



THE DEVELOPMENT ASSISTANCE COMMITTEE:
ENABLING EFFECTIVE DEVELOPMENT

OECD – update on tracking climate finance

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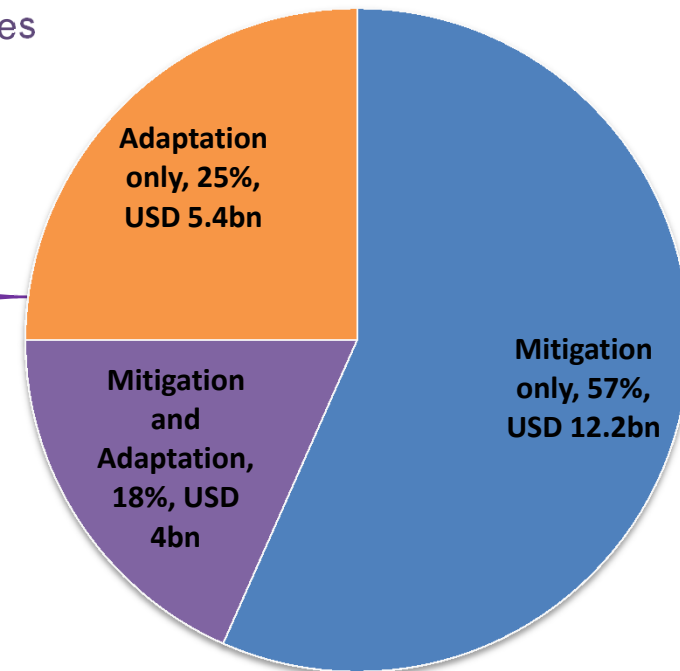
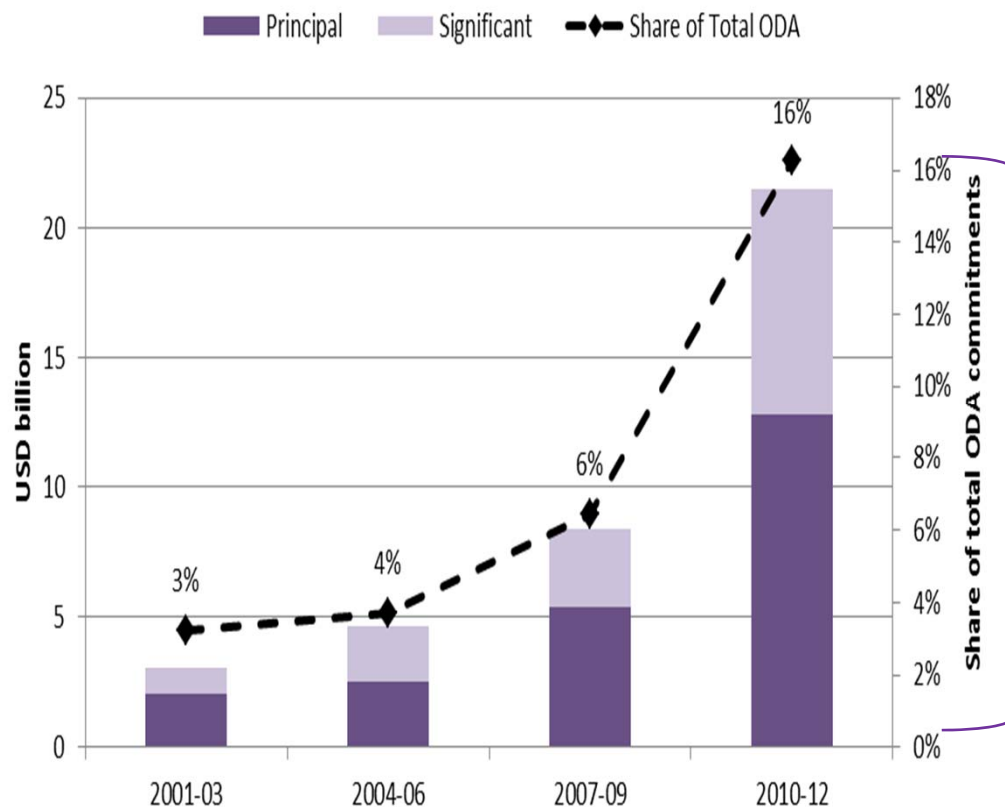
Overview

1. OECD tracking climate-related international public finance (ODA and OOF)
 - Improving coverage, quality and communication of the Rio marker data on climate finance
2. DAC statistical reform
 - measures of development finance to support Financing a post-2015 agenda
3. OECD-led Research Collaborative on Tracking Private Climate Finance

Bilateral climate-related aid: USD 12.8 – 21.5 bn per year

16% of the total bilateral ODA portfolio

Trends in climate-related aid, 3-year annual averages
2001-12, bilateral commitments, USD billion, constant 2011 prices



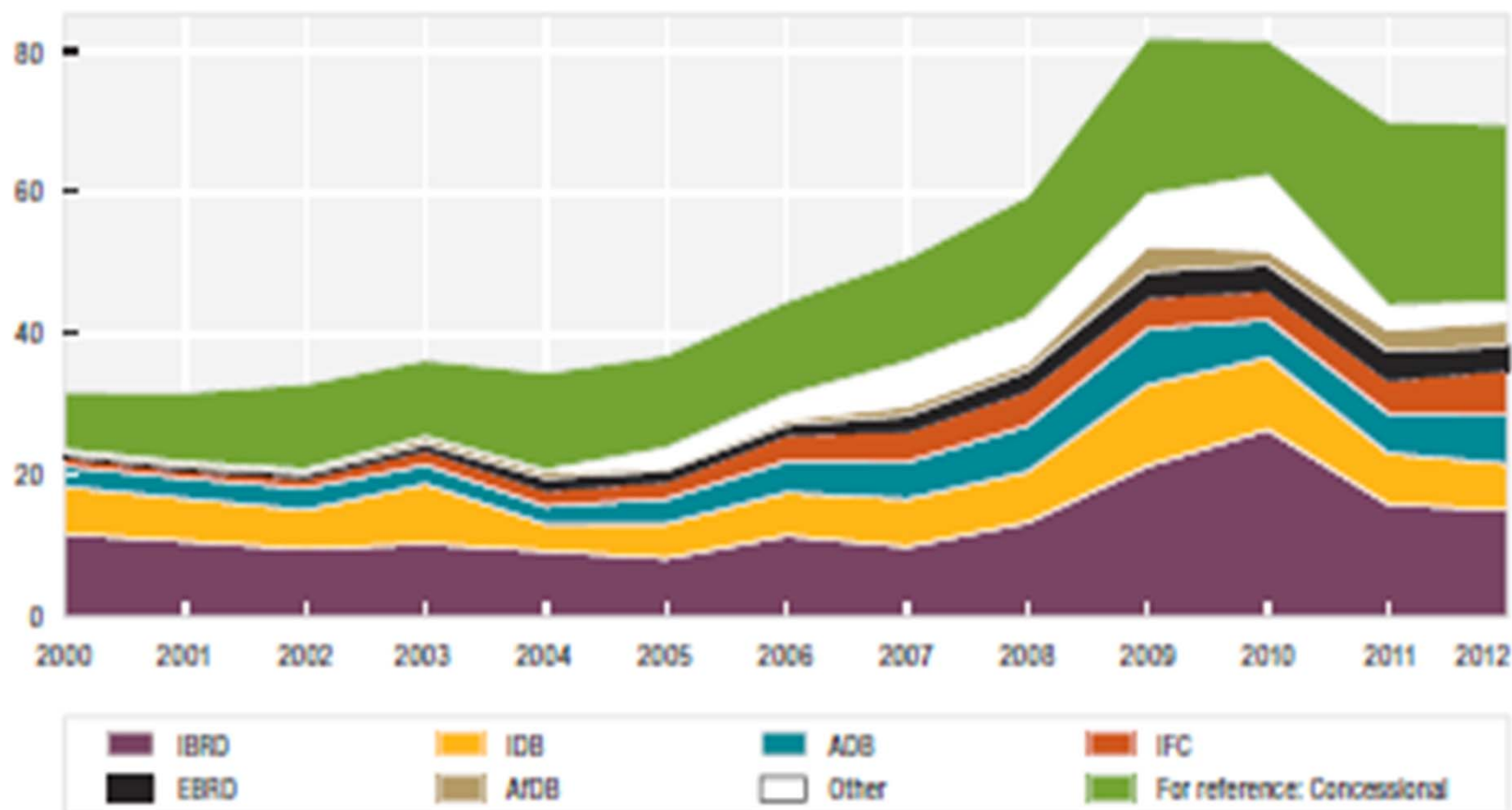
=> 2013 update coming to include bilateral and more multilateral flows

Source: OECD DAC Statistics, May 2014

Changing landscape of development finance: non-concessional financing in IFIs portfolios

2000 - 2012

Gross disbursements, USD billion, constant 2012 prices



Source: OECD (2014) Mobilising Resources for Sustainable Development

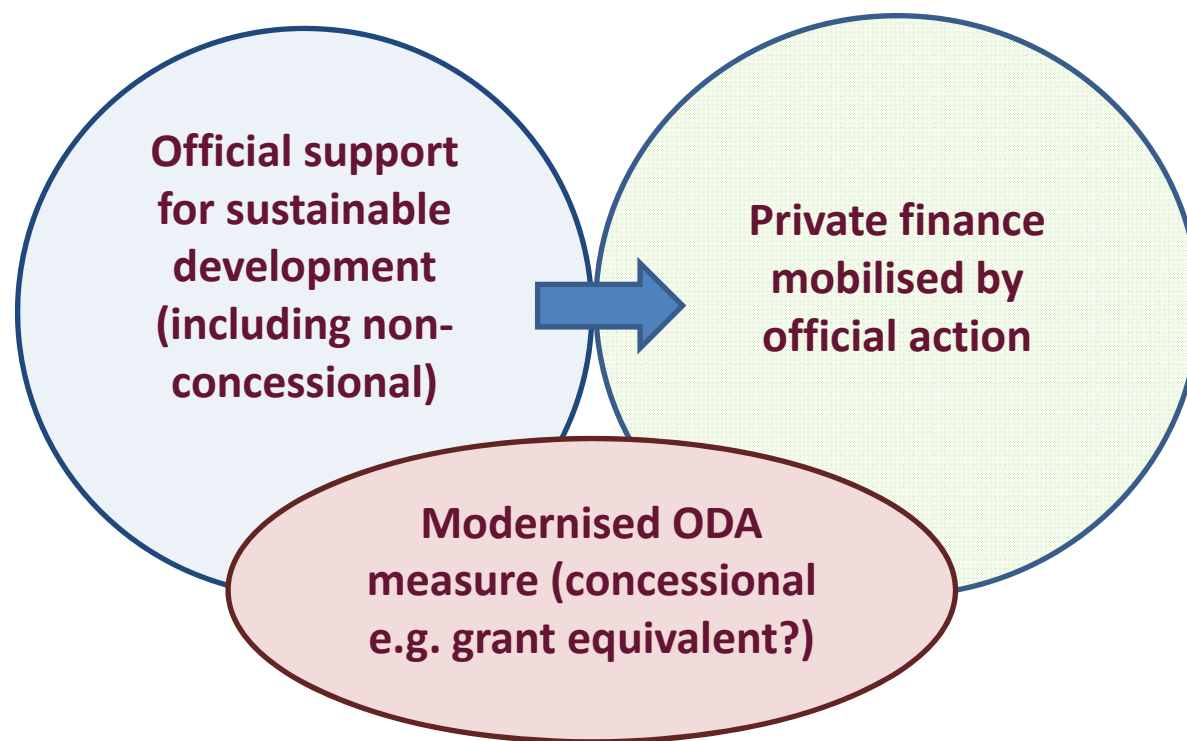
DOI: [10.1787/dcr-2014-en](https://doi.org/10.1787/dcr-2014-en)



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Reforming measures of sustainable development finance to support post-2015 SDGs



Inter-governmental events on SDGs and financing:

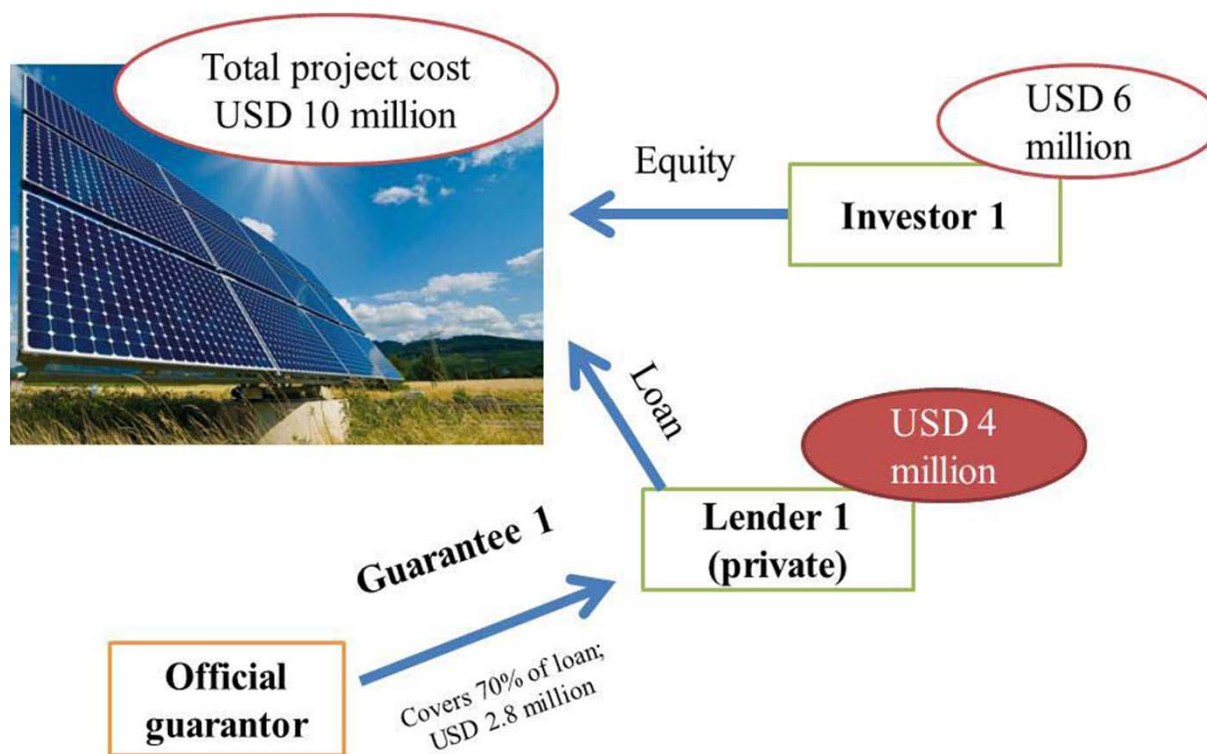
- Addis Ababa, Ethiopia, July 2015, Third International Conference on Financing for Development
- New York, September 2015 – UN Summit, where world leaders expected to adopt the post-2015 SDG agenda

OECD DAC 2014-15 Financing for Development:

- Modernised ODA: options outlined; decision expected end 2014
- Official support for SD – better coverage and depth of non-concessional finance, particularly instruments mobilising private capital (e.g. loan guarantees, etc)
- More detailed export credit data integrated into DAC statistics
- Private finance mobilised by official action: advancing methods and data collection



Estimating mobilisation in DAC statistics: loan guarantee example



OECD DAC proposal:

Amount mobilised defined as face value of instrument guaranteed (USD 4m)

→ Assumption that private lender would not have provided loan without a public guarantee

→ In case of co-guarantees, amounts mobilised could be attributed pro-rata -- based on amounts guaranteed by each guarantor

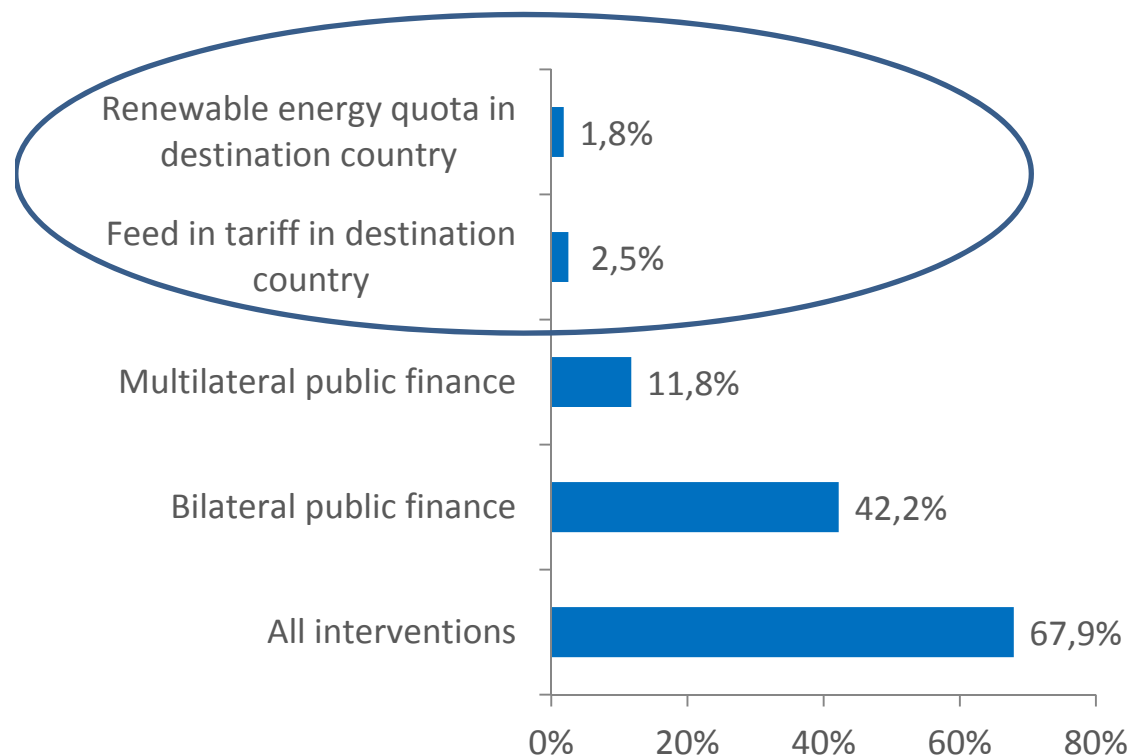
Source: based on Mirabile M., J. Benn and C. Sangaré (2013), *Guarantees for Development*, OECD Development Co-operation Working Paper
<http://dx.doi.org/10.1787/5k407lx5b8f8-en>

Alternative options:

- Face value of instrument guaranteed (USD 4m)
- Total project cost (10m) → less conservative – risk of double-counting among public actors where co-financing exists
- Gross exposure (2.8m) → more conservative

Private climate finance: the mobilisation effect of public finance and policies

Econometric simulation of the effect of public interventions on private finance



Note: The effect of “All interventions” does not equal the sum of individual interventions because the model is non-linear. Even if it were, the means of the different interventions would have to be the same in order to obtain a total “net effect”.

→ Early evidence indicates policies have large potential to drive private finance

Caveats:

→ Testing methods: exploratory results for renewable energy (mostly wind and solar)

→ Still missing data on key variables e.g. domestic investment conditions

Source: Haščič I., M. Cárdenas Rodríguez, R. Jachnik, J. Silva and N. Johnstone (2014), *Public interventions and private finance flows: empirical evidence from renewable energy financing*, OECD Environment Working Paper

Tracking private climate finance: proposed ways forward

SHORT TERM: PRAGMATISM AND PILOT ESTIMATES

- Conduct pilot estimates based on available data and existing definitions
- Make conservative estimates to avoid risk of double-counting
- Consider collective reporting: no attribution to individual countries
- Be transparent about assumptions and inputs - engage and consult
- Build trust and common language

LONGER TERM: BUILD DATA SYSTEMS

- Define core concepts and agree key assumptions
- Build capacity for systematic data collection e.g. private co-financing
- Increase breadth of public finance and policy interventions covered
- Increase depth and granularity of estimations
- Strengthen co-operation between climate and development finance communities



Watch this space!!

OECD DAC CRS and Rio marker statistics and analysis:

<http://oe.cd/RM>

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Research Collaborative on Tracking Private Climate Finance:

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EXTRAS



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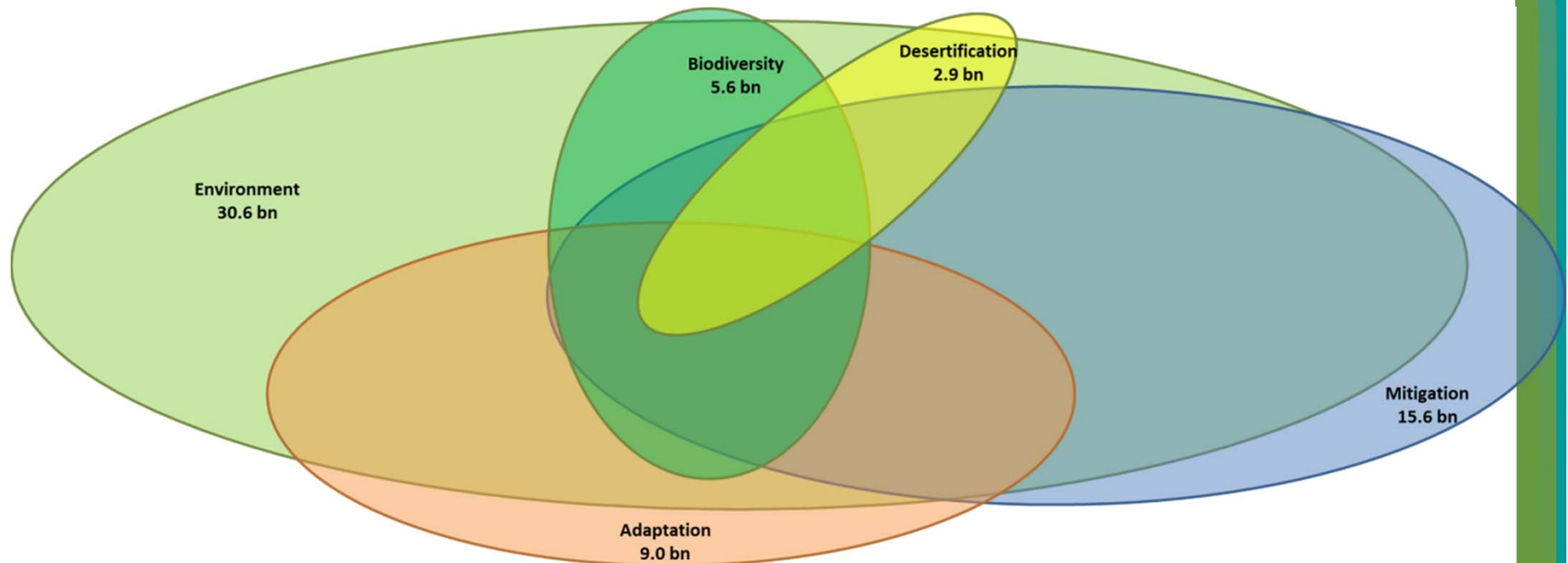


Rio markers and environmental policy marker in DAC statistics

- Allows tracking of **multiple objectives simultaneously** while avoiding double counting

Bilateral Official Development Assistance

3 year annual average, 2010-2012, bilateral commitments, USD billion, constant 2012 prices



Private climate finance: what data sources beyond renewables?

Commercial databases

Bloomberg

dealogic

FACTSET

fDiIntelligence
GLOBAL INSIGHT FROM THE FINANCIAL TIMES LTD

preqin

THOMSON REUTERS

Public databases

OECD

UNEP
RISØ
CENTRE

UNITED NATIONS
UNCTAD

THE WORLD BANK

Challenges to use

- Partial datasets that may improve coverage of *climate-relevant* sectors beyond renewables for fairly large equity/debt-related private finance
- Significant technical and definitional issues to identify *climate-specific* transactions (acute for adaptation)
- Inconsistent classifications, definitions and tracking methods
- Difficulties to meaningfully and consistently label finance as public or private and assign a country of origin
- Range of possible methods to try and mitigate some of these limitations

