consistent with climate objectives has made climate a consideration across broader development programming.

This analysis has sought to explore and map key trends in climate-related development financing, as well as the approaches currently used by development agencies to integrate climate considerations into their activities. While development agencies are already taking steps to improve the quality and quantity of their climate-related programming, collective and individual challenges remain. In the remainder of this section, several recommendations are offered to build on current progress and strengthen climate-related approaches.

- **Recommendation 1:** *Governments should ensure a clearer definition of any climate finance measure and calculate the baseline for any future climate spend target.* As the international community looks to assess progress on the $100 billion spending target, and "what comes next," they should work to agree to both a clear definition of what counts towards any climate finance commitments, as well as a transparent and uniform baseline from which progress is measured. Both are needed to improve on current reporting practices, which allow providers to decide how "new and additional" finance—and progress towards the $100 billion—is counted, leading most DAC providers (13/24) to adopt a definition that includes climate spending which may be funded at the expense of other development programming.

- **Recommendation 2**: *Consider ramping-up adaptation spending from climate-related development finance to meet the Paris Agreement target of an even split between objectives.* Climate-related development spending—and climate finance more broadly—tends to prioritize spending on mitigation. Yet despite calls for even focus, funding for adaptation and resilience lags behind, particularly in some of the largest climate-ODA providers. Given the relationship between poverty and climate vulnerability, development agencies should consider scaling-up engagement for adaptation when aligned with partner priorities and plans.

- **Recommendation 3:** *The evidence base and results reporting on climate needs to be improved.* At a minimum, providers should consider investing in monitoring and reporting methodologies and capacities for climate and development to support learning and improve outcomes. This review showed that while most large providers, particularly those using separate climate-finance mechanisms, consider indicators of climate impact to inform their programming choices, transparency around those expected impacts and the results achieved from climate spending remains varied. In light of evidence that methodologies and capacities for monitoring climate and development results remain at an early stage, providers should work to invest in scaling-up this capacity in order to meaningfully monitor the performance of climate-related ODA,

and to support long-term learning and effectiveness. Providers could consider collaborating to develop common approaches to reporting climate-related development impacts, which could allow for more comparable metrics and evidence base.

- **Recommendation 4:** *All development agencies should have guidance for screening activities for climate impacts to ensure that spending is aligned with the Paris Agreement.* This review showed that most providers already have tools in place to integrate climate objectives across their development portfolios. At a minimum, development agencies should have clear processes for screening all activities for potential climate risks or vulnerabilities to ensure that development efforts "do no harm" to global climate. To deepen climate mainstreaming, agencies should aim to integrate climate across the life cycle of projects or programmes, including through implementation, monitoring, and final evaluations, and should use screening processes to also search for opportunities for climate integration.

- **Recommendation 5:** *Provider governments should work to strengthen and formalize approaches to integrating climate action across foreign policies.* This review showed that provider governments have begun integrating climate objectives across their foreign policies. Yet there remains substantial room to deepen such approaches to ensure that foreign engagements (across trade, development, diplomacy)—both with developing countries and with other providers—support, rather than undermine, development-related and concessional climate engagements. In cases where providers have a foreign ministry responsible for development, trade and diplomacy, strategic policy units could work on developing policies to mainstream climate objectives across areas of working, including identifying clear standards of practice. In cases where these functions are separate, relevant ministries led by a lead agency (perhaps environmental ministries) could work to develop clearer guidance on ensuring departmental action remains aligned with broader climate objectives. More broadly, provider governments could undoubtedly make substantive contributions to global climate action through reducing their own emissions, which often remain above those of partner countries.

- **Recommendation 6**: *Provider governments should leverage complementarities across agencies to support climate-related development outcomes.* While this paper has primarily focused on climate-related development finance, provider governments have many other flows, instruments and tools available to support climate-related action. Leveraging the resources available across governments could ensure that the actions taken by different agencies are pulling in the same direction and working to strengthen outcomes.

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Annex 1. Definitions of "new and additional" climate finance

Definitions of "new and additional" climate finance used across providers were compiled for OECD-DAC members from UNFCCC Biennial Reports. As part of the UNFCCC reporting commitments, Annex II countries are required to define the and capture the resources that they consider to be "new and additional" for climate. The fourth iteration of the UNFCCC Biennial Reports were consulted (unless otherwise stated).

The review showed four main definitions of "new and additional" are used by DAC providers:

1. **Annual additional:** Most providers consider funding to be "new and additional" in each year based on the understanding that annual appropriations are "new" to that years' budget.

2. **Above historic:** Some providers consider "additional" finance to be commitments beyond previous efforts, typically from a defined baseline. This is the case with Canada and Finland, for instance, which both consider additional finance to be that above levels provided in 2009.

3. **Above growing ODA:** Some countries consider spending to be additional when allocated alongside a growing aid budget, so as to indicate the climate finance is not substituting for traditional ODA spending. This is the case with the UK, which considers climate finance to be ring-fenced via the International Climate Finance instrument and considered additional alongside a growing non-climate ODA budget.

4. **Above 0.7 percent:** Some providers consider climate finance to be additional when above the 0.7 percent ODA/GNI spending target, namely Norway and Sweden.

The table below shows a summary of the definition used by each provider. Text included under the "full description" column are direct quotes taken from the fourth generation UNFCCC biennial reports, unless otherwise stated. Full definitions are coded based on the four broad definition types presented above. All coding was done by the author and is necessarily subjective.

Definitions of "new and additional" climate finance by DAC provider

Country	Full definition	Code
Australia	Australia sources its climate finance from new and additional aid budget appropriations passed by the Australian Parliament on an annual basis	Annual additional
Austria	… our commitment to provide "new and additional" resources, which we define as a gradual scaling up of support over the years since the Convention and its Kyoto Protocol entered into force … with the overall volume of support provided increasing in the longer term.	Above historic
Belgium	… financial support is described as new and additional as it contains: Provisions in line with Article 4, paragraph 3, of the Convention (123.8 million EUR to GEF and its climate funds; 71.7 million EUR to GCF); Contributions which would not have existed without the financial commitments resulting from the Copenhagen Accord (150.5 million EUR during the reporting period); Budget lines on top of the annual budget for bilateral development cooperation; Only the climate-specific or climate-relevant part of projects and programmes.	Above growing ODA
Canada	Canada's $2.65B climate finance commitment is a substantial increase from Canada's past levels of climate funding, scaling up to $800M per year by 2020. Through this commitment, Canada is supporting climate projects that are above and beyond what was planned prior to the Convention and Copenhagen Accord [a]	Above historic
Czech Republic	Non-Annex II party and is therefore not obliged to provide "additional" climate finance	N/A
Denmark	… newly committed (for reporting on commitments) or disbursed (for reporting of disbursements) finance for climate change adaptation or mitigation activities within the reporting period and was not reported to UNFCCC in the previous report are considered new and additional.	Annual additional
EU	As EU budgets are determined on an annual basis, each annual commitment cycle represents new and additional resources.	Annual additional
Finland	Finland decided to use the year 2009 as a baseline for defining new and additional funding.	Above historic
France	All of the financial support presented in this report is deemed to be new and additional, consisting of funding authorizations for the year in question (for bilateral funding) and payouts made for the reporting year in question (for multilateral commitments).	Annual additional
Germany	New and additional means all funds newly pledged or disbursed in the reporting year.	Annual additional
Greece	Financial, technological and capacity-building support reported in this National Communication/Biennial Report are considered to be "new and additional resources," meaning that they were committed after and not included in the previous National Communication or Biennial Report.	Annual additional
Hungary	Non-Annex II party and is therefore not obliged to provide "additional" climate finance.	N/A

Iceland	… Iceland has decided to look at the increasing ODA volumes in 2016 (2087 million ISK increase from 2012 to 2016). The new and additional funding was therefore drawn from the growing aid program and has not diverted funds from existing development priorities or programs.	Above growing ODA
Ireland	Consequently, with the exception of a few heavily caveated multiannual funding arrangements, all public climate finance provided by Ireland annually is considered new and additional.	Annual additional
Italy	… only newly and additional committed or disbursed climate finance during the period 2017–2018 originating from these above channels are considered as such …	Annual additional
Japan	In this report, Japan's climate finance is newly committed or contributed during the reporting period, in 2017 and 2018, therefore, it is "new and additional."	Annual additional
Korea	** Korea does not appear to include a clear and explicit definition in its biennial reporting documents.	N/A
Luxembourg	Luxembourg's definition is that resources that it commits to delivering are not taken over from earlier commitments and are thus "new," and that they are "additional" as they are on top of Luxembourg's ODA commitments and thus are not double counted or taking away from other resources dedicated to poverty eradication. **Note, while Luxembourg's definition signals that "additionality" is defined as beyond conventional ODA commitments, Luxembourg's development policy commits it to regularly spending at least 1% of GNI as ODA. Luxembourg's climate finance is considered "additional" to its 1% spending target and is categorized as "above 0.7%" as a result.	Above 0.7%
Netherlands	The financial resources disbursed over 2017 and 2018 as reported in this Biennial Report are considered new and additional to the financial disbursements reported over the years 2011–2016 in the previous national communications or biennial reports.	Annual additional
New Zealand	New Zealand's practical approach has been to report all climate-related assistance provided during the reporting period; this is the most transparent and appropriate way of communicating new resources provided.	Annual additional
Norway	All our climate finance can be counted beyond the 0.7 per cent threshold.	Above 0.7%
Poland	Non-Annex II party and is therefore not obliged to provide "additional" climate finance.	N/A
Portugal	Portugal considers Environmental Fund (FA) as an additional financial resource compared with conventional ODA.	Above growing ODA
Slovakia	Non-Annex II party and is therefore not obliged to provide "additional" climate finance.	N/A
Slovenia	Non-Annex II party and is therefore not obliged to provide "additional" climate finance.	N/A
Spain	… it is considered that the contributions disbursed on climate change are contributions made to activities that are new and specific to climate change …	Annual additional

Sweden	… climate financing should be additional to the international development aid goal of 0.7 % of gross national income (GNI).	Above 0.7%
Switzerland	Switzerland's public climate finance has seen a steady increase over the past years … Switzerland therefore considers its provided climate finance as new and additional	Above historic
UK	ICF represents a dedicated climate commitment which is new and additional to historic Official Development Assistance (ODA) levels ...	Above growing ODA
USA	Withdrew from Paris Agreement; has not submitted assessment since 2015. The latest biennial report (BR2) submitted by the US notes the following definition of "new and additional": The Obama Administration seeks new funding from Congress on an annual basis. Since ratifying the UNFCCC in 1992, U.S. international climate finance increased from virtually zero to around $2.7 billion per year in FYs 2013 and 2014. During the FSF period alone (2010–2012), average annual appropriated climate assistance increased fourfold compared with 2009 funding levels.	Annual additional

a. Canada's fourth biennial report does not appear to define "new and additional." The definition provided was instead taken from Canada's third biennial report, available at: https://unfccc.int/sites/default/files/resource/82051493_Canada-NC7-BR3-1-5108_ECCC_Can7thNComm3rdBi-Report_EN_04_WEB_0.pdf.

Annex 2. Coefficients used on Rio Marker reporting by DAC providers

Provider	Coefficient Rio marker "principal"	Coefficient Rio Marker "significant"	Year of assessment	Notes
Australia	100%	30%*	2020	*Activity level coefficients used unless a specific dollar value can be calculated; measured on a disbursement basis
Austria	100%	50%	2020	Measured on a commitment basis
Belgium	Range of coefficients	Range of coefficients	2015	Measured on a disbursement basis
Canada	100%	30%	2020	Measured on a disbursement basis
Czech Republic	100%	100%	2020	Measured on a commitment basis
Denmark	100%	50%	2020	Measured on a disbursement basis
EU Institutions	100%	40%	2020	Measured on a commitment basis
Finland	Range of coefficients	Range of coefficients	2020	The OECD's 2020 survey noted that "Finland applies a wide range of coefficients to the activities reported to the UNFCCC and CBD, varying from 2% to 100%" (p. 5); measured on a disbursement basis
France	100%	40%	2015	Measured on a commitment basis
Germany	100%	50%	2020	Measurement basis not identified.
Greece	100%	40%	2020	Measured on a disbursement basis.
Hungary	NA	NA	NA	*Data not reported in either the 2015 or 2020 source documents
Iceland	100%	100%	2020	Measured on a disbursement basis
Ireland	100%	50%	2015	Measured on a disbursement basis
Italy	100%	40%	2020	Measured on a commitment basis
Japan	100% or 0%	100% or 0%	2020	The OECD's 2020 survey notes that "Japan either applies a coefficient of 100% or 0% to activities with reported Rio Markers. In other words, an activity marked principal or significant for climate change or biodiversity has either the full amount reported to the UNFCCC or the CBD, or it is not reported at all to the UNFCCC or the CBD" (p. 5); measured on a commitment basis.
Korea	NA	NA	NA	NA
Luxembourg	100%	100%	2015	Measured on a disbursement basis

Netherlands	100%	40%	2020	Measured on a commitment basis
New Zealand	100%	30%*	2015	*Default, unless an activity-specific coefficient is available; measured on a disbursement basis
Norway	100%	40%	2020	Measured on a disbursement basis
Poland	100%	100%	2020	Measured on a disbursement basis
Portugal	100%	NA	2020	Measured on a commitment basis
Slovakia	100%	100%	2015	Approximated based on OECD DAC Rio marker data; measured on a commitment basis
Slovenia	100%	100%	2020	Measured on a disbursement basis
Spain	100%	50%	2020	Measured on a commitment basis
Sweden	100%	40%	2020	Measured on a disbursement basis
Switzerland	85%	50%	2020	Measured on a disbursement basis
United Kingdom	Range of coefficients	Range of coefficients	2020	The OECD's 2020 survey notes that "The United Kingdom also applies a wide range of coefficients to the activities reported to the UNFCCC and CBD, varying from 5% to 100%. In most cases, activities marked with principal score for climate change mitigation or adaptation have coefficients from 85% to 100%, although several exceptions exist. Activities marked significant for climate change are associated with coefficients from 5% to 100%" (p. 5); measurement basis identified as "other."
United States	NA	NA	2015	Uses own approach; measured on a commitment basis

Source: Authors' compilation from OECD in collaboration with Climate Policy Initiative, *Climate Finance in 2013–14 and the USD 100 billion goal*, (Paris: OECD, 2015); OECD, *Climate Finance Provided and Mobilised by Developed Countries in 2013–17*, (Paris: OECD, 2019), unless otherwise states.

Annex 3. Main climate-related development finance statistics, by provider

	Total climate ODA 3-yr average (bilateral and multilateral imputed), $ millions	% of total ODA on climate, 3-yr average	% bilateral ODA as "principal" climate spend (mitigation and adaptation objectives)	Share of climate-related finance by objective ("principal" and "significant")	
				Mitigation	Adaptation
Australia	521	16.1%	1.7%	34%	66%
Austria	152	10.2%	4.2%	63%	37%
Belgium	348	14.0%	2.5%	43%	57%
Canada	776	16.8%	9.9%	46%	54%
Czech Republic	11	3.3%	2.7%	32%	68%
Denmark	297	12.6%	4.2%	44%	56%
EU institutions	5950	24.3%	6.9%	44%	56%
Finland	154	14.6%	8.7%	55%	45%
France	3542	22.9%	23.6%	68%	32%
Germany	8187	25.6%	14.2%	65%	35%
Greece	4	1.1%	0.0%	50%	50%
Hungary	5	2.1%	Does not provider bilateral climate finance		
Iceland	12	20.1%	6.7%	32%	68%
Ireland	104	11.6%	7.7%	23%	77%
Italy	445	7.2%	2.5%	49%	51%
Japan	9489	39.5%	2.4%	74%	26%
Korea	381	13.0%	1.8%	18%	82%
Luxembourg	42	9.1%	1.3%	49%	51%
Netherlands	923	18.0%	3.2%	26%	74%
New Zealand	59	11.6%	3.8%	37%	63%
Norway	777	15.7%	12.8%	80%	20%
Poland	41	4.9%	7.7%	4%	96%
Portugal	15	3.5%	1.2%	34%	66%

Slovak Republic	1	1.0%	0.1%	30%	70%
Slovenia	5	6.3%	2.7%	46%	54%
Spain	275	8.1%	2.6%	27%	73%
Sweden	1062	18.9%	6.5%	35%	65%
Switzerland	531	17.7%	3.8%	39%	61%
United Kingdom	2571	24.0%	10.6%	55%	45%
United States	2097	5.6%	2.9%	57%	43%

Source: Author's own calculations using data from the OECD's Climate Finance Dataset, OECD's Creditor Reporting System, and OECD's Members' use of the multilateral system dataset. All figures are presented as 3-yr averages between 2016–2018 and are calculated using commitment data, in constant 2018 prices. The share of ODA allocated as "principal" spending is calculated using total "climate finance commitments".

Annex 4. Main climate and development policy documents by provider

Provider	Development policy	Climate and Development Policy	Source
Australia	Promoting Prosperity, Reducing Poverty, Enhancing Stability (2014)	Climate Change Action Strategy: Tackling Climate Change Through Australia's Development Assistance Programme (2019)	https://www.dfat.gov.au/sites/default/files/australian-aid-development-policy.pdf https://www.dfat.gov.au/sites/default/files/climate-change-action-strategy.pdf
Austria	Working together. For our world. (2019)	Climate Finance Strategy (2013)	https://www.entwicklung.at/fileadmin/user_upload/Dokumente/Publikationen/3_JP/Englisch/3JP_2019-2021_EN.pdf https://www.bmlrt.gv.at/umwelt/klimaschutz/internationales/int_klimafinanzierung/strategie_berichte.html
Belgium	Note de politique général développement international (2019)	Environment in Belgian Development Cooperation (2014)	https://diplomatie.belgium.be/sites/default/files/downloads/beleidsnota_os_2018.pdf https://diplomatie.belgium.be/sites/default/files/downloads/Strategy_note_Environment.pdf
Canada	Feminist International Assistance Policy (2017)	N/A	https://www.international.gc.ca/world-monde/issues_development-enjeux_developpement/priorities-priorites/policy-politique.aspx?lang=eng
Czech Republic	Development Cooperation Strategy of the Czech Republic 2018–2030 (2017)	N/A	https://www.mzv.cz/file/2710363/CZ_Development_Cooperation_Strategy_2018_2030.pdf
Denmark	The World 2030 (2017)	Climate Envelope Directives (2016)	https://amg.um.dk/en/policies-and-strategies/ https://amg.um.dk/en/tools/guiding-principles-climate-envelope/
EU Institutions	An Introduction to the European Union's International Cooperation and Development Policy (2018)	N/A	https://eeas.europa.eu/sites/eeas/files/an_intro_to_devco.pdf
Finland	One World, One Future: Towards Sustainable Development (2016)	N/A	https://um.fi/documents/35732/48132/government_report_on_development_policy_2016_summary.pdf/aac19bbe-3150-6aa1-f784-ff1559db8bbf?t=1560459085998
France	Towards a World in Common (2018)	Climate and Development Strategy 2017–2022 (2017)	https://www.afd.fr/en/ressources/afd-group-2018-2022-strategy https://www.afd.fr/en/ressources/climate-development-strategy-2017-2022

Germany	Development Policy 2030 (2018)	Climate Change—Time to Act (2015)	https://www.bmz.de/en/publications/type_of_publication/strategies/Strategiepapier452_10_2018.PDF http://www.bmz.de/en/publications/type_of_publication/information_flyer/information_brochures/Materialie244_climate_time_to_act.pdf
Greece	N/A	N/A	
Hungary	International Development Cooperation Strategy and Strategic Concept for International Humanitarian Aid of Hungary 2014–2020 (2014)	N/A	https://nefe.kormany.hu/download/3/93/c0000/International%20Development%20Cooperation%20and%20Humanitarian%20Aid%20Strategy%20of%20Hungary-v%C3%A9gleges.pdf
Iceland	Parliamentary Resolution on Iceland's policy for international development cooperation for 2019–2023 (2019)	N/A	https://www.government.is/lisalib/getfile.aspx?itemid=15c01934-3b9c-11ea-9456–005056bc4d74
Ireland	A Better World (2019)	Climate Action: Ireland's International Action on Climate Breakdown (2020)	https://www.irishaid.ie/media/irishaid/aboutus/abetterworldirelandspolicyforinternationaldevelopment/A-Better-World-Irelands-Policy-for-International-Development.pdf https://www.gov.ie/en/publication/67b227-climate-action-irelands-international-action-on-climate-breakdown/
Italy	Three-year Programming and Policy Planning Document 2017–2019 (2017)	N/A	https://www.esteri.it/mae/resource/doc/2018/07/pro_triennale_2017-2019_en.pdf
Japan	Japan's Development Cooperation Policy (no date)	JICA Climate Change Cooperation Strategy (2016)	https://www.mofa.go.jp/files/000406629.pdf https://www.jica.go.jp/english/our_work/climate_change/c8h0vm00005rzelb-att/strategy_01.pdf

Korea	KOICA Mid-term Sectoral Strategy 2016–2020 (2016)	N/A	http://www.koica.go.kr/sites/koica_en/download/%EB%B6%84%EC%95%BC%EB%B3%84%EC%A4%91%EA%B8%B0%EC%A0%84%EB%9E%B5%20%EC%98%81%EB%AC%B8%EB%B8%8C%EB%A1%9C%EC%85%94.pdf
Luxembourg	The Road to 2030 (2018)	Environment and climate change (no date)	https://cooperation.gouvernement.lu/en/publications/strategie/strategie-generale-2030.html https://cooperation.gouvernement.lu/dam-assets/publications/brochures-livres/strategies-et-orientation/strategie-environnement-et-changement-climatique/environnement-changement-climatique-2014.pdf
Netherlands	Investing in Global Prospects (2018)	Theory of Change, Climate (2018)	https://www.government.nl/topics/development-cooperation/documents/policy-notes/2018/05/18/investing-in-global-prospects https://www.rijksoverheid.nl/onderwerpen/ontwikkelingssamenwerking/documenten/publicaties/2018/11/08/theory-of-change-ontwikkelingssamenwerking
New Zealand	New Zealand Aid Programme Strategic Plan (2015)	N/A	https://www.mfat.govt.nz/assets/Aid-Prog-docs/ASEAN/New-Zealand-Aid-Programme-Strategic-Plan-2015-19.pdf
Norway	Common Responsibility for a Common Future (2017)	Range of thematic policies, which include climate. One example is the Action Plan for Sustainable Food Systems, 2019–2023. However, climate does not seem to have its own policy	https://www.regjeringen.no/contentassets/217f38f99edf45c498befc04b7ef1f7e/en-gb/pdfs/stm201620170024000engpdfs.pdf https://www.regjeringen.no/globalassets/departementene/ud/dokumenter/planer/sustainablefood_actionplan.pdf
Poland	Multiannual Development Cooperation Programme for 2016–2020 (2016)	N/A	https://www.polskapomoc.gov.pl/Modification,of,the,2016-2020,Multiannual,Development,Cooperation,Programme,2842.html
Portugal	Strategic Concept for Portugese Development Cooperation (2014)	N/A	https://www.instituto-camoes.pt/images/cooperacao/conctestratg_eng_v2.pdf
Slovenia	No clear policy; see gov website.	N/A	https://www.gov.si/en/topics/thematic-and-geographic-priorities-of-slovenias-development-cooperation/
Slovakia	Medium-term Strategy for Development Cooperation of the Slovak Respublic for 2019–2023 (2019)	N/A	https://www.slovakaid.sk/sites/default/files/strednodoba_strategia_rozvojovej_spoluprace_eng_2019-2023_644_stran_final.pdf

Spain	Master Plan on 2018–2021 Spanish Cooperation (2018)	Spanish Cooperation's Sectoral Environmental Strategy and AECID's Sectoral Environmental Action Plan (no year)	http://www.exteriores.gob.es/Portal/es/PoliticaExteriorCooperacion/CooperacionAlDesarrollo/Documents/V%20Plan%20Director%20de%20la%20Cooperaci%C3%B3n%20Espa%C3%B1ola.pdf https://www.aecid.es/EN/aid-sectors/environment-and-climate-change
Switzerland	Dispatch on Switzerland's Development Cooperation 2017–2020 (2017)	Global Programme Climate Change and Environment Strategic Framework 2017–2020 (2017)	https://www.eda.admin.ch/dam/eda/en/documents/publications/Entwicklungszusammenarbeitund HumanitereHilfe/Botschaft-IZA-2017-2020_EN.pdf https://www.eda.admin.ch/dam/deza/en/documents/themen/klimawandel/broschuere-climate-change-2017_EN.pdf
Sweden	Policy Framework for Swedish Development Cooperation and Humanitarian Assistance (2016)	Strategy for Sweden's global development cooperation in the areas of environmental sustainability, sustainable climate and oceans, and sustainable use of natural resources 2018–2022 (2018)	https://www.government.se/49a184/contentassets/43972c7f81c34d51a82e6a7502860895/skr-60-engelsk-version_web.pdf https://www.government.se/49ae5f/contentassets/8d99ab613d4d476794495d6e4859c3aa/strategy-for-swedens-global-development-cooperation-in-the-areas-of-environmental-sustainability-sustainable-climate-and-oceans-and-sustainable-use-of-natural-resources-20182022.pdf
UK	UK aid: tackling global challenges in the national interest (2015)	UK International Climate Finance Booklet (no year)	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/478834/ODA_strategy_final_web_0905.pdf https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/832315/UK-International-Climate-Finance-Booklet.pdf
USA	USAID Policy Framework: Ending the Need for Foreign Assistance (2019)	USAID Climate Change and Development Strategy (2012)	https://www.usaid.gov/sites/default/files/documents/1870/WEB_PF_Full_Report_FINAL_10Apr2019.pdf https://pdf.usaid.gov/pdf_docs/PDACS780.pdf

Annex 5. Sample of climate-related indicators used by bilateral agencies for portfolio level results

Indicator	Country	Portfolio-level results	Reporting Years	Source
Tonnes of CO2e emissions saved/ avoided	Canada	As of March 31, 2019, Canada has contributed to initiatives which will reduce and/or avoid 2,881 megatonnes of greenhouse gas emissions (including its multilateral contributions)	2018–19	https://www.international.gc.ca/gac-amc/publications/plans/drr-rrm/drr-rrm_1819.aspx?lang=eng
	EU Institutions	18.4 million tonnes of greenhouse gas emissions were avoided with EU support	2014–18	https://ec.europa.eu/international-partnerships/system/files/devco-annual-report-2019-en-web.pdf
	France	9.9 million tonnes of CO2 saved per year	2019	https://www.afd.fr/en/ressources/climate-2019-activity-report
	Germany	36 million tonnes of CO2 equivalent	2018	https://reporting.giz.de/2018/our-work-around-the-world/climate-and-energy/living-together-in-the-spirit-of-climate-justice/index.html
	Norway (NICFI only)	In 2019, NICFI paid for 47 million tonnes of CO2 (a total of 320 million tonnes of CO2 between 2008–2019)	2019	Private communication with Norad, also in Norwegian https://www.regjeringen.no/no/dokumenter/prop.-1-s-20202021/id2767932/?ch=3#kap7_ch5_ch3
	Netherlands	26 million tonnes a year	2019	https://www.dutchdevelopmentresults.nl/theme/climate
	Switzerland	22.7 million tonnes of CO2 emissions were saved	2017–20	https://www.eda.admin.ch/dam/deza/en/documents/publikationen/rechenschaftsberichte/Schlussbericht-Umsetzung-Botschaft-2017-2020_en.pdf
	UK (ICF only)	Between 2011/12 and 2018/19, it is estimated that ICF programmes have reduced or avoided 16 million tonnes of CO2	2011/12–2018/19	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/830656/ICF-Results-2019.pdf

Megawatts of clean energy capacity installed/generated	Germany	1,374 MW	2018	https://reporting.giz.de/2018/our-work-around-the-world/climate-and-energy/living-together-in-the-spirit-of-climate-justice/index.html
	Norway	6,000 MW	2007–2015	https://norad.no/en/front/thematic-areas/energy/clean-energy/clean-energy-for-development-initiative/
	Switzerland	21.3 billion kilowatt hours of renewable energy generated	2017–20	https://www.eda.admin.ch/dam/deza/en/documents/publikationen/rechenschaftsberichte/Schlussbericht-Umsetzung-Botschaft-2017-2020_en.pdf
	UK (ICF only)	1,600 MW	2011/12–2018/19	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/830656/ICF-Results-2019.pdf
Number of people benefitting from access to clean energy	Germany	6 million people have modern forms of electricity (connected to a grid, have artificial light, and use modern cooking)	2018	https://reporting.giz.de/2018/our-work-around-the-world/climate-and-energy/living-together-in-the-spirit-of-climate-justice/index.html
	Netherlands	2.5 million people provided with access to renewable energy	2019	https://www.dutchdevelopmentresults.nl/theme/climate
	Norway	Since 2007, contributed to clean energy for 18 million people	2007–2015	https://norad.no/en/front/thematic-areas/energy/clean-energy/clean-energy-for-development-initiative/
	UK (ICF only)	Provided 26 million people with improved access to clean energy	2011/12 to 2018/19	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/830656/ICF-Results-2019.pdf

Number of people/farms/ households of benefitting from climate-resilient technologies or practices	Canada	80,169 people with access to new technology and practices that improve the environment and address climate change.	2018/19	https://www.international.gc.ca/gac-amc/publications/plans/drr-rrm/drr-rrm_1819.aspx?lang=eng
	Netherlands	2.5 million farms made more resilient to climate change	2019	https://www.dutchdevelopmentresults.nl/theme/climate
	UK (ICF only)	Supported 57 million people to cope with the effects of climate change	2011/12–2018/19	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/830656/ICF-Results-2019.pdf
Hectares of land brought under sustainable use	France	1.2 million hectares preserved	2018	https://www.afd.fr/en/ressources/climate-2019-activity-report
	EU Institutions	7 million hectares protected	2018	https://ec.europa.eu/international-partnerships/system/files/devco-annual-report-2019-en-web.pdf
	Netherlands	1 million hectares of forest under sustainable management	2019	https://www.dutchdevelopmentresults.nl/theme/climate
	Finland	1,779,800 hectares brought under sustainable use through bilateral cooperation (further results exist on multilateral contributions and on cooperation with private sector)	2018	https://um.fi/documents/35732/0/UM+KPR+2018+ENG+WEB.pdf/944cf817-9d4a-43ca-07a7-2aebd6053801

Annex 6. Bilateral agencies internal climate-related results

Country	Indicators measured and results	Level of measurement	Reporting Year	Link
Australia	• Reduced the amount of domestic and international travel originating in Australia by 800 trips compared to 2017/18 • Energy used in buildings per tenant under target of 7,000 MJ/person/annum (5,547 MJ/person/annum)	HQ	2018/19	https://www.dfat.gov.au/sites/default/files/2020-01/dfat-annual-report-2018-19.pdf
Belgium	• Flights by Enabel staff amounted to 1,260 tonnes CO2 in 2018	HQ	2018	https://www.enabel.be/content/enabel-compensates-its-flight-emissions
Canada	• Percentage of low emission vehicles in the department's domestic fleet (56% in 2020, up from 42% in 2017) • Percentage of procurement and materiel management specialists that have completed the CSPS green procurement course: 80% in 2020 • % of reduction in the number of printed pages per user at HQ (total printed pages at HQ divided by the number of users, 8.7% reduction between 2017 and 2018) • Number of devices per employee (1.25) • Number of information sessions on travel that include guidance on sustainable practices (target 100% by 2020) • Average number of shuttle service passengers per day between buildings at HQ, which reduces need for taxis (200) • Number of missions where the bandwidth was upgraded, reducing need for travel (target 100% by 2020)	HQ and missions	2017–2020	https://www.international.gc.ca/gac-amc/publications/sea-ees/sustainable-durable-2019.aspx?lang=eng
Germany	GIZ measures the sustainability "footprint" of its HQ operations for a range of indicators, each calculated per staff member: • CO2e emissions (6.35 tonnes) • Energy consumption (5,118 kWh) • Water consumption (11,321 litres) • Paper used (2,971 sheets) • non-hazardous waste generated (263 kg). Total emissions from travel were 22,800 t CO2e. The "handprint" is applicable to the 120 country offices of GIZ, and measures active contributions towards sustainability: for instance, installing solar panels rather than generators, arranging carpools for commutes, raising awareness of health issues, providing information about ethical conduct in potential conflict situations, and ensuring sustainable procurement. • 71 country offices prepared a Corporate Sustainability Handprint plan in 2017/18	HQ and offices	2018	https://www.giz.de/en/downloads/giz2020-en-climate-and-environmental-report-2018.pdf#page=10

Sweden	• Emissions from flights over 50 km have decreased from 3,255 kg in 2018 to 2788 kg CO2 per SIDA staff in 2019. • Emissions from flights under 50 km have decreased from 45 to 35 kg CO2 per staff member. • Annual energy use of SIDA was reduced from 1,098,528 kWh in 2018 to 902,838 kWh in 2019	All offices	2019	Private communication, 2019 Report of SIDA to the Government on its Environmental Management System
United Kingdom	• 1,279 t CO2e emitted in 2018 (67% reduction from 2009 baseline) • 4,098 flights in 2018 (14% increase over baseline) • 1% waste to landfill (down from 18% in 2009) • 49% of waste recycled • 5,313 reams of A4 paper equivalent (67% reduction since the 2009 baseline) 10,958 m3 of water consumed (29% increase over 2009 baseline)	HQ	2018/19	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902370/annual-accounts19-20.pdf
United States	• Sustainable Buildings: Domestic office space which is "sustainable" ("approximately 52 percent of USAID's total domestic space is sustainable. This is a 30 percentage point increase over the sustainable space reported in USAID's 2019 Sustainability Report and Implementation Plan.") • Sustainable procurement: Of contracts awarded in FY 2019, USAID had 9.4 percent of awards and 4 percent of obligations (in dollars) with statutory environmental requirements, for a total of $43,223,143. • Greenhouse gas emissions of USAID last measured for FY2014 (including business air travel, ground travel, employee work commute for Washington based employees, and waste water treatment emissions.) : 13,559.7 metric tonnes of CO2e, of which 6,970.8 metric tonnes CO2e were generated by staff travel.	HQ	2019, previously 2014	https://www.usaid.gov/sites/default/files/documents/usaid-2020-sustainability-plan.pdf https://www.usaid.gov/sites/default/files/documents/1868/2015AgencySustainabilityPlan.pdf

Annex 7. List of environmental and climate assessment tools, by provider

Provider	Tool name	Main features related to climate
Australia	Environmental and Social Safeguard Policy DFAT climate and disaster risk reduction—guidance note	Policy notes that "DFAT aid investments should: • Consider technically feasible and cost-effective options to reduce investment-related greenhouse gas emissions • Where possible avoid, or otherwise reduce, adverse impacts on vulnerable people caused by the risks of changing climate or disasters (for example by not supporting infrastructure vulnerable to flooding, or livelihoods that are inappropriate for changing climatic conditions) • Create incentives that will increase rather than reduce people's ability to adapt to climate change and disaster risks, such as water and energy conservation mechanisms • Avoid setting directions that limit future climate adaptation choices, such as large capital and institutional commitment reducing future adaptation options" (p. 12). The policy is applied to "all new program investments seeking funding approval after 1 January, 2018." DFAT's Climate and Disaster Risk Reduction Guidance note provides guidance on how to integrate disaster risk reduction (including climate change adaptation) into the aid program. Key actions/steps in for climate integration include: • Risk screenings for Aid Investment Plans and investment concepts: AIPs and investment concepts are screened for disaster risks in link with DFAT safeguard processes • Advocacy: to ensure disaster risks are identified, minimised and effectively managed by partners through discussions with relevant partners/authorities • Investment design: ensure disaster risks are included in project design, ensure projects "do no harm" and keep projects "risk informed" through analysis and consultation with local actors and aligning to national DRR strategies or plans. • Partnership Framework Development: assess partner capacity to prepare for and mitigate risks and fund partners with strong approach to DRR and climate (using partner plans and policies).
Austria	Environmental, Gender and Social Impact Assessments	Climate issues are assessed as part of the Environmental, Gender and Social Impact Assessments conducted on projects valued over EUR 500,000; these projects undergo a two-stage screening process. For climate action specifically, the objectives of the assessments are to ensure interventions are sensitive to climate change risks, reduce project related GHG emissions, and ensure that disaster risk reduction management measures are addressed. Stage 1: Screening and categorisation of potential environmental risks (high, moderate, low). Screenings occur early in project design as soon as sufficient information is available. Stage 2 (depends on risk categorisation): • High risk interventions will be subject to an externally commissioned Environmental, Gender, and Social Impact Assessment (EGSIA) that includes Risk Management and Sustainability Plan. If significant potential climate risks are identified, "a climate vulnerability and capacity analysis will further assess potential impacts and risks, vulnerability to climate change and adaptive capacity, and propose appropriate adaptation measures including the consideration of alternatives" (p. 10).

		• Moderate risk interventions get a limited EGSIA, which varies in scope and depth depending on the magnitude of potential risks. • Low risk interventions are subject to an Environmental, Gender and Social Standards appraisal confined to recommendations to strengthen sustainability. Risk levels are defined by the potential for negative impacts. The EGSIA document notes that the Austrian Development Agency does not support projects that are expected to or currently produce "more than 20,000 tons of CO2-equivalents annually, or that directly promote high carbon forms of energy" (p. 10).
Belgium	Klimos Environmental Sustainability Toolkit	The KLIMOS Environmental Sustainability Toolkit provides a series of tools for environmental mainstreaming in development programming and for either ex-ante or ex-post assessments. Key tools include: • Quick scan screening: this allows a (first) environmental assessment used in cases when a "more extensive assessment is not (yet) appropriate" (such as strategic policy documents) or when limited resources (time, assessors) are available. • Screening: used when a more robust environmental assessment is needed (such as for concrete intervention plans) and sufficient resources are available. KLIMOS publishes four screening guides, one for each phase of the programme cycle—identification, formulation, implementation and evaluation. It is not clear whether environmental screenings are mandatory for all programming; the Belgian Development Cooperation Act identifies sustainable development as a central objective and environmental assessments identify whether interventions contribute to sustainable development, particularly environmental objectives.
Canada	Environmental Integration Process	All initiatives are screened for potential environmental impact; the initial screening is used to determine the depth of environmental analysis required for each project. Initial screenings sort interventions by risk category. The risk categories are based on the "initiative's potential environmental opportunities and risks, taking into account the sector, context, and scale." There are four risk categories: • Category A: High environmental risk (requires in-depth analysis); includes initiatives focused on construction, water resource management, land use changes, industrial or manufacturing, large scale food production, extractives • Category B: Low or moderate environmental risk or any environmental opportunity (require environmental analysis, the depth of which depends on the degree of negative environmental significance); incudes some construction, small or medium water resource management, small or medium change in land use, small scale energy production, economic development etc. • Category C: Negligible environmental risk or opportunity (projects that include no physical works or activities related to physical works, environmental consultations are not required for this category of project); governance, human rights, social safety nets, etc. • Category D: Emergency (may proceed without environment analysis); activities conducted after initial emergency period (recovery and reconstruction phase) do require environmental analysis. Projects identified as categories A and B require further environmental analysis. For category B projects, the depth of the required analysis is commensurate to the initiative's environmental significance.
Denmark	DANIDA Climate Change and Green Growth Screening	All DANIDA programmes and projects are assessed for potential risks and challenges to sustainable development from impact of climate change and environmental degradation. Alongside Denmark's Aid Management Guidelines, the Climate Change and Green Growth Screening is applied to all new programmes and projects including

		regional programmes and earmarked contributions to multilateral organizations and new country programmes. Use of the Climate Change and Green Growth Screening tool is mandatory for new programmes and projects. The guidance suggests that green growth (and presumably, climate) should be considered at all phases of the programme/project life cycle. The Climate Change and Green Growth Screening Tool should be applied in the initial phases to assess the "status of policies and strategies to respond to climate change in the country or sector" and potential risks and opportunities arising from the program. This phase also identified if a Strategic Environmental Assessment or Environmental Impact Assessment (EIA) is needed. During implementing, reviews of progress against key issues are undertaken to identify potential opportunities for further mainstreaming.
EU Institutions	Environment and Climate Change Mainstreaming	The EU uses a range of tools to integrate climate objectives across programmes and at different phases of the programme cycle; all projects appear to be screened for climate risks. At the initial phases, three main tools are used to assess the relationship between a programme/project and environment/climate change: Strategic Environmental Assessment (SEA) is required when 1. Budget support is provided for environmentally sensitive sectors; 2. Projects provide strategic level support to environmentally sensitive sectors or the project is supporting the implementation of a large portion of a national sector strategy; 3. For non-environmentally sensitive sectors when budget support programs support sector strategies that could affect the environment or projects providing strategic level support (i.e. for the development/revision of sectoral policies, regulatory or institutional frameworks and when the implementation of multiple projects might have cumulative impacts on the environment). Environmental Impact Assessment "is required for all projects, or individual interventions within a project, that are likely to have a significant environmental impact on the environment, as determined by the screening process." It is required for: 1. interventions that require an EIA due to national regulations/standards of co-donors; 2. any Category A intervention (which includes 16 intervention types, typically related to construction, waterways and ports, thermal power, industry, waste disposal, waste and groundwater treatment, etc.); and 3. Category B interventions that could have significant impact (including Agriculture, energy industry, chemical industry, food industry, infrastructure projects, tourism and leisure); EIA's are not required for Category C interventions (institutional support, training, grants and scholarships, maintenance of infrastructure etc.). Climate Risk Assessment: follows an initial climate screening, which assesses whether activities will focus on one of six areas of cooperation (environment and sustainable management of natural resources, infrastructure and transport, water and energy, rural development including territorial planning, agriculture and food security, disaster risk management and health). If any of these sectors are targeted in the project, then project might be at risk. Rest of the screening determines whether a full assessment is needed; project supervisors can also seek support from Thematic Units in DEVCO in charge of Environment and Climate Change. During the implementation phase, considerations identified as part of SEA's, EIA's and CRA's and outlined in environmental management plans (EMP) or climate risk management plans (CRMP) are further integrated into projects; key climate indicators are monitored etc.
Finland	N/A	A recent report notes that climate sustainability features as a cross-cutting topic of Finland's development policy. As such, "all new projects submitted for appraisal must answer a checklist of questions on how they contribute" to cross-cutting sectors

		including climate sustainability. [a] Moreover, a "Quality Assurance Group" is used to assess funding proposals according to key markers—including the Rio Markers for climate—and to revise the "level of inclusion of the cross-cutting objectives." However, specific tools or additional details do not appear available.
France	Sustainable Development Opinion	AFD assesses the "consistency of all operations with countries' long-term low emissions and resilient development" [a]; budget support projects are not included. Projects are assessed on a scale of -2 to 3, based on a set of criteria that assesses whether projects will negatively, positively or neutrally impact greenhouse gas emissions, adaption, and climate-related public policies. This analysis is used to inform the "Sustainable development opinion" on projects, which determines how compatible projects are with six dimensions of sustainability—economic development, social well-being and reduction of social imbalances, gender equality, conservation of biodiversity, management of natural environments and resources, the fight against climate change and its impacts, and the sustainability of the project's impacts and governance framework. The sustainable development opinion is assessed independently of the operational teams by the Strategic Steering and Accountability (PIL) department of the Strategy, Partnerships & Communication (SPC) division of the AFD; the opinion is formulated on the basis of the information supplied.
Germany	Environmental and Climate Assessment	The Environmental and Climate Assessment is mandatory for all German development cooperation projects (from Jan 1, 2011 onwards). The purpose of the assessment is to reduce and avoid adverse effects to climate and the environment, identify how to best integrate environmental and climate considerations into the project, and to ensure that projects account for the impacts of climate change to support resilience and the adaptative capacity of partner countries. The assessments are undertaken in a two-stage process: 1. Screening: All projects are screened using a seven-question checklist to identify the climate and environmental relevance and whether further in-depth assessments are needed. This screening process is designed to take 20–60min. 2. In-depth assessment: Used when screenings find substantial environmental or climate relevance. The in-depth assessment addresses the areas of relevance (environment, mitigation or adaptation); it typically takes 1–5 expert days and is conducted "during a project progress review or during the appraisal of new projects."
Iceland	Environmental Assessment	Guidance from former ICEIDA (which, according to the 2017 Peer Review, is the latest available), notes that "all projects" carried out by the agency should be implemented with consideration for the environment. Development projects are initially screened to identify whether a full Environmental Impact Assessment (EIA) is required. While specific screening criteria are not noted, projects are categorized into three groups: • Category A: project is likely to have significant adverse impacts. • Category B: project could have adverse impacts that are limited in scope. • Category C: project has little or no adverse impacts that are limited in scope. Assessments are always required under category A. Assessments can be needed for category B, but additional detail is sometimes needed to reach a decision. Assessments are not needed for category C projects. The environmental assessments have four main components: screening and scoping, environmental study, review and decision-making, and articulation and dissemination. The "environmental study" component involves describing environmental conditions, assessing long-term environmental impacts, assessing the environment with the view of

		changing preconditions and project design, identify recommendations and mitigation measures, and proposals on implementation and follow-up.
Ireland	Climate risk assessment	Irish Aid guidance notes that climate adaptation is integrated into the Irish Aid Country Strategy Paper (CSP) cycle. Climate objectives are integrated initially during the preparation of thematic, sectoral or background strategy papers, where climate risks and potential entry points for engagement in climate are identified (using climate risk assessments and risk screenings). During the CSP preparation, climate is integrated into strategy documents in alignment with national climate adaptation plans and programmes. Climate objectives are then implemented alongside the CSP, and reviewed during the mid-term review for the CSP and in the final programme evaluation.
Japan	Climate Finance Impact Tool	JICA uses its Climate FIT tool to assess the impact of its mitigation and adaptation programming. For mitigation, the tool outlines a methodology for the quantitative estimation of the GHGs removals pertaining to potential JICA programming. The evaluation is conducted on "projects that lead to climate-change mitigation" at the project planning stage and involves the application of a pre-established estimation methodology; separate methodologies are prepared for specific types of interventions undertaken in key sectors including: forestry and natural resource conservation, traffic and transport, energy saving, energy, renewable energy, sewage and urban sanitation. The tool measures projected emissions reductions as baseline emissions (emissions that would occur in the absence of the project) minus project emissions ("emissions of greenhouse gases associated with the implementation of project activities supported by JICA"). For all other projects, JICA uses a Climate Risk Assessment to identify climate risks during the Preparatory Survey and Detailed Planning Survey and measured to reduce vulnerabilities to climate change will be incorporated into the project. The climate risk assessments focuses on the interaction between potential "hazards," "exposure," and "vulnerability," in line with the 5th IPCC Report, and assesses each per project.
New Zealand	Environmental and Social Impacts	Climate risks are assessed as part of the environmental and social impact assessment criteria applied to projects. Projects are initially screened to identify environmental and or social risks and opportunities and assigned an ESI classification (based on perceived climate risks; high risk (category A) activities include large-scale infrastructure, industrial, fishing, forestry, or land reclamation projects), medium risk (category B) activities include projects such as small scale dams coastal developments, bioenergy and road maintenance, low risk (category C) projects include technical assistance, scholarships, health and education programmes that don't include infrastructure, and capacity and institutional strengthening. Projects undergo a fuller appraisal if assigned a category A rating, or if the activities involve one or more of the following: • new large-scale infrastructure leading to landscape modification or in an area of known natural hazard • increased exploitation of natural resources • impacts on critical habitats or ecosystems • increase in pollutant discharge • increased exposure to other health risks • community relocation • significant migration of new populations into the locality affected by the Activity • significant levels of local employment.

		During the design of the activity, the climate change risks and opportunities are further considered for category A and B projects; all projects consider whether and how output could incorporate measures to address climate change. For projects marked as targeting climate change, either "principally" or "significantly," activity monitoring assessments are conducted during project implementation and used to record changes to activity scope. An activity completion assessment is then used to assess whether objectives set out in the impact management plan were achieved.
Netherlands	Climate Change Profiles	Climate change country profiles are used to integrate climate actions into development cooperation policies and activities.
Norway	Assessment of Environmental and Social Sustainability and Climate Change Risk Management	All development projects are screened and classified according to their potential environmental, social, and climate change risks. Projects are grouped into one of three categories based on their associated risks: • Category A: Development projects likely to cause significant adverse social and/or environmental impacts that are diverse, irreversible or unprecedented. These impacts may affect an area broader than the sites or facilities subject to physical works. For large scale projects within sensitive sectors (agriculture, water resources, energy, coastal development and management and other infrastructure (e.g. roads)) subject to climate risks, a climate risk assessment should be performed. • Category B: Development projects with potentially limited adverse social and/or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures. Selective climate risk assessment is required in particular for projects with strong components related to water and in climate sensitive risk areas (e.g. integrated rural development, agriculture, energy, water supply and sanitation). • Category C: Projects with minimal or no adverse social or environmental impacts or no climate change risk Depending on the project and the nature and magnitude of its risks and impacts, instruments like environmental and social impact assessment (ESIA) and strategic environmental assessment (SEA) are used. An ESIA evaluates a project's potential environmental risks and impacts in its area of influence, examines alternatives, identifies ways of improving planning, design and implementation by preventing, minimizing, mitigating or compensating for adverse environmental impacts and enhancing positive impacts. Preventive measures should be favoured over mitigating or compensatory measures, whenever feasible. A SEA is often applied at the very earliest stages of decision-making both to help formulate policies, plans and programmes and to assess their potential development effectiveness and sustainability. Expert guidance and an appraisal are used to make informed decisions and address outstanding issues for the project. In the follow-up phase formal meetings and review reports are important mechanisms for monitoring the progress of the programme. Among issues to be assessed are risk factors identified in the Appraisal and reflected in the Agreement including assessment of environmental and social and climate change risks
Spain	Guía de la AECID para la transversalización del medio ambiente y cambio climático	The guidance provides a range of criteria for climate integration in development activities by different actors (NGOs, AECID, international agencies), instruments (programme aid, grants), and for areas of action including humanitarian interventions and education for development. **Only available in Spanish
Sweden	Green Toolbox	Sweden's Green Toolbox includes several types of guidance for conducing climate screenings and assessments, as well as thematic briefs and in-depth guides for specific policy priorities.

		Programmes start with an environmental and climate screening to identify the expected environmental risks of the contribution, to determine whether they are likely to be significant or non-significant. The purpose is to identify whether there is reason to request a full environmental impact assessment (EIA), or whether a simplified environmental assessment is sufficient. Most projects (those that are expected to have non-significant effects) will undergo a simplified environmental assessment. In other cases, an EIA is conducted. SIDA notes that "In many of the cases when an EIA should be done, Sida's partner is a multilateral organisation or an international finance institute. These organisations often have extensive systems for environmental management that Sweden may have approved through its representation in a governing body. Normally, Sida requests to approve the terms of reference for the EIA assignment before it starts, but later accepts the conclusions of the report as part of the regular system of the partner organisation. In other cases, Sida supports a sector or a comprehensive programme, including actions and investments that may involve significant environmental risks. An option here could be to assess the overall environmental consequences of the sector programme. Specific actions within the sector/programme support should subsequently be subject to EIA as required by national legislation." Sweden also identifies a number of indicators of relevance for cooperation strategies and accompanying results matrix; the indicators are differentiated by the sector of engagement. https://www.sida.se/globalassets/sida/eng/partners/green-tool-box/sida-guideline_envcc-indicators_2010.pdf
Switzerland	Climate, Environment and Disaster Risk Reduction Integration Guidance	The Climate, Environment and Disaster Risk Reduction Integration Guidance CEDRIG is an instrument developed by the Swiss Agency for Development and Cooperation (SDC) to help development and humanitarian actors reflect whether existing and planned strategies, programs and projects are at risk from climate change, environmental degradation and natural hazards, as well as whether these interventions could further exacerbate GHG emissions, environment degradation or risks of natural hazards. CEDRIG follows an integrated approach to assess the risks for and the unintended potential negative impacts of a new strategy, program or project. By its application, existing or planned interventions will become more climate, environmental and risk smart. CEDRIG is divided into three parts: 1. CEDRIG Light: this is intended as a rapid risk and impact screening that serves as an initial filter for assessing potential climate risks in development activities. 2. CEDRIG Strategic Guide: aims to systematically integrate climate change, disaster risk reduction and environment at the strategic or programme level. 3. CEDRIG Operational: Participatory model that takes 2–3 days, and aims to systematically integrate climate change, environmental and disaster risk reduction into an existing or planned project.
UK	Smart Rules	Climate risks are integrated into DFID's Smart Rules, which include a set of 10 principles, 37 rules, qualities and standards of effective decision making and good practice reference guides. Specifically, climate features under the "qualities" of ensuring sustainability and resilience, and avoiding doing harm in interventions, by ensuring that projects or programmes do not contribute to climate change and environmental damage and that they are resilient to future shocks. Moreover, for bilateral programmes, country analysis provides baseline data for key technical areas, including climate.

		The Smart Rules document also notes that ODA should not be used on "activities which are not aligned with the Paris Agreement" (p. 44). The UK also produces a Smart Guide on Climate and Environment, but the current iteration of this document (linked in the Smart Guide) does not appear to be public.
USA	Climate Risk Screening and Management Tools	US government agencies are legally required to factor climate resilience considerations systematically into their development activities (see Executive Order #13677). At the strategic level, USAID undertakes climate risk management in four steps: 1. Review relevant climate info including that provided in country or regional climate risk profiles 2. Conduct a risk screening using USAID's Climate Risk Screening Management Tool 3. Incorporate findings into the development of the strategy 4. Document climate risks and how they are addressed. Climate risk screenings are used to "broadly characterize current and future climate risks and opportunities early in the decision-making process." The screening uses climate data and technical judgement to categorize climate risks to objectives as low, moderate or higher. When moderate or high risks are identified, the team addresses the risk by using climate information to inform the strategic approach. If low climate risks are identified, no further action is required.

a. Nadia Ashraf, Hanne Knaepen, Jeske van Seters and James Mackie. "The integration of climate change and circular economy in foreign policies," Discussion paper No. 274 (Brussels: ECDPM, 2020) https://ecdpm.org/wp-content/uploads/Integration-Climate-Change-Circular-Economy-Foreign-Policies-Discussion-Paper-274-June-2020-ECDPM.pdf

b. Ibid.

Annex 8. Development Finance Institute (DFI) climate-related results

Country	DFI	Volume of emissions avoided	Reporting Year	Source
Austria	OeEB	Produced 3,076 GWh of power from renewable sources from commitment/ongoing projects as of Dec 31, 2017	2017	https://www.oe-eb.at/en/development-effects/development-effects.html
Belgium	BIO	2.8 million tonnes of carbon dioxide avoided; produced 12,580 GWh at end of 2017	2017	https://www.bio-invest.be/files/News/Annual-Report/BIO_AnnualReport2018_EN_LR.pdf
Canada	FinDev	1.5 million tonnes of carbon dioxide avoided to date from M-KOPA project	2018	https://www.findevcanada.ca/en/annual-report-2018
Denmark	IFU	Total GHG savings from IFU and IFU managed funds is estimated at 26 million tons during project lifetimes	2018	https://www.ifu.dk/wp-content/uploads/2019/07/IFU_AR_2018.pdf
Finland	FinnFund	In 2017, FinnFund investments avoided 38,000 tonnes of carbon dioxide annually; sequestered 517,000 tonnes CO2 equivalent; carbon footprint of investments is listed at 76,000 tonnes CO2 equivalents.	2017 portfolio	https://www.finnfund.fi/wp-content/uploads/2020/04/Finnfund_Annual_Review_2019.pdf
France	Proparco	Projects financed in 2018 are expected to result in 1,529,000 tonnes of CO2 avoided.	2018	https://www.proparco.fr/en/ressources/proparco-key-figures-2018
Germany	DEG	In 2018, the development effects of DEG's portfolio include 20 million tonnes of CO2 annually saved through the generation of 41 TWh of green electricity	2018	https://www.deginvest.de/DEG-Documents-in-English/About-us/What-is-our-impact/DevelopmentReport2018.pdf
Italy	SIMEST	N/A	N/A	
Netherlands	FMO	Reports 998,000 tCO2eq avoided in 2018	2018	https://annualreport.fmo.nl/2018/reports/ar2018/at-a-glance/2018-performance

Norway	Norfund	4.6 million tonnes of CO2 avoided; 17.2 TWH electricity produced	2019	https://www.norfund.no/energy-climate/
Portugal	SOFID	N/A	N/A	
Spain	COFIDES	N/A	2018	https://www.cofides.es/sites/default/files/adjuntos/2019-09/2018%20sustainability-report-cofides-english-pliego.pdf
Sweden	Swedfund	Calculates emissions from their portfolio, but not appear to report aggregate emissions avoided	2018	https://www.swedfund.se/media/2251/swedfund-integrated-report-2018.pdf
Switzerland	SIFEM	6.1 million tonnes of co2 emissions avoided (with investment partners) 5470 GWH of clean energy produced	2018	https://www.sifem.ch/impact/
UK	CDC	Annual report notes CDC's annual carbon footprint but does not appear to list CO2 avoided from portfolio/investments.	2018	https://assets.cdcgroup.com/wp-content/uploads/2019/07/01092714/2018_CDC_AnnualAccounts-final.pdf https://assets.cdcgroup.com/wp-content/uploads/2019/07/29142246/22218_CDC_Annual-Review_2018_190723.pdf
USA	DFC (previously OPIC)	Since 2008, aggregate direct GHG emissions associated with projects in OPIC's active portfolio decreased by 41.95 million short tons of CO2 fro, 49.77 million short tons of Co2 in a calendar year.	2018	https://www.dfc.gov/sites/default/files/media/documents/2018_OPIC_Annual_Policy_Report.pdf