



#### Financing Climate Change: Tracking and Building Trust Lessons from Development Finance

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#### MOBILIZING CLIMATE CHANGE FINANCING

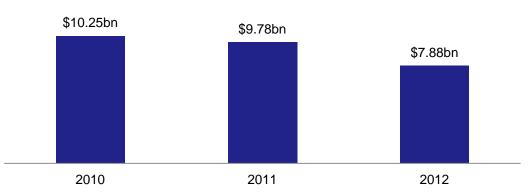
## **Copenhagen Accord:**

- Fast Start Finance = USD 30 billion (10 bil/yr 2010-2012)
- Long Term Financing = 100 billion by 2020

#### **Current Context:**

Fast Start Financing is being pledged





Total 2010-2012

Pledge:
\$27.9 billion
(Source: WRI, 2010)

AGF report demonstrates viability of reaching 100 billion by 2020



# Tracking Public Finance for Climate Change - The Role of the OECD CRS

## **Functions**

- Measure public climate financial flows
- Report flows internationally
- Verify accuracy of reported data

#### **Outcomes**

- Trust
- Recognition
- Accountability
- Increased ambition
- Sharing best practices
- Increased national capacity to monitor

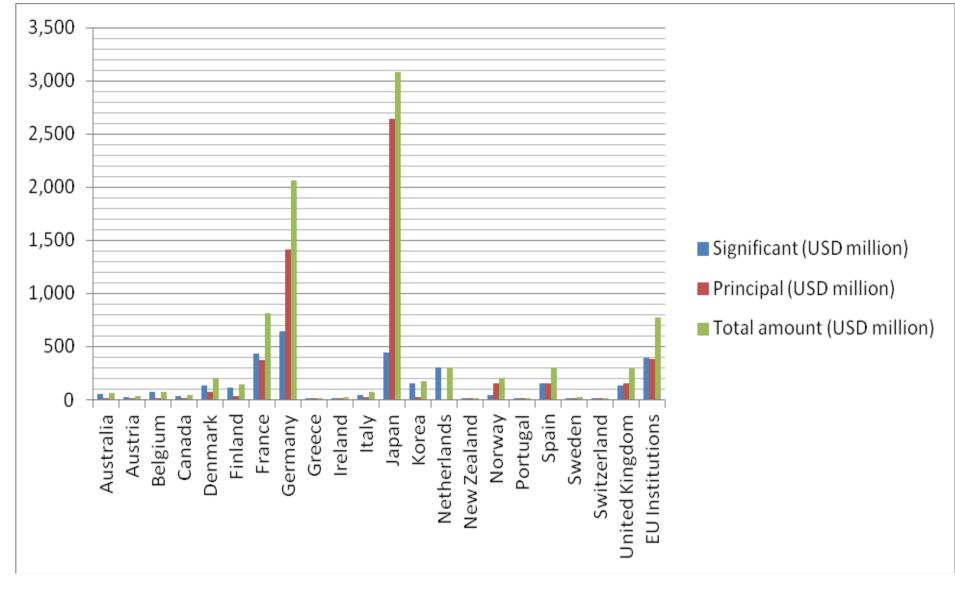


### **OECD/DAC Rio Markers**

- OECD Rio marker on climate change mitigation tracks aid flows in support of developing countries' efforts to implement the Convention
- In 2009 the DAC agreed to also track aid in support of climate change adaptation.
- Rio markers comprehensive presentation of aid that supports developing countries' efforts to address climate change



## Climate change mitigation-related aid in 2008





## **Lessons from Development Financing**



#### PARIS DECLARATION ON AID EFFECTIVENESS

Ownership, Harmonisation, Alignment, Results and Mutual Accountability

#### I. Statement of Resolve

- 1. We, Ministers of developed and developing countries responsible for promoting development and Heads of multihiteral and balteral development institutions, meeting in Paris on 2 March 2005, resolve to take far-reaching and monitorable storious to reform the ways we deliver and manage aid as we look ahead to the UN five-year review of the Millennium Deckation and the Millennium Development Goals (MDGs) later this year. As in Monterey, we recognize that while the volumes of aid and other development resources must increase to achieve these goals, aid effectiveness must increase significantly as well to support partner country efforts to strengthen governance and improve development performance. This will be all the more important if existing and new balteral and multihateral ininiatives leaf to significant further increases is incl.
- 2. At this High-Level Forum on Aid Effectiveness, we followed up on the Declassion adopted at the High-Level Forum on Harmonisation in Rome (February 2003) and the core principles put forward at the Marakech Roundtuble on Managing for Development Results (February 2004) because we believe they will increase the impact aid has in reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the MDGs.

#### Scale up for more effective aid

- 3. We seaffirm the commitments made at Rome to harmonise and align aid delivery. We see encouraged that many donors and partner countries are making aid effectiveness a high penoity, and we resfirm our commitment to accelerate progress in implementation, especially in the following areas:
  - Strengthening partner countries' national development strategies and associated operational frameworks (e.g., planning, budget, and performance assessment frameworks).
  - Increasing alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities.
  - Enhancing donors' and partner countries' respective accountability to their citizens and parliaments for their development policies, strategies and performance.
  - iv. Eliminating duplication of efforts and rationalising donor activities to make them as cost-effective as possible.
  - Reforming and simplifying donor policies and procedures to encourage collaborative behaviour and progressive alignment with partner countries' priorities, systems and procedures.
  - vi. Defining measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary safeguards and environmental assessments, in line with broadly accepted good practices and their quick and widespread application.
- We commit ourselves to taking concrete and effective action to address the remaining challenges, including:
  - Weaknesses in partner countries' institutional capacities to develop national development strategies.
  - Failure to provide more predictable and multi-year commitme countries.

- Ownership Use of country systems and respect for partner country priorities.
- Alignment Integrated into the country's planning and budgeting mechanisms.
- Capacity Development Build sufficient capacity to use available funds effectively.
- Harmonization Programmatic approach and simplified procedures.
  - Managing for Development
    Results Results oriented planning
    and implementation



#### Conclusion

- Mobilizing sufficient resources to address both climate mitigation and adaptation requires significant innovation and political will.
- Monitoring, Reporting and Verifying resources will be a critical challenge – OECD CRS offers important inputs to global efforts to monitor climate finance
- 50 years of development experience provide important lessons on how to ensure finance is effectively delivered and used.