



Climate Change Finance and Development Effectiveness

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Maseru Lesotho, October 2011

Development Assistance Committee

DAC

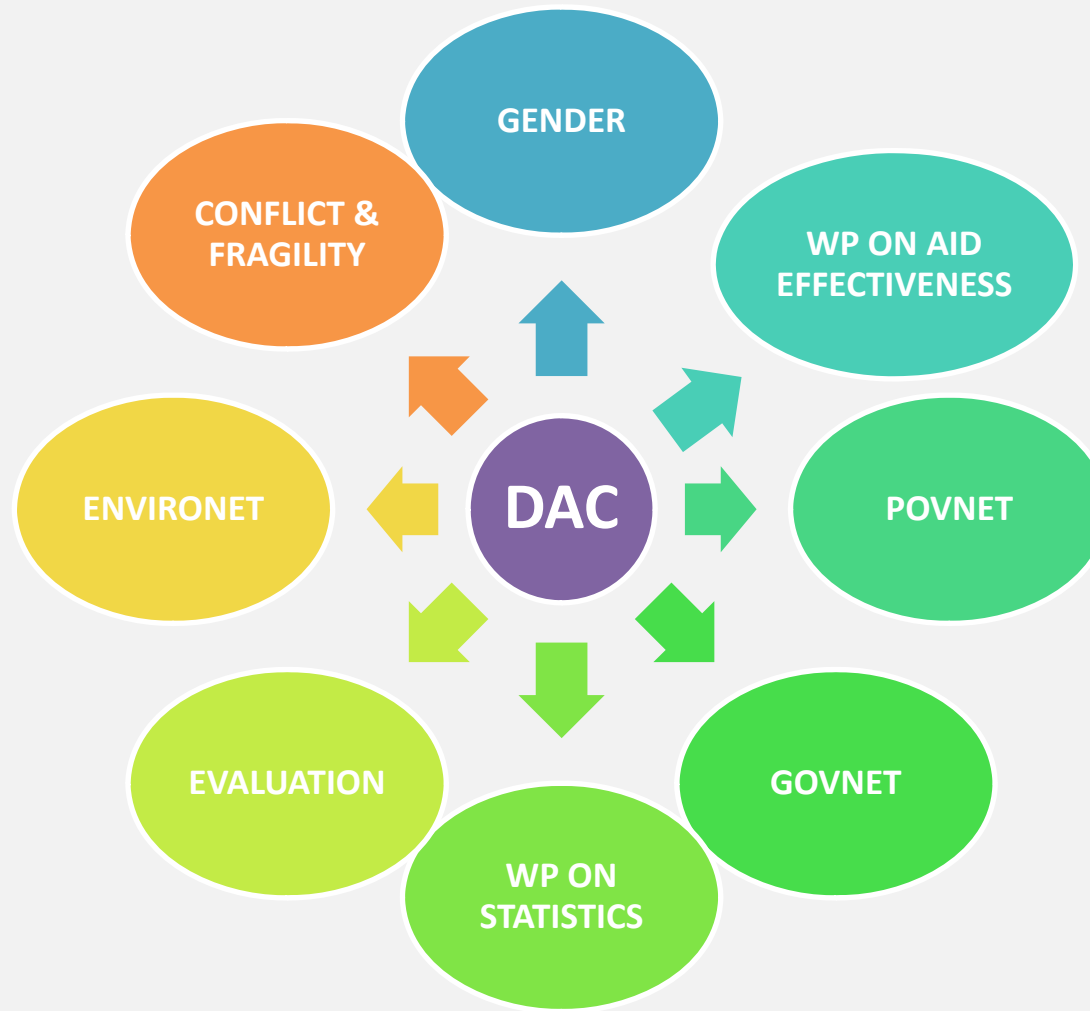
A unique international forum where donor governments and multilateral organisations, such as the World Bank and the United Nations, come together to help developing countries reduce poverty and achieve the Millennium Development Goals.

The role of the OECD and the DAC

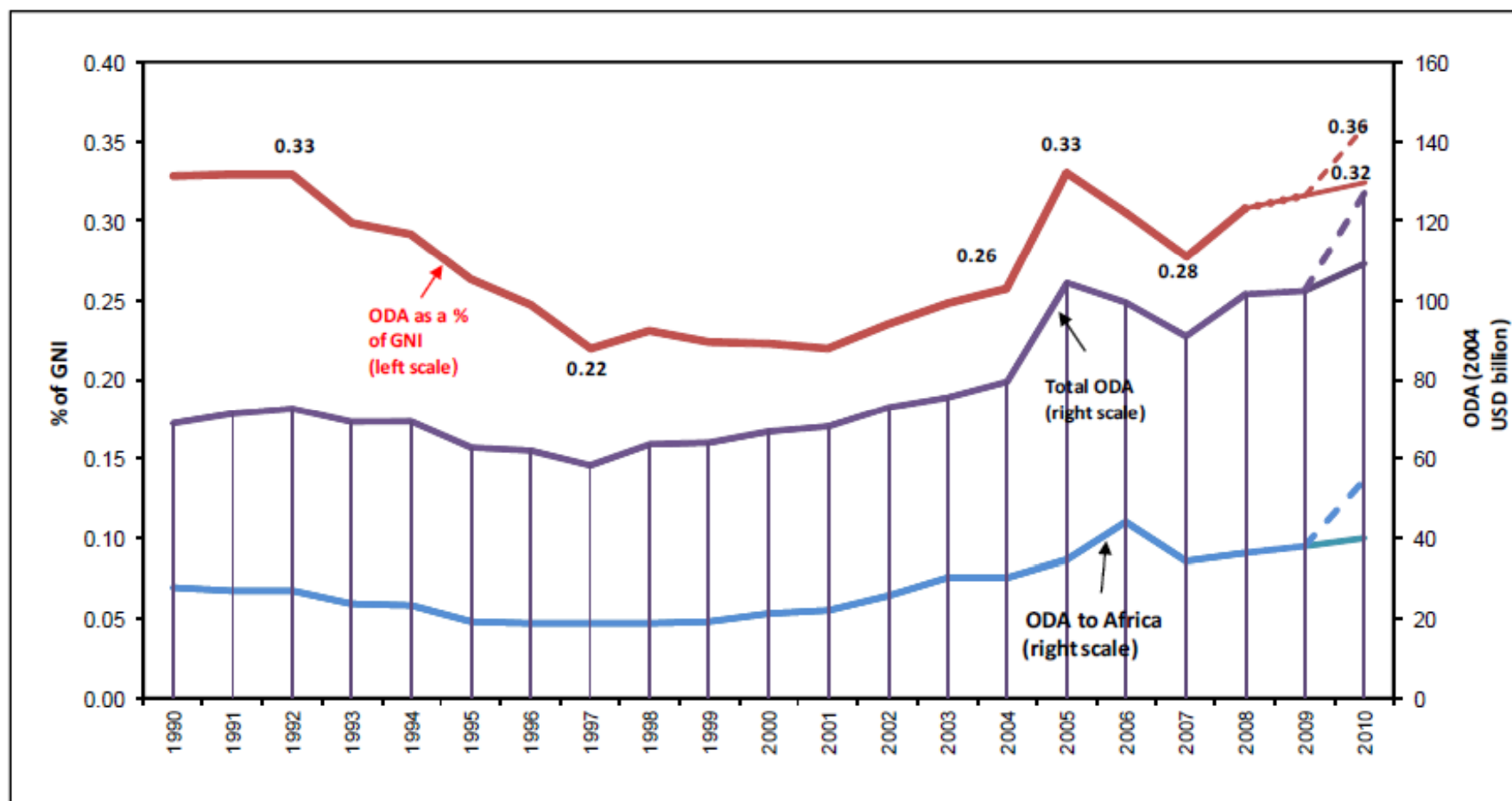
- **OECD/DAC:** leading source of **statistics, good practice (guidelines & principles)** and **review** on development co-operation
- **Mobilises official development assistance (ODA)**
- **Helps change behaviour** in the international aid system to increase its effectiveness (aligned, harmonised, results-focused and untied)
- Develops ways to **assist poor-performing, conflict-prone countries**
- Supports increased attention by OECD members to **policy coherence for development.**

DAC & Subsidiary Bodies

Promoting good practice, reducing vulnerability



Development Finance: ODA trends



Note: _____ solid line: actual. - - - - dashed line: trajectory envisaged at Gleneagles (adjusted for observed GNI growth).

How to Manage This

Stop TB Partnership



Global Alliance to Eliminate Leprosy (GAEL)



Initiative on Public-Private Partnerships for Health



President's Emergency Plan for AIDS Relief (PEPFAR)

SECURE THE FUTURE®



Medicines for Malaria Venture



Global Polio Eradication Initiative

GLOBAL ALLIANCE FOR TB DRUG DEVELOPMENT



The European Malaria Vaccine Initiative



NetMark

Public-Private Partnership

Global Campaign for MICROBICIDES Hope for African Children Initiative



Schistosomiasis Control Initiative

US Presidential Initiative

FIGHTING MALARIA

SAVING LIVES IN AFRICA

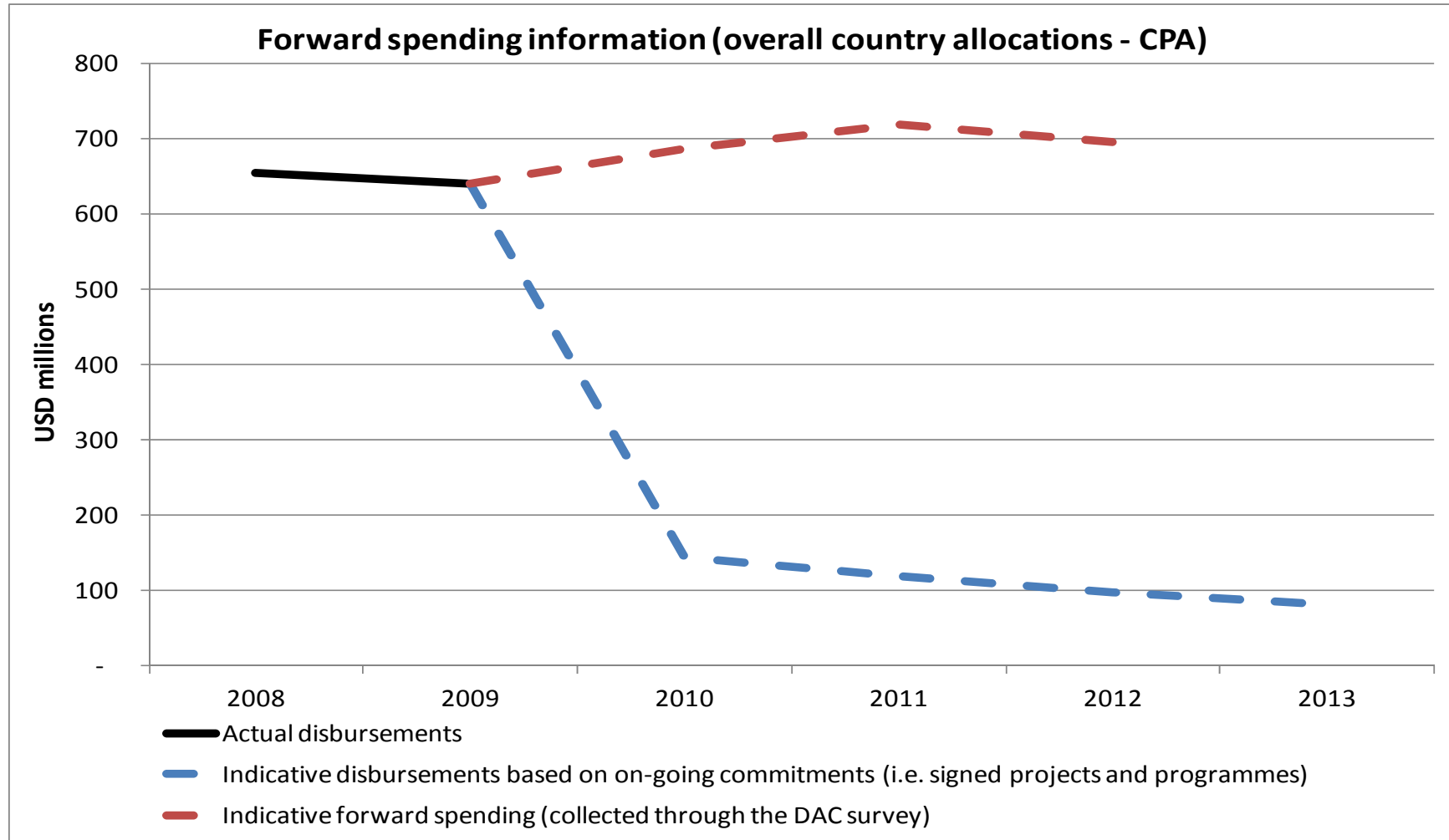


The Micronutrient Initiative

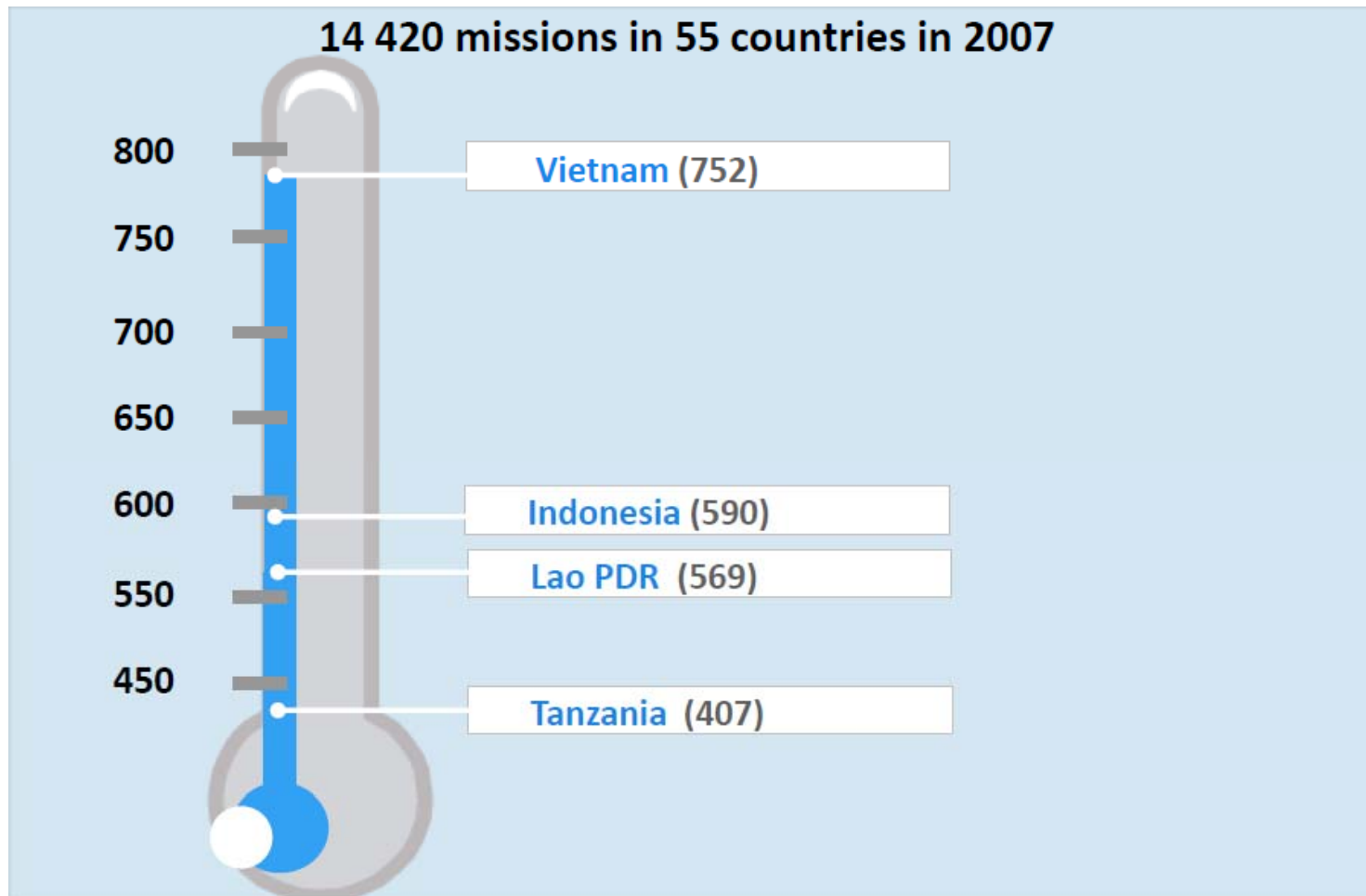


Pediatric DENGUE VACCINE INITIATIVE

The Importance of Predictability: What Rwanda expected & what it received



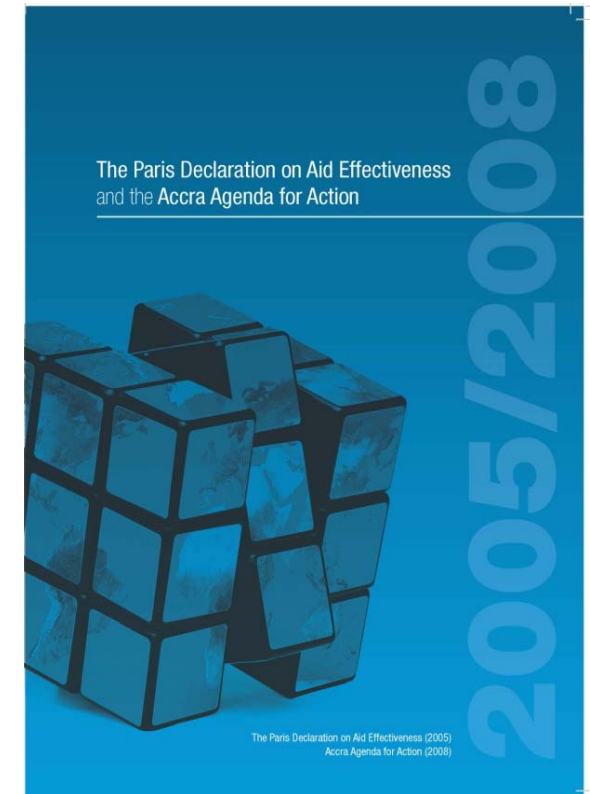
Why does aid effectiveness matter?



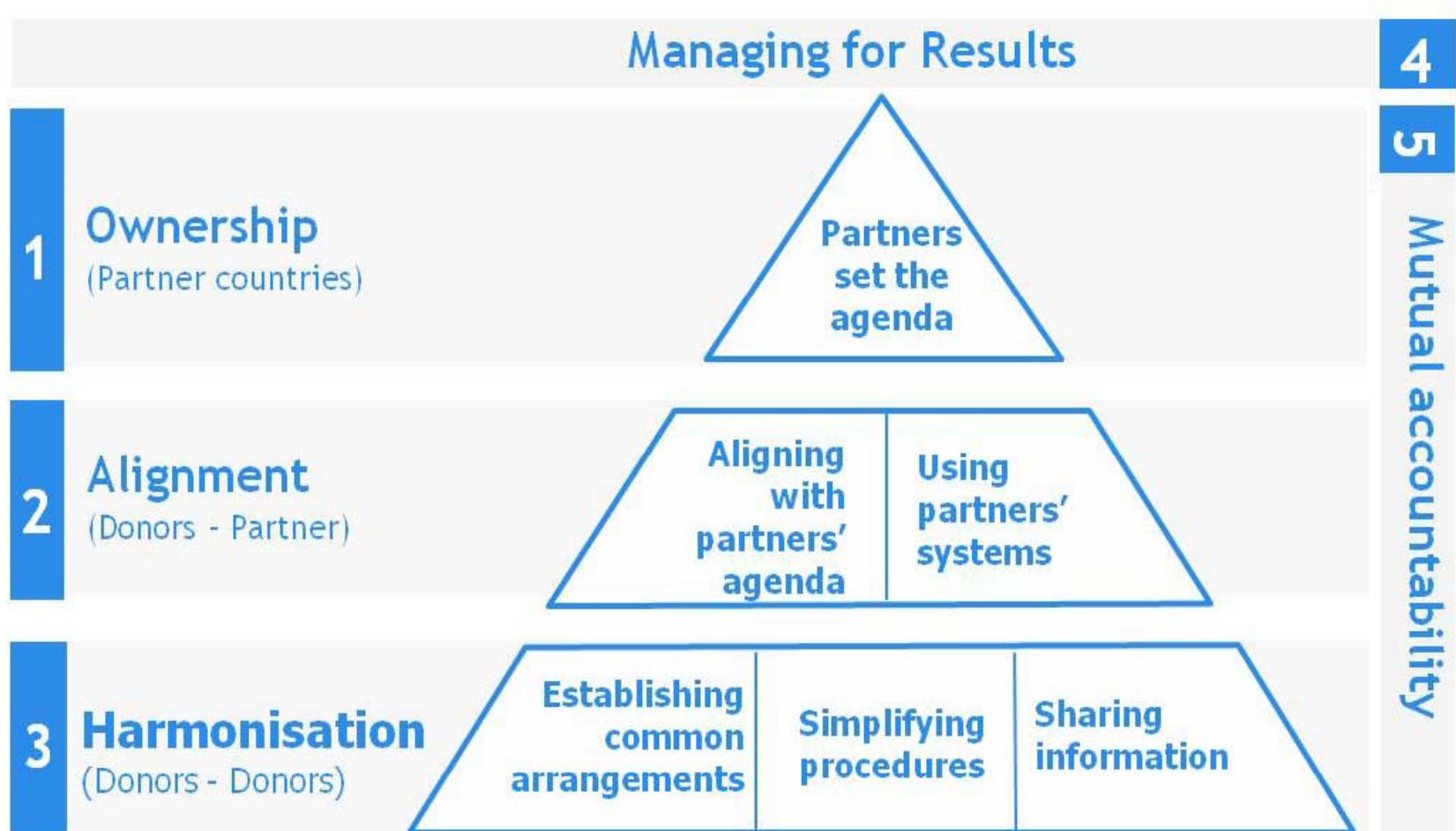
Number of donor missions in 2007

Paris Declaration: A Milestone for Aid Effectiveness

- Agreed in 2005.
- Unprecedented consensus;
- 56 action-oriented commitments for **both** Donors and Partners countries;
- Built-in mechanism for monitoring progress at country and global levels (12 Indicators); and



Paris Declaration: A Milestone for Aid Effectiveness



Principle 1: Ownership

- “Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions.”
- Progress:
 - More partner countries have sound **national development strategies**

Principle 2: Alignment

- “Donors base their overall support on partner countries’ national development strategies, institutions and procedures”
- Progress
 - Improved country system in 1/3 of countries, but a decline observed in others
 - No progress in untangling aid
 - Aid not captured in country’s budget

Example: World Bank's Environmental Assessment

- In 2005, the World Bank took an initiative to make use of Environmental Impact Assessment (EIA) procedures of partner countries, when they are judged to be as rigorous as the Bank's EIA.
- In this way, the Bank's projects can go through the country systems, without creating a parallel process under the Bank's standard.

Principle 3: Harmonisation

- “Donors’ actions are more harmonised, transparent and collectively effective.”
- Progress
 - Technical co-operation better co-ordinated
 - Little progress towards common or joint arrangements among donors



Kenya Joint Assistance Strategy (KJAS)

- Kenya Joint Assistance Strategy is a collective Strategy by 17 bilateral and multilateral donors.
 - Canada, Denmark, EC, Finland, France, Germany, Italy, Japan, the Netherland, Norway, Spain, Sweden, UK, US, AfDB, UN, World Bank.
- KJAS serves as a basis for harmonised donor support for the implementation of the national development strategy, including Kenya's 2030 vision.

Principle 4: Managing for result

- “Managing resources and improving decision-making for result”
- Progress:
 - Higher quality results-oriented frameworks are in place

Principle 5: Mutual Accountability

- “Donors and partners are accountable for development results”
- Progress:
 - More participatory approach in development strategies, but some challenges for civil society activity in some countries



The Aid Journey Since Agreement to the MDGs



**Monterrey
Consensus
(2002)**



**Rome HLF on
Harmonisation
(2003)**



**Paris
Declaration on
Aid
Effectiveness
(2005)**



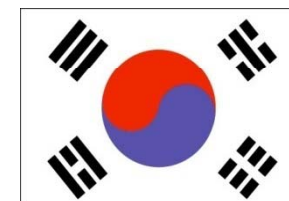
**Accra Agenda
for Action
(2008)**



**Dili Declaration
on fragile states
(2010)**

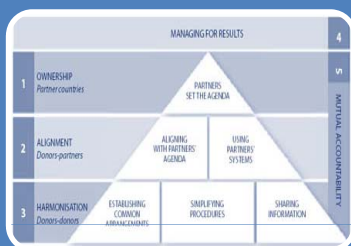


**Bogota
Statement
on SSC
(2010)**

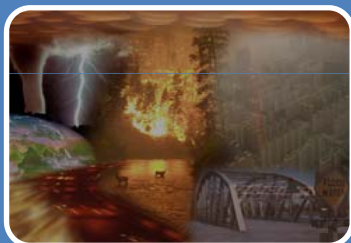


**Korea HLF
(29 Nov. –
1 Dec.
2011)**

Outline



1. Aid Effectiveness and Overview



2. Climate Finance

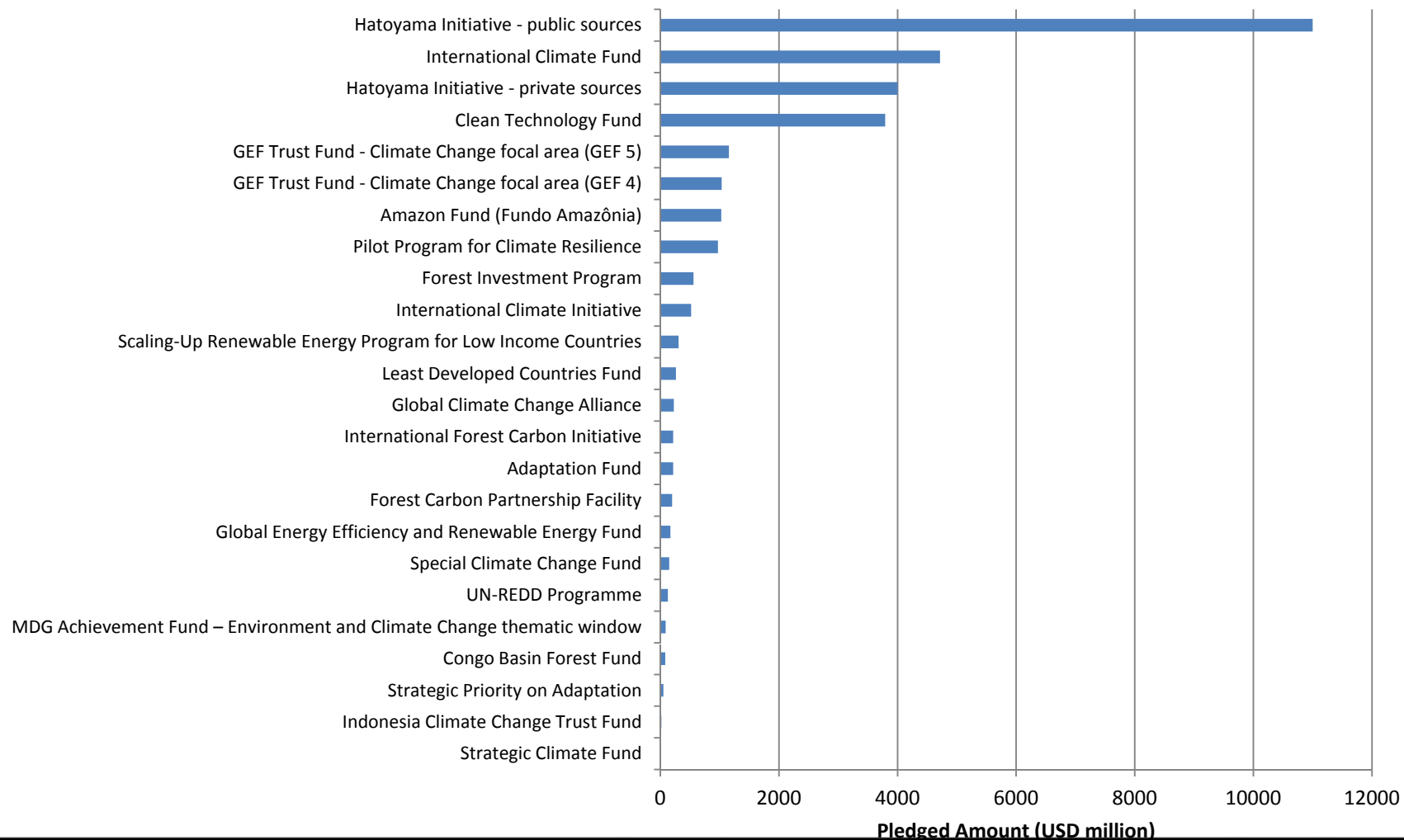


3. Climate Finance and Development Effectiveness

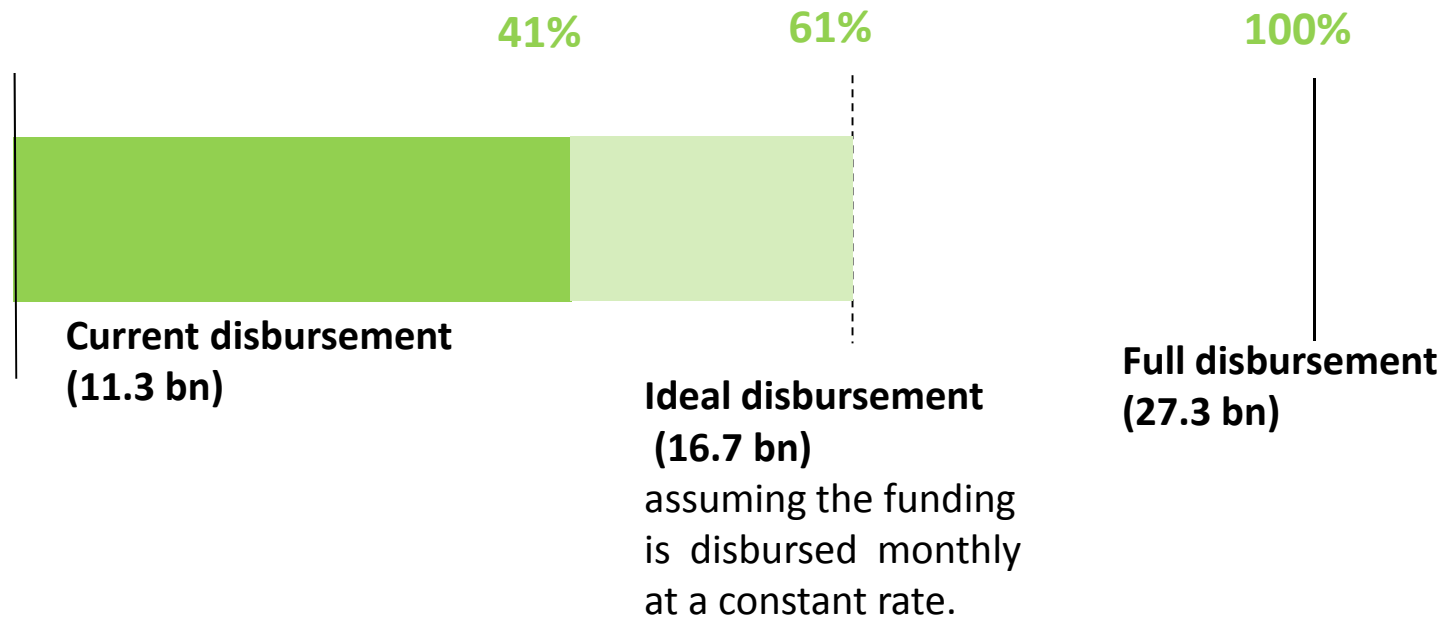
Current Climate Finance Commitments post-Cancun

- USD 30 billion in Fast Start Finance (FSF) over 2010-2012
- Longer term goal of raising USD 100 billion per year by 2020 from public and private sources
- Establishment of a Green Climate Change Fund
- Establishment of a Standing Committee of the Financial Mechanism

Climate Change Funds

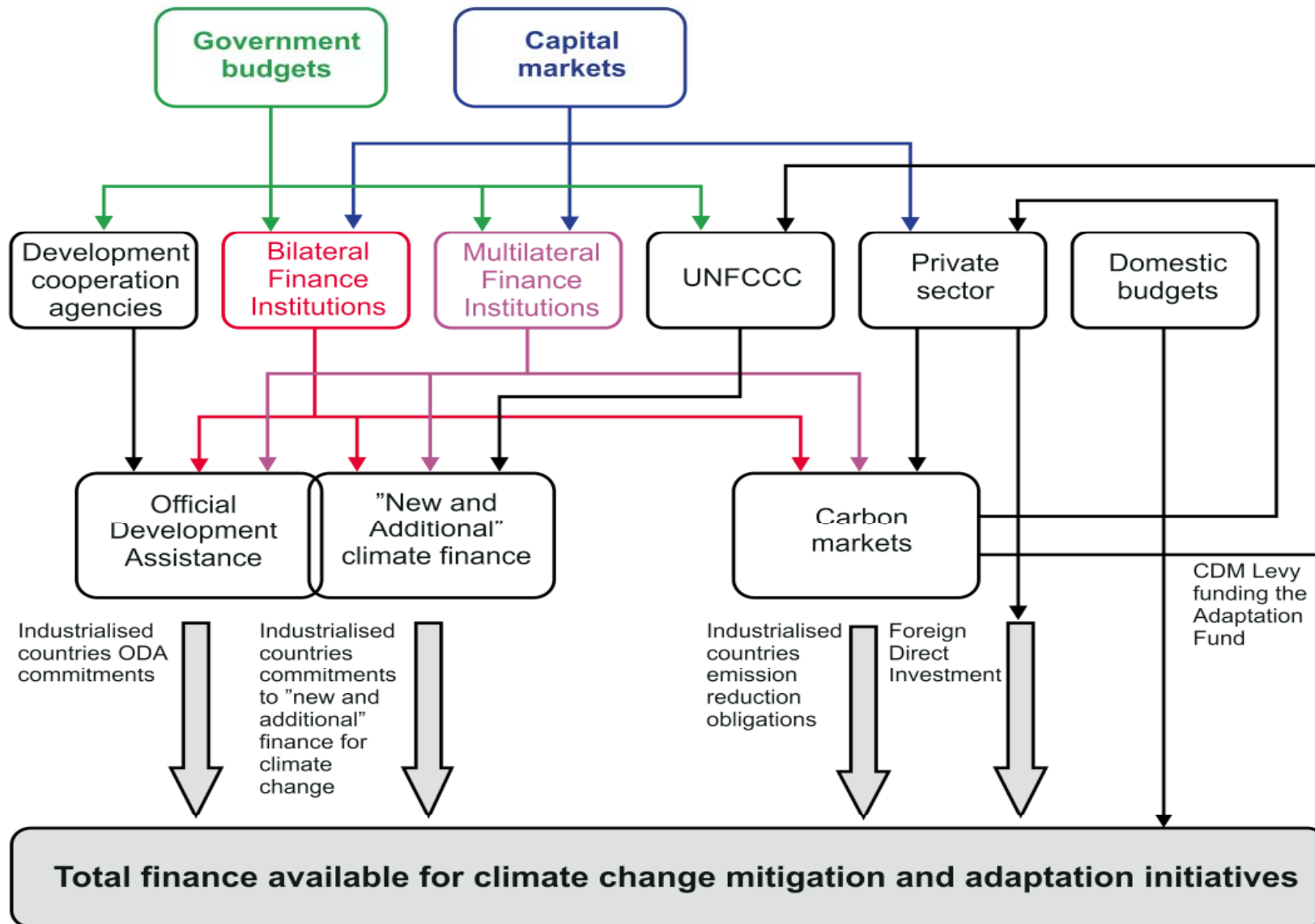


How much money is actually delivered?

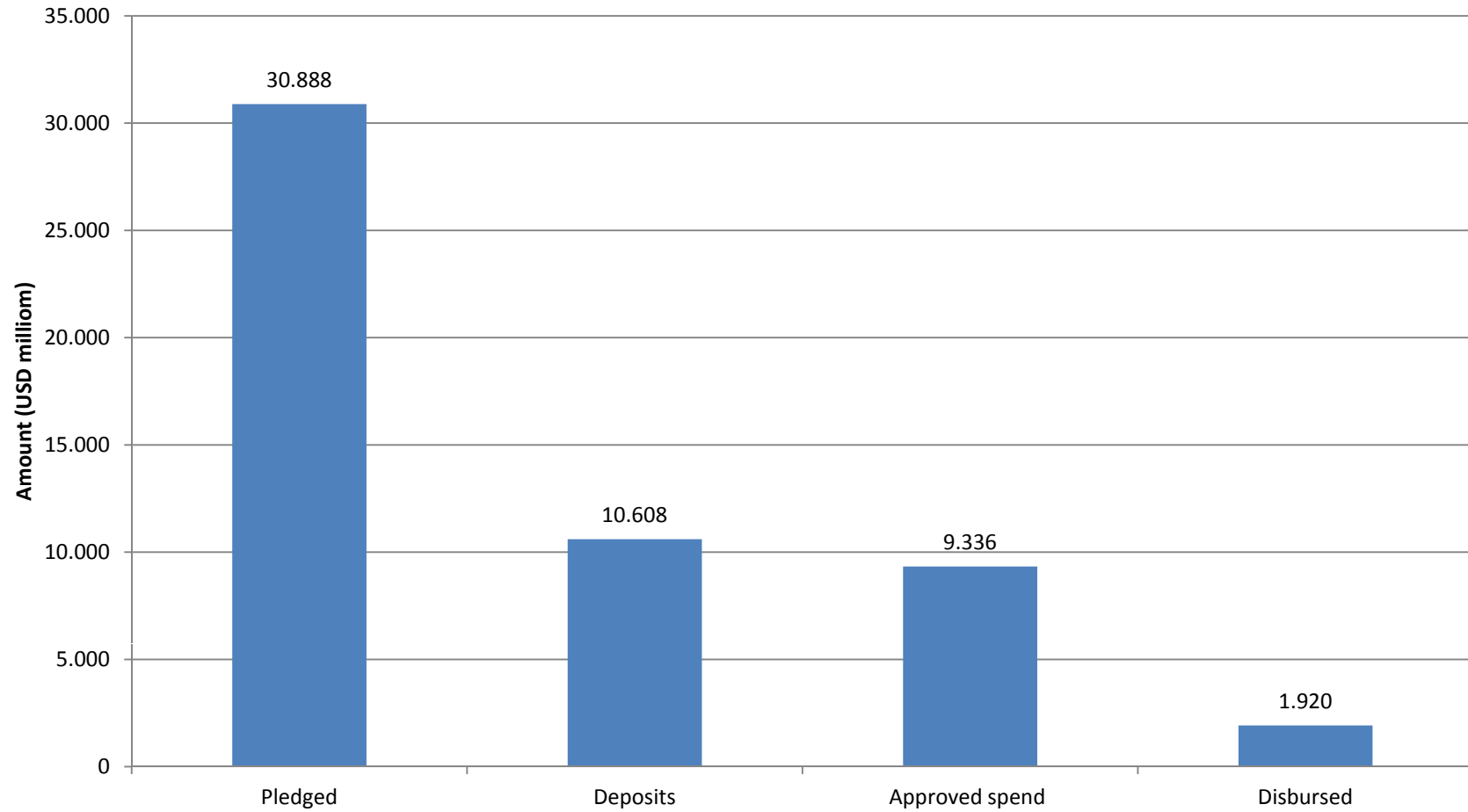


Source: Bloomberg New Energy Finance





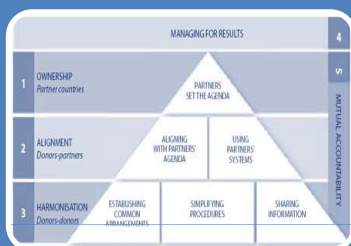
Current Funds: Pledged, deposited, approved and disbursed



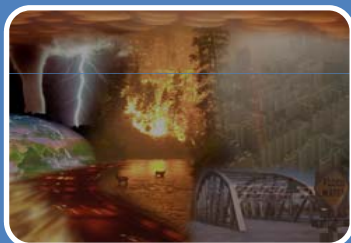
Country Level Implementation



Outline



1. Aid Effectiveness and Overview



2. Climate Finance



3. Climate Finance and Development Effectiveness

Realising Development Effectiveness: Making the Most of Climate Change Finance



The Bangkok Call for Action¹
28 October 2010

Preamble

- Climate change is intrinsically linked to development. It is an exceptional global challenge as well as an opportunity for improved international collaboration. To respond to the challenge we will need to mobilize all our knowledge and experience in the provision of external financing for development.
- Countries are currently developing their national responses to climate change and are concerned about the quantity of finance that they will have available to them, as well as the quality of that finance – the conditions under which it will be provided.
- The Paris Declaration targets and indicators for the management of development assistance provide benchmarks for the quality of external sources of public finance provided for climate change.
- Innovations in the governance of climate change funding modalities, such as with the Adaptation Fund, should also be learned from and used to inform the management of development assistance.
- Assessments of the quality of public finance for climate change should look at all sources – including domestic and international – and should be country-led.
- Analysis and evidence generated at the country level should be used to inform a transparent debate on the quality of climate financing, alongside its quantity. This debate should be interdisciplinary bringing together climate specialists with managers of externally provided public finance.
- The debate on the quality of climate change finance should be initiated across countries at regional, sub regional and national levels and promote south-south dialogue to feed into international policy process and decision making.

¹ The recommendations contained within the *Bangkok Call for Action* were developed at the Asia-Pacific Climate Change Finance and Aid Effectiveness dialogue held on 19–20 October 2010 in Bangkok. The dialogue was facilitated by the Capacity Development for Development Effectiveness (CDDE) Facility and brought together over 75 participants representing the seven governments of Bangladesh, Cambodia, Lao PDR, Nepal, Indonesia, Philippines and Viet Nam, as well as the Pacific Islands Forum Secretariat, eight development partners and international agencies (ADB, AUSAID, JICA, OECD, SIDA, UNDP, UNEP, World Bank) and representatives from parliaments and civil society.



CAPACITY DEVELOPMENT FOR
DEVELOPMENT EFFECTIVENESS
FACILITY FOR ASIA AND PACIFIC

Realising Development Effectiveness

Making the Most of Climate Change Finance in Asia and the Pacific

**A synthesis report from five country studies in Bangladesh,
Cambodia, Indonesia, Philippines and Vietnam**



CDDE
Applied Knowledge



REALISING THE POTENTIAL

SECOND DRAFT

MAKING THE MOST OF CLIMATE CHANGE FINANCE IN AFRICA

A synthesis report from six country studies:
Cameroon, Ghana, Kenya, Morocco, South Africa and Tanzania



The Nairobi Call for Action on
Climate Change Finance and
Development Effectiveness:

An African Approach to
accountable and effective
climate finance

Nairobi 21st-23rd September 2011



Examples Heard Over The Last Two Days

- * Linkages between planning eg Napa's and budgets and sector plans
 - Malawi – NAPA = 2 projects, sustainable land management, climate resilience in agriculture and rural livelihoods , emphasized no mechanism to monitor. Expect Adaptation Fund sources. Now developing NAMA
 - Tanzania -
 - Uganda -

* Time limitations constraining NAPA development process

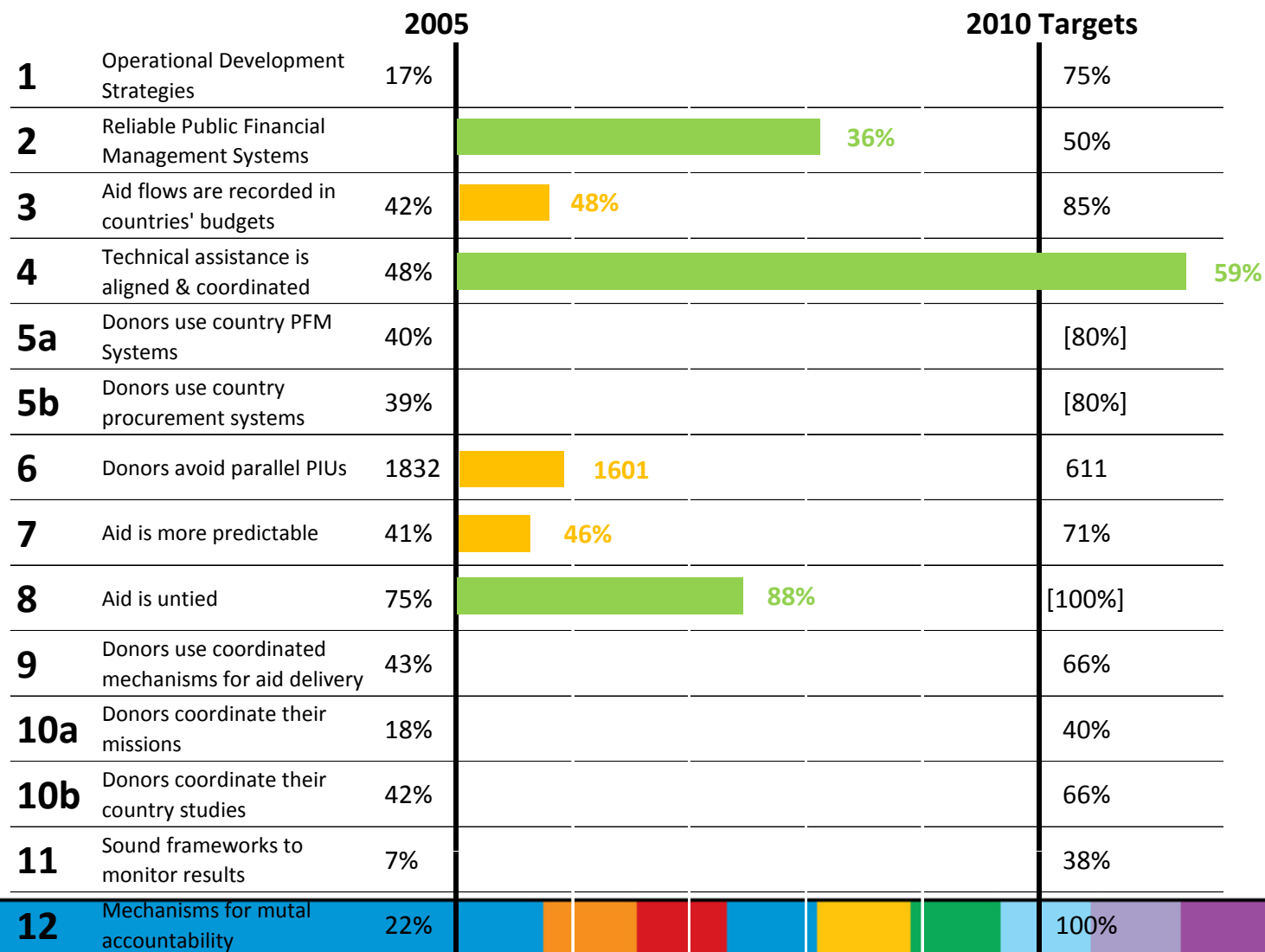
Characteristics of the National Management of Climate Change

Institutional Elements	Cameroon	Ghana	Kenya	Morocco	South Africa	Tanzania
CC Integrated in national development strategy	☑	✓	x	x	✓	x
National CC Committee defines policy	x	✓	☑	☑	✓	☑
Enabling Legislation in place (CC Act)	x	x	☑	x	☑	x
Operational National CC Strategy	x	x	✓	✓	✓	x
Operational National CC Action Plan	x	x	x	x	✓	x
National CC Results Framework in place	x	x	x	x	x	x
President/Prime Ministerial level active co-ordination	x	✓	✓	x	x	☑
Parliamentary Committee providing oversight	x	☑	☑	x	☑	☑
Finance/Treasury CC Specialist CC Unit	x	✓	✓	x	☑	x
Tracking system captures all CC funding	x	x	x	x	x	x
CC Desks in each ministry	x		☑	x	x	x
Donor coordinating group <u>of all funders</u> in place	x	☑	☑	x	x	☑
Donor-Government Round table <u>with all funders</u>	x	x	x	x	x	x
UNFCCC Focal Point	✓	✓	✓	✓	✓	✓
REDD Focal Point	✓	✓	✓	✓	✓	✓

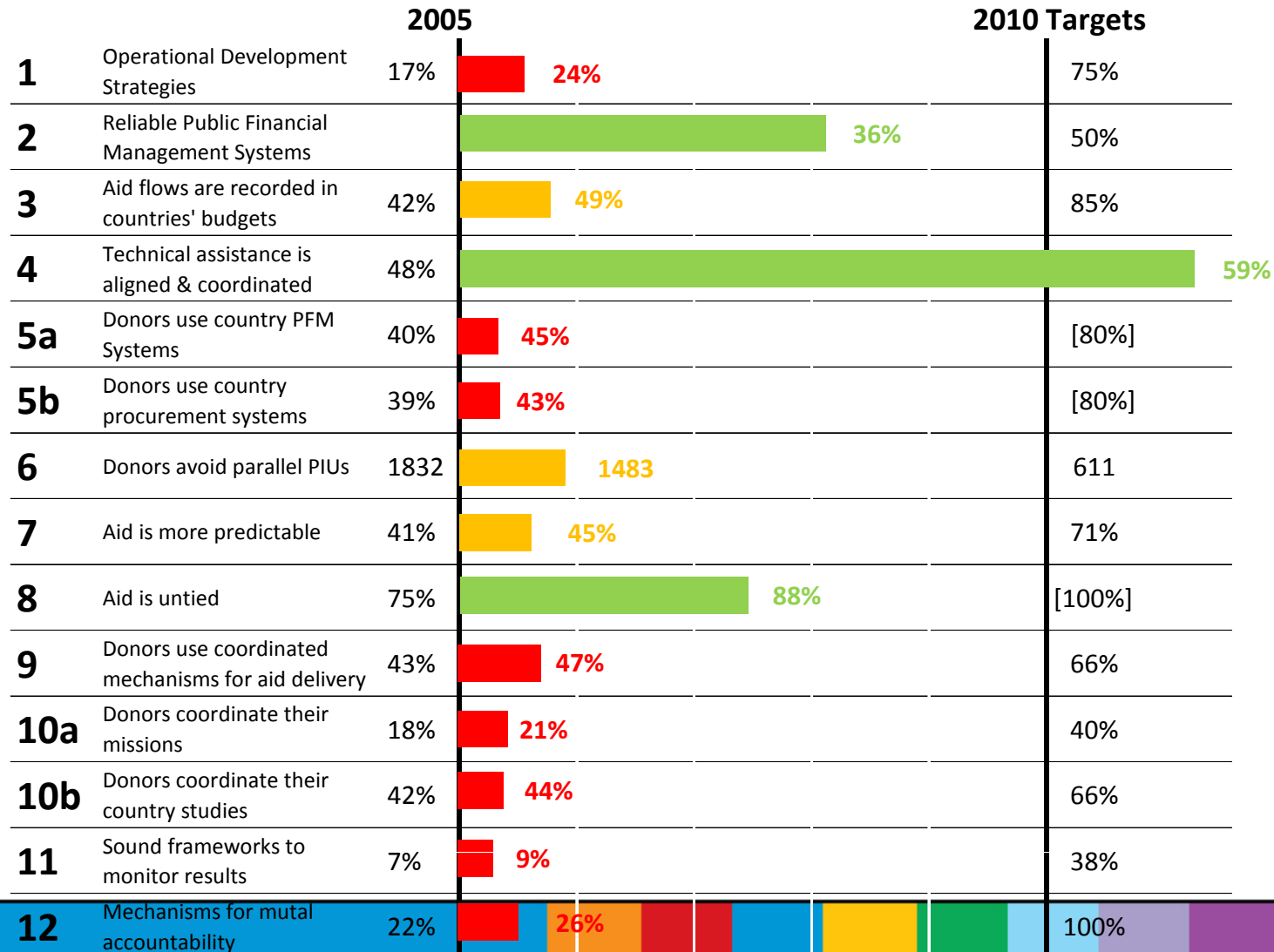
RESULTS FROM THE 2005 AND 2008 SURVEYS ON TRACK TO REACHING COMMITMENTS

		2005		2010 Targets
1	Operational Development Strategies	17%		75%
2	Reliable Public Financial Management Systems		36%	50%
3	Aid flows are recorded in countries' budgets	42%		85%
4	Technical assistance is aligned & coordinated	48%		
5a	Donors use country PFM Systems	40%		[80%]
5b	Donors use country procurement systems	39%		[80%]
6	Donors avoid parallel PIUs	1832		611
7	Aid is more predictable	41%		71%
8	Aid is untied	75%	88%	[100%]
9	Donors use coordinated mechanisms for aid delivery	43%		66%
10a	Donors coordinate their missions	18%		40%
10b	Donors coordinate their country studies	42%		66%
11	Sound frameworks to monitor results	7%		38%
12	Mechanisms for mutual accountability	22%		100%

SPECIAL EFFORTS NEEDED



OFF TRACK FOR 2010



Measuring Aid for Climate Change

- Climate markers are statistical codes employed by OECD-DAC to measure the aid targeting at climate change mitigation and adaptation.
 - Climate change mitigation (2002-)
 - Climate change adaptation (2010 -)



Climate change markers - criteria

Climate Change Mitigation Marker

The activity contributes to

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

Climate Change Adaptation Marker

- a) the climate change adaptation objective is explicitly indicated in the activity documentation; **and**
- b) the activity contains specific measures targeting the definition above.

Definition of adaptation: It intends to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience. This encompasses a range of activities from information and knowledge generation, to capacity development, planning and the implementation of climate change adaptation actions.

Logical Steps for marking

Q1. What objectives are stated in the project/programme document?



Q2. Do any of the stated objectives match “Criteria for eligibility” of Rio Markers?



Yes



No

Q3. Would the activity have been undertaken without this objective?



No



Yes

2

Principal

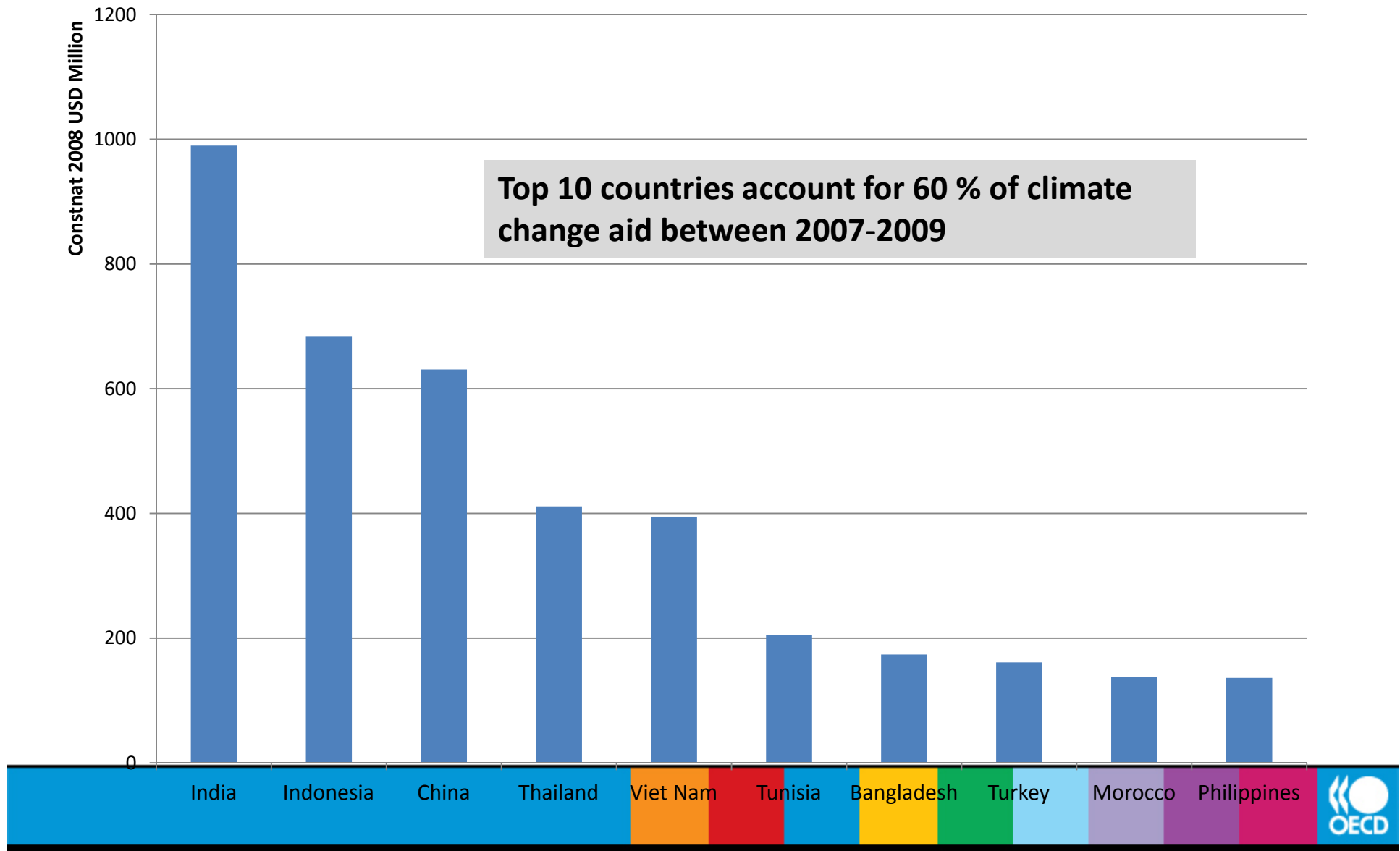
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Significant

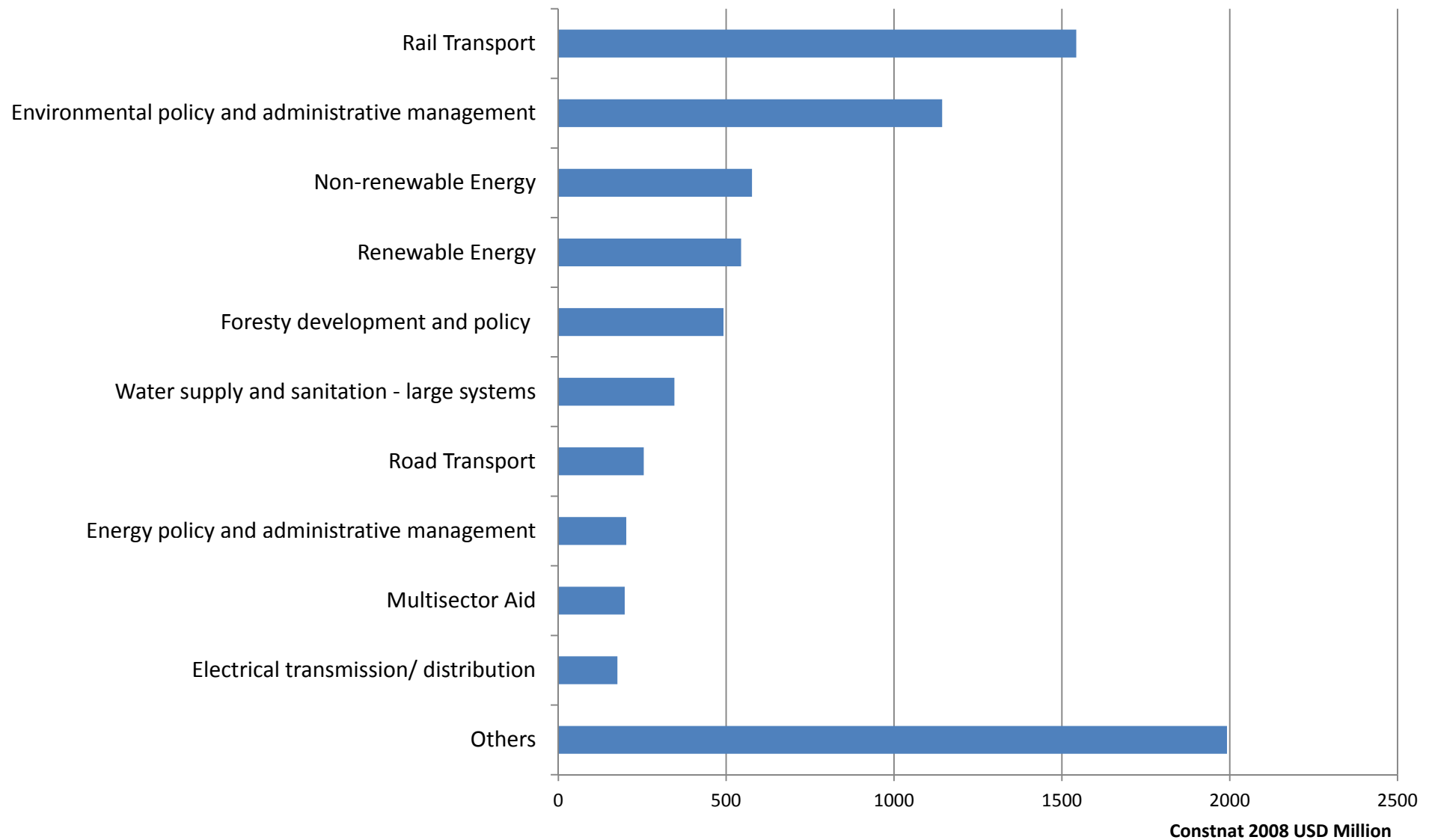
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Not targeted

Aid for climate change mitigation: Who is receiving? (Average, 2007-2009)



Aid for Climate Change: Top 10 Activities (Average, 2007-2009)



Constant 2008 USD Million





For more information
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