



development
initiatives

June 2024

Climate finance: Earning trust through consistent reporting

report



Contents

Acknowledgments	2
Acronyms	3
Executive summary	4
Overview	4
Key findings.....	4
Recommendations	6
Conclusion: Towards greater consistency	8
Chapter 1: Introduction.....	9
Chapter 2: Climate finance statistics: The importance of consistency	11
Why are accurate climate finance statistics needed?	11
Consistency in measuring climate finance is fundamental	14
Chapter 3: Climate finance reporting: A quantitative review	16
Inconsistency in climate finance measurements over time	16
Inconsistency across climate finance data sets: The evidence	20
How climate-relevant is funding? Using new assessment tools	22
Chapter 4: Bilateral climate finance reporting: A qualitative review	25
Features of climate finance reporting	25
The Rio markers: Pros and cons for climate finance reporting.....	27
Not all climate objectives are created equal	34
Climate finance reporting systems: Good intentions, bad rules	35
Chapter 5: Conclusion and recommendations	37
Conclusion	37
Recommendations	37
Moving in the right direction	41
Glossary	42
Notes	44

Acknowledgments

[Euan Ritchie](#) gratefully appreciates the time that various (anonymous) officials dedicated to discussing their countries' climate finance reporting, the rich insights these discussions provided, and for offering detailed comments on an earlier draft. In addition, the report benefitted from comments from both Ian Mitchell and Jonathon Beynon from the Center for Global Development. Any errors remain the author's.

Cover photo shows the People's Plenary by the COP28 Coalition and different constituencies at the UN Climate Change Conference. [COP28 / Anthony Fleyhan](#).

Acronyms

AFD	French Development Agency
ASEAN	Association of Southeast Asian Nations
CBI	Climate Bonds Initiative
CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
COP	Conference of the Parties (to the UNFCCC)
CRS	Creditor Reporting System
CTF	Common Tabular Framework
DAC	Development Assistance Committee (OECD)
ETF	Enhanced Transparency Framework
FCDO	Foreign, Commonwealth & Development Office (UK)
GCF	Green Climate Fund
ICAI	Independent Commission on Aid Impact (UK)
ICF	International climate finance
IDA	International Development Association (World Bank)
IOB	Policy and Operations Evaluation Department (the Netherlands)
NAP	National adaptation plan
NCQG	New Collective Quantified Goal on Climate Finance
NDC	Nationally determined contribution
NLP	Natural language processing
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
PSI	private sector instruments
SCF	Standing Committee on Finance
UNFCCC	United Nations Framework Convention on Climate Change
USAID	United States Agency for International Development

Executive summary

Overview

What is climate finance? Despite the importance of this question, and recent claims that developed countries¹ have reached the goal agreed in 2009 to provide US\$100 billion of climate finance,² there is no agreement on how it should be defined. This has not only led to doubts about the true value of finance raised, but also contributed to a breakdown of trust between developed and developing country Parties to the United Nations Climate Change Convention (UNFCCC). This year the Parties come together to agree on the New Collective Quantified Goal (NCQG) to replace the US\$100 billion goal, and the question of how progress towards it should be measured must be at the centre of the debate, not an afterthought.

This report combines insights from climate finance experts (from national governments, the OECD, UNFCCC and civil society organisations), as well as analysis from Development Initiatives (DI) to highlight where consistency is lacking in climate finance reporting – over time, within and between donors. It sets out recommendations that we hope will help providers adopt the best-practice practical steps they can take to drive consistency in their reporting and help build a trusted and transparent climate finance data system. These include:

- greater consistency in how climate finance is defined and reported,
- better shared review and auditing processes,
- better reporting on impact, to build a stronger understanding of whether funding is enough and well targeted, and
- approaches to remove the capacity constraints that might limit the implementation of these changes.

It will also be of interest to countries that themselves receive climate finance and advocates looking to ensure the system works for everyone, focusing minds on the first-best solution to the problem: a single clear definition, supported by a transparent reporting system.

Key findings

Inconsistent measurement has eroded trust and made it difficult to track progress

A measure of climate finance should allow us to track progress over time, compare how providers are helping partner countries achieve their climate goals, and establish how close we are to meeting needs. However, inconsistency in measurement means that the current estimates of climate finance fail on each count:

- **Lack of consistency over time:** The lack of a common definition of climate finance has allowed providers to adapt their methodologies for tracking it in order to meet political targets more easily. Even where providers have not explicitly changed their methodologies, the subjectivity involved in assessing how much of a project should count as climate finance has allowed reporting to become much looser over time. This means that we do not know by how much climate finance provision has increased. While the Organisation for Economic Co-operation and Development (OECD) estimates that US\$115.9 billion³ was provided in 2022, compared to US\$52 billion in 2013, much of this increase may have come from reporting changes.

For example, we know that when the US\$100 billion goal was agreed in 2009, a large share of bilateral aid was not screened for its impact on climate. That means that developed countries must have been spending more on climate finance than the data shows. This might be a good thing, but it nevertheless implies that the increase since then has been smaller than official numbers suggest. Furthermore, there is evidence suggesting that more projects would have included as climate finance in the past if judged by today's standards.⁴

- **Lack of consistency across providers:** Different countries count similar projects in different ways, and so their estimates of climate finance provision are not comparable. This makes it impossible to accurately assess which countries are providing climate finance support that matches their means.

For example, some countries counted Covid-19 response measures as adaptation, whereas most did not. Some countries are counting core contributions to certain trust funds as having a principal climate focus, while others do not deem such contributions relevant to climate finance. More systematically, when Development Initiatives and other researchers used machine learning models to assess climate finance against a common benchmark, it showed dramatic variation in the quality of reporting across countries.

- **Lack of comparable measure of need:** We know that the need for climate finance is huge. But because there are so few restrictions on what activities providers can claim as climate relevant, we cannot have confidence that the finance reported is really addressing those needs.

There is even a lack of consistency in the data countries self-report to different organisations. Differences in the point of measurement for reporting to the UNFCCC and OECD mean that although these databases contain information on largely the same projects, they do not provide a consistent picture of climate finance.

The Paris Agreement requires data on climate finance to be reported to the UNFCCC, and so it should be a more authoritative and comprehensive source. However, the information currently submitted to the UNFCCC by providers is insufficient to determine why some projects are included as climate finance, how much has actually been spent towards commitments made, or even what it means to have made a commitment. This lack of detail means it is rarely used.

By contrast, data reported to the OECD is carefully curated but lacks crucial information on flows beyond official development assistance (ODA) and on the share of project expenditure reported to the UNFCCC as climate finance.

A common definition is the first-best approach, but other steps can be taken that would improve consistency

The best way to ensure that climate finance is being measured consistently across time and providers is to agree on a common definition that is based on a common understanding of need – but agreeing on a definition that has sufficient detail would need huge political will. In submissions to the UNFCCC Standing Committee on Finance (SCF), developed countries have argued that a common definition is unnecessary. However, other definitions that guide providers in specific circumstances do exist and add value, such as the ASEAN Taxonomy for Sustainable Finance, or the Climate Bonds Taxonomy.

This report therefore explores ways in which consistency in reporting could be improved in the immediate absence of a definition, based on interviews with a number of climate officials from developed countries, ex-officials and development finance experts at the OECD. These recommendations have been developed to be politically and technically feasible (some are already being implemented by some provider agencies). While they are second-best to a full, detailed definition, we hope that they could improve the state of reporting, and so heighten the impact of the NCQG, while discussions on definitions continue.

Recommendations

1. Transparency requirements need to be expanded

Three basic additions to the UNFCCC transparency requirements would give greater clarity:

- Countries that calculate the percentage of a project's funding that is counted as climate finance (climate share) on a case-by-case basis should be required to report the percentage of the total project value that is included as climate finance.
- Countries should not only agree on a standard, stricter definition of 'commitment' to engender trust that such commitments will lead to actual spending, but also track this spending against corresponding commitments made (in a way easily distinguishable from new commitments, to avoid double counting).
- Countries should provide links to project documentation for projects over a certain value. And where projects are also reported to the OECD, countries should provide project codes to allow linking between databases.

2. Climate finance assessment should be as granular as possible

Aggregated assessments make it hard to know if the amount of climate finance counted reflects the true nature of the project. More granular assessments that assess the climate

focus of individual activities, or even transactions, would give a better estimate and correct for the imprecise marker system.

3. Parties should consider using novel techniques to ease capacity constraints

Many countries face significant capacity constraints when it comes to quality assuring the climate finance data submitted to the UNFCCC, as countries often embark on thousands of projects in any given year. In addition, each country measures climate finance by its own unique standard which reduces comparability.

Individual countries could train natural language processing models (NLP – a form of machine learning)⁵ on a selection of projects that have been manually classified according to their climate focus, creating an automated process to identify questionable marking decisions. Additionally, a centralised body, such as the SCF, could train an NLP model on a wider selection of projects across all countries, creating a common benchmark for assessing reporting from individual countries.

Such models would not replace human judgement, but could facilitate quicker checking by highlighting projects whose descriptions do not accord with their markings.

4. The existing UNFCCC peer review process should be strengthened

There is an existing process for peer reviewing the transparency and completeness of the Biennial Reports countries submit to the UNFCCC. This is valuable but focuses on ensuring that projects are consistent with COP agreements.

The UNFCCC should expand review requirements to include an assessment of the quality of climate finance reported. For example, the review team could scrutinise a sample of projects to highlight where reporting approaches are out of line with common practice or capturing projects with questionable relevance, and ensure that the projects are consistent with the requirements outlined in partner countries' nationally determined contributions⁶ or national adaptation plans⁷ (which set out Parties' commitments for reducing greenhouse gas emissions and their adaptation needs respectively).

5. Countries should report on impact estimates before and after implementation where possible

The quantity and quality of climate finance are both essential concerns. Given that finance is scarce, relative to the size of the problem, countries need to ensure it is as impactful as possible. Publishing better information on ex-post impact will help assess this, but the more fundamental question is whether a project should be counted as climate finance in the first place. If a country cannot explain, ex-ante, the impact a project will have on climate finance goals, it should not be able to count it.

6. There should be official guidance from the UNFCCC on a case-by-case approach to assessing the ‘climate share’ of projects

Most countries employ the OECD’s Rio marker system to identify their climate finance, which uses a three-point scale to grade climate focus. However, this was never intended to be a quantitative system of measurement – most countries decided to use it is because it was a readily implementable system that was already integrated with other reporting.

Individually, some countries already use case-by-case calculations (which assess the climate share of each project rather than using the marker’s three-part scale). But despite the widespread view among CSOs and many of the specialists we interviewed that this approach is preferable, there is no common methodology.

The Rio markers have a handbook that gives substantial guidance on implementation, yet there is nothing equivalent for the case-by-case approach. This could easily be developed from the internal guidelines that exist in countries already using the approach. It would enhance transparency and potentially make the system more attractive to providers.

Conclusion: Towards greater consistency

These recommendations will not solve all the problems associated with climate finance. Many of these issues are highly political: the difficulty of spending money abroad (especially when domestic problems and debt-burdens have mounted); the fact that many climate finance projects are more about promoting domestic firms⁸ or exporting technology; and the fact that many countries have an interest in reporting climate finance figures that show them in a good light.

But the first step in improving the quantity and quality of finance is understanding the current landscape, and this requires consistent measurement across time and providers. These, largely technical, recommendations that emerged from our conversations with officials would create greater consistency in reporting: an essential step towards more, and more effective, climate finance.

Chapter 1: Introduction

What is climate finance? On their website, the UNFCCC states that climate finance “seeks to support mitigation and adaptation actions that will address climate change”.⁹ The Standing Committee on Finance (SCF) has an operational definition that fleshes this out slightly: “Climate finance aims at reducing emissions, and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts.”¹⁰

While these definitions capture the overall intentions of climate finance, there has been little agreement on any further details of what constitutes this finance, even though we are now 15 years beyond developed countries’ initial pledge to provide US\$100 billion of it.

Does any project with a positive impact on mitigation or adaptation count as climate finance, regardless of its overall objective? Given that general economic development is often touted as the best adaptation strategy,¹¹ how should adaptation finance be identified within broader development finance? Could fossil fuel finance ever count as mitigation (if it promotes efficiency or captures emissions)? How should projects be counted when they have contrasting effects on adaptation and mitigation? On what basis should we calculate the climate share of a development project?

Different countries have arrived at different answers to all these questions, and this has led to inconsistent reporting. This inconsistency has led to a lack of faith in the headline numbers, and in turn, has impacted developing countries’ trust.¹² Bhutan’s submission to the SCF on behalf of the Least Developed Countries Group explicitly states that the “lack of an agreed and common definition of climate finance, undermines the trust between parties”,¹³ a sentiment echoed in other submissions. This matters: while ambition in tackling climate change was not explicitly predicated on financial support, many have argued that the promise of climate finance was necessary for securing the Paris Agreement,¹⁴ and was therefore instrumental in raising climate ambition. Failure to deliver on this promise, or even on how to measure whether it has been delivered, may make securing future climate ambition more challenging.

As well as impacting trust, ambiguity around how progress towards the US\$100 billion goal should be measured has reduced the target’s impact – enabling countries to become more inclusive in what they count as climate finance over time¹⁵ or even explicitly expand their definition. Although the OECD estimates that US\$83.3 billion was spent on climate finance in 2020 (and that the goal was subsequently met in 2022, two years late),¹⁶ the climate relevance of many projects receiving that funding is highly contested.¹⁷ Moreover, the lack of consistent measurement over time means that it is not clear how much countries were already spending, making the true increase impossible to discern.¹⁸ For any future goal to be successful in motivating greater flows of finance to countries who need it for funding their development and NDC/NAP goals, practical considerations need

to be baked in from the outset. They should not be seen as secondary details, to be ironed out long after a big, headline-grabbing number has been agreed.

This report explores the views of officials from different climate finance providers and common issues arising from countries' reporting. It also examines the data: how transparent are different providers? Are they following international guidance? What can machine learning models tell us about the accuracy of their data?

The [next chapter](#) discusses the importance of greater consistency in measuring climate finance. [Chapter 3](#) presents quantitative analysis of different countries' reporting practices (how much information countries provide on their climate finance, how consistent this is between the main datasets (UNFCCC and OECD) and what machine learning models can tell us about quality of reporting from different providers). [Chapter 4](#) focuses on qualitative information on climate finance reporting practices and challenges. This evidence comes from conversations with current and former specialists in climate finance reporting, from different provider countries, the OECD and other stakeholders.

From this evidence, we develop a [set of recommendations](#) that would promote greater consistency in climate finance reporting and allow (despite the technical and political constraints within which Parties operate) a clearer picture of global progress towards climate finance goals. Without this clarity, the NCQG currently under discussion at the UNFCCC risks being plagued by the same problems as the US\$100 billion goal.

Chapter 2: Climate finance statistics: The importance of consistency

Why are accurate climate finance statistics needed?

There is substantial overlap between the types of activities funded by climate finance and development finance. For example, financing for renewable energy is generally counted as climate finance, but the main purpose of such funding is to provide additional energy to low- and middle-income countries, an important development goal. Funding a cash transfer programme is widely cited as being one of the most effective development interventions, but equally, such interventions are frequently being made in climate contexts with the explicit goal of increasing resilience to climate shocks.

This overlap leads to a common refrain, that the total level of climate finance provided is not important, so long as total development finance is increasing. But there are clear benefits in establishing a separate definition for climate finance:

1. We need to know how far we are from meeting global needs

We know that needs for climate finance are huge. These needs will not be met by international support alone – domestic investment and private flows such as foreign direct investment will also be crucial – but if this international support is not measured consistently with how those needs have been estimated, then we cannot know what contribution the support is making to meeting those needs.

The US\$100 billion goal was not set in relation to needs, nor was it expected to fully meet them – it was the outcome of a political compromise. Given that the goal had no scientific or technical basis,¹⁹ it placed no constraints on what counted towards it. If the target had been based on a bottom-up estimate of need then constraints would be implicit: if finance is intended to address certain needs, then only financing that addresses these needs should be included. But while estimates suggest that US\$115.9 billion was spent on climate finance in 2022,²⁰ it is difficult to place this number in context given that it is divorced from consideration of need.

This could change as part of discussion on the NCQG. While the details are still to be agreed, one option for determining the total of the mooted new goal is “setting a quantum based on information on the needs and priorities of developing countries, thereby following a bottom-up approach”.²¹ This would entail setting the goal according to reports to the UNFCCC on financing needs from individual countries, such as nationally determined contributions (outlining commitments to reduce greenhouse gas emissions

and in some cases required financing) and national adaptation plans (identifying adaptation needs). Such an approach would be challenging, given the variety of methods used to compile these reports²² and their varying quality, but would naturally lead to a definition based on developing countries' needs. However, the UNFCCC is yet to agree the method for determining the quantum of the NCQG.

A related question is impact: one basic requirement of climate finance might be that it has a greater impact on climate objectives than non-climate finance. This is not a high bar, but nevertheless, the tendency for providers to count different things means that it cannot be guaranteed. Furthermore, this is inadequate for determining what the impact of such finance is, given that the quality of different climate interventions varies widely.²³ In addition, to truly understand the impact that finance has it would also be necessary to understand the negative impacts that projects have.

2. We need to be able to track how much climate finance is increasing

Without consistent measurement, we do not know how much of the reported increase in climate finance is genuine, and how much comes from reporting changes. The purpose of big, eye-catching targets is generally to spur greater action. If countries have made international commitments to provide a certain amount of climate finance, then (in so far as they are concerned with their international standing), there will be political pressure to try and meet these targets. Several submissions to the UNFCCC noted it is highly likely that the US\$100 billion goal achieved this. For example, according to a US submission, "The goal served to mobilise more finance than likely would have been the case without the goal".²⁴

This may be true, but for us to understand the *extent* to which climate finance increased, we would have needed to measure it consistently through time. The lack of a definition when the target was agreed opened the door for countries to adapt their methodologies over time, in line with the growing political pressure to be seen to be increasing climate finance.²⁵ There is substantial evidence that this is the case, and this obscures the extent to which progress has been made. This does not necessarily reflect attempts to exaggerate the numbers (there may have been relevant activities not previously captured) but that fact remains that climate finance has not been measured consistently over time, and we do not know the real trend.

This lack of consistency also has implications for additionality, which is still a source of tension between Parties. Many developing country submissions to the SCF mention the need for climate finance to be new and additional, and several included the phrase in proposed definitions.²⁶ However, consistent measurement over time is important regardless of how additionality is defined.

3. We need to be able to compare how much support different countries provide

Without consistent measurement across providers, we cannot tell which are furthest from meeting their responsibilities for delivering climate finance. One of the key principles underlying climate action is "common but differentiated responsibilities and respective capabilities", which dates to the wording of the Convention.²⁷ This wording was not

explicitly linked to provision of finance in either the Convention or Paris Agreement. However, many see the concept as applicable to climate finance. In fact, the UNFCCC “Introduction to climate finance” website notes that: “In accordance with the principle of ‘common but differentiated responsibility and respective capabilities’ set out in the Convention, developed country Parties are to provide financial resources to assist developing country Parties in implementing the objectives of the UNFCCC”.²⁸

This has led to many attempts to divide the collective goals into ‘fair shares’, based on each country’s ability to pay (size of economy) and responsibility to do so (historical emissions).²⁹ But without a consistent approach to measuring climate finance across countries, we do not know how climate provision measures up against these ‘fair shares’.

By one estimate, Japan’s ‘fair share’ of climate finance provision is around US\$6.0 billion, whereas the UK’s is US\$2.9 billion.³⁰ According to the figure that Japan reported to the UNFCCC,³¹ it surpassed this target comfortably, whereas the UK is less than halfway towards providing its share. But this ignores the two countries’ wildly different approaches to measuring climate finance. The UK has in the past been viewed as conservative in what it identifies as climate finance³² and nearly all of its climate finance is in the form of grants, whereas Japan has been frequently criticised for the breadth of projects it has identified as climate finance, has counted the full value of projects that only partially target climate, and gives this finance mainly as loans.³³ Taking these differences into account gives an entirely different picture for which countries need to step up, and by how much.

4. Countries have additional responsibilities for providing climate finance

While development and climate goals are inextricably linked in practice, the motivation for providing finance for each is different, and the impetus for developed countries to do so comes from different international agreements. The goal of providing 0.7% of GNI as ODA dates to the Pearson Commission on International Development in 1969,³⁴ and originated from the need to provide capital for economic development (although not all developed countries adopted this goal).

By contrast, the Convention mentions the need for developed countries to provide financial support to developing countries specifically to meet the “agreed full incremental costs” of implementing measures under the Convention (although again, the word “agreed” places limits on the obligations that the Convention itself places on developed countries).³⁵

These different histories and mandates give rise to philosophical differences between climate finance (and other provisions for global public goods) and ODA (which aims at poverty reduction and economic growth), and this has been recognised in documents from governments in both developed³⁶ and developing countries.³⁷ For example, Kenya has emphasised that climate finance “should not be provided as part of ODA”, despite this being the most common practice. The French Development Agency (AFD) notes that “Neither the principle of reciprocity nor the humanist principle specific to ODA can suffice as a basis for an international policy in the climate field.”³⁸ For many, the difference in historical emissions creates an additional responsibility for developed countries to provide climate finance,³⁹ an argument that does not apply to ODA.⁴⁰

However, despite the different motivations, and the many calls from developing countries and civil society that climate finance should be separate from ODA, in practice nearly all climate finance is funded from ODA and there is no agreed-upon way of separating the two. This makes understanding the extent to which climate finance is additional to development budgets impossible to ascertain.⁴¹

Consistency in measuring climate finance is fundamental

Whatever our reason for wanting to measure climate finance, consistency is fundamental, whether across providers or time. The most obvious way of ensuring consistency in what is counted as climate finance is by agreeing on a common definition.

This could take the form of a full taxonomy that details every activity that can count towards climate finance, and under what conditions. Examples of this exist already, such as the Climate Bonds Initiative (CBI) taxonomy, which specifies which activities are eligible to be funded by the proceeds from climate bonds,⁴² or the ASEAN⁴³ or EU⁴⁴ taxonomies for sustainable finance. These lists may lack nuance, for example, the CBI list precludes any investments in the fossil fuels sector, even though there may be investments in the sector that dramatically reduce emissions from power stations that have no realistic prospect of being closed early. However, the benefit is that we know exactly what 'climate finance' refers to.

There is currently a heated debate at the SCF about the need for a common definition. Several definitions have been proposed and discussed, ranging from functional definitions that define climate finance in terms of characteristics it should have⁴⁵ to definitions that specify it as separate from ODA.⁴⁶ Most developing countries are broadly in favour of a common definition that all providers are beholden to; the views submitted to the SCF from developed countries, so far, suggest they consider a common definition to be unnecessary.⁴⁷ Indeed, multiple developed countries have explicitly stated that they would not be prepared to adopt a common definition, as things stand.

The goal of this report is to explore current reporting practices to understand if there are ways in which consistency in reporting can be improved, even without full agreement on a common, actionable definition. In this, we are largely limiting ourselves to consider the difference in how the climate-focus of projects is evaluated.

► [Read more from DI on the issues arising from the lack of consensus on a climate finance definition.](#) Genuine agreement on a rigorous definition would reduce inflated claims about what is actually being provided and help build trust between Parties.

This is far from the only concern when it comes to climate finance reporting. The SCF discusses numerous dimensions on which there is disagreement, such as modalities or instruments. For example, Kenya counts any climate finance provided in the form of loans as *national* climate finance (as opposed to international) on the basis that it will ultimately need to pay them back, and so essentially is self-funding projects financed with loans.⁴⁸ Moreover, many commitments never actually get disbursed,⁴⁹ while much of climate

finance is in the form of loans which risks increasing debt burdens in low- and middle-income countries,⁵⁰ and there are questions about the extent to which climate finance projects respect the rights of women or indigenous communities. But addressing the inconsistencies in classifying projects is a fundamental step towards understanding what we even mean by climate finance.

► [Read more from DI on how we can mobilise greater funding for low-income and climate-vulnerable economies, without compromising pathways for prosperity.](#)

Given the unsustainable nature of current offerings, reliance on an inequitable global economic architecture and the lack of accountability, we must explore other practical solutions.

Chapter 3: Climate finance reporting: A quantitative review

This chapter examines the state of the data on climate finance reported by providers and highlights worrying trends. It shows that climate finance has not been measured consistently across years or providers, and that we know less than we think about how climate finance has changed over time, or who has provided it.

Inconsistency in climate finance measurements over time

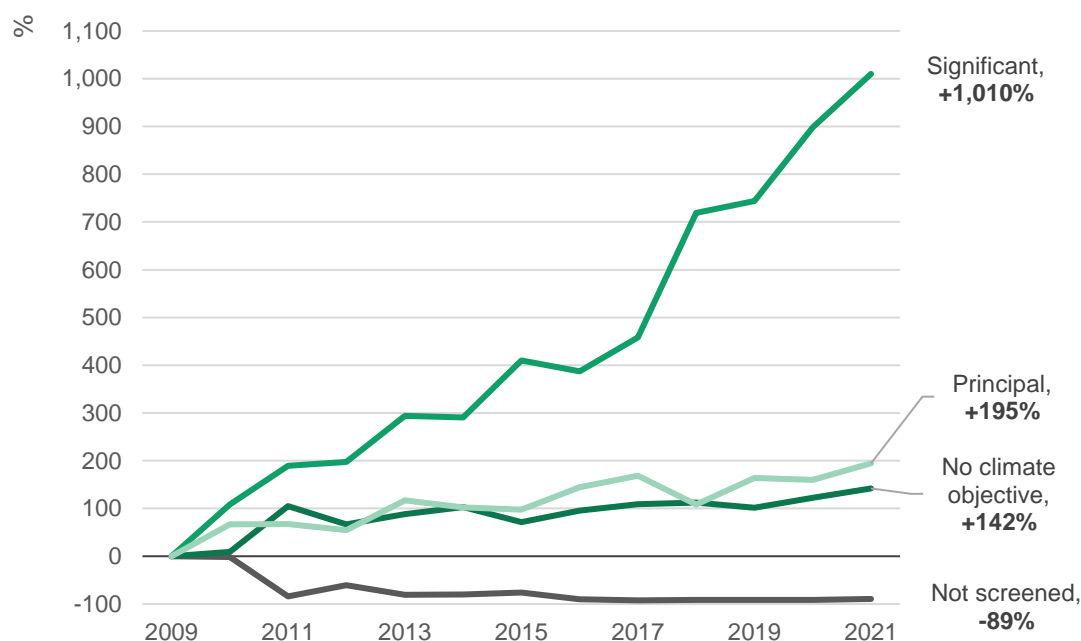
As noted in Chapter 1, one of the most important objectives in measuring climate finance is understanding how it is scaling up in response to political commitments and growing recognition of developing countries' needs. Knowing this depends on consistent measurement over time, but there is substantial evidence that the way that countries have reported climate finance has changed over time. One study even found examples of projects that had been 'relabelled' as climate finance halfway through.⁵¹

Since 2009, there has been a dramatic increase in the share of bilateral ODA expenditure graded with a significant or principal Rio marker, from 7% to 27%. On the face of it, this indicates a large shift towards spending ODA on climate finance. The Rio markers – the pros and cons of which are explored [in the next chapter](#) – are the most common way that developed countries denote which projects are climate finance. Principal-marked projects are those for which climate objectives are the fundamental purpose (the project would not have happened without them), whereas significant-marked projects have been meaningfully altered to address climate goals, among other goals (the project would have happened anyway).

The vast majority of the increase has come from projects with a significant marker, meanwhile, expenditure on projects with a principal marker has grown at roughly the same rate as total bilateral ODA. The lower bar for counting a project as significant means there is more subjectivity around the application of this marker. Previous studies have found that significant-marked projects are most likely to be wrongly categorised.⁵²

Figure 3.1: Most of the increase in climate finance comes from the ‘significant’ marker, which is also the most prone to misapplication

Change in bilateral ODA expenditure by marker since 2009



Source: Development Initiatives’ analysis of OECD CRS data.

Notes: This chart includes gross disbursements of bilateral ODA from all DAC providers. Projects are classified according to their maximum marker, i.e., if a project is not screened for mitigation but has a significant adaptation marker it is counted as significant, or if it has a significant adaptation marker but a principal mitigation marker it is counted as principal, etc.

Decline in unscreened ODA

Most countries do not count the full value of significant-marked ODA as climate finance when reporting to the UNFCCC. Assuming that 40% of significant-marked ODA counts towards climate finance, as a rough approximation,⁵³ suggests that bilateral climate finance funded from ODA rose from US\$4.5 billion to US\$22.4 billion between 2009 and 2022, roughly a five-fold increase.

However, during this period there was also a large change in the share of ‘unscreened’ ODA – that which was not assessed for its impact on mitigation or adaptation objectives using Rio markers. In 2009, US\$37.4 billion⁵⁴ was unscreened, and this fell to US\$4.0 billion in 2021. It is almost certainly the case that of that US\$37.4 billion, some projects would have been counted as climate finance if they had been screened. For example, one project in 2009 aimed at “reforestation for renewable energy in Rwanda”,⁵⁵ and a project in 2011 was entitled “pilot programme for integrated adaptation strategy”.⁵⁶ Neither was tagged as mitigation or adaptation. This suggests that in this sense climate

finance reporting has become more accurate over time – at least some projects that should have been counted now are included. At the same time, it means we do not know how much more we are spending now, compared to 2009. Assuming that the split between markers would have been the same for unscreened ODA,⁵⁷ it would suggest that the total increase has only been from US\$8.9 billion to US\$24.1 billion, just under a three-fold increase (compared to a five-fold increase otherwise).

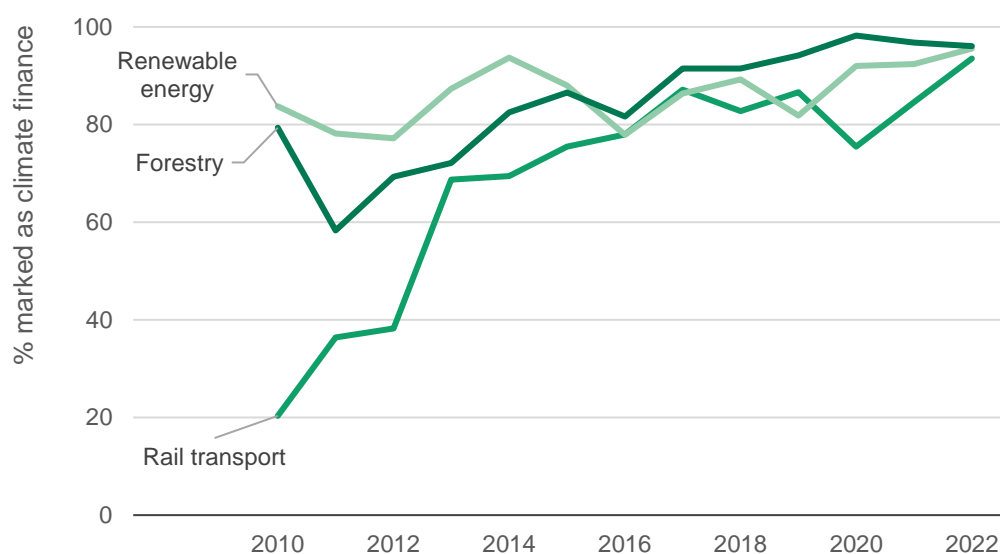
Increase in markings within specific sectors

More tentative evidence of a change in reporting practice comes from examining the increase in the use of markers in specific sectors where one would expect the vast majority of ODA would be marked a certain way today. If the share of ODA within a certain sector that has a marker applied has grown substantially, this does not necessarily imply a change in how projects tend to be marked: it could represent a genuine reorientation within the sector towards more climate-relevant action. However, for sectors such as solar energy, where all ODA is marked as mitigation today, it is reasonable to assume that solar projects *not* marked as mitigation in the past would have had a different marking today.

For example, today, multiple countries count 100% of ODA to the rail sector as mitigation, but this percentage has trended upwards over time (even excluding unscreened ODA). If these countries had always counted 100% of rail transport projects, this would have reduced the increase in climate finance since 2010 by around US\$850 million. As with unscreened ODA, this may represent an improvement in accuracy (or not) but nevertheless suggests that the upwards trend in climate finance is lower than we think.

Figure 3.2: Average share of expenditure marked as climate finance approaches 100% in some sectors

Change in share of bilateral ODA marked as climate by sector (excluding unscreened ODA)



Source: Development Initiatives' analysis of OECD CRS data.

Notes: The chart shows gross ODA disbursements within the sector with a significant or principal marker as a share of all *screened* ODA expenditure in the sector. Unscreened ODA is excluded to eliminate reclassifications that come from an increase in screening for climate focus, discussed above.

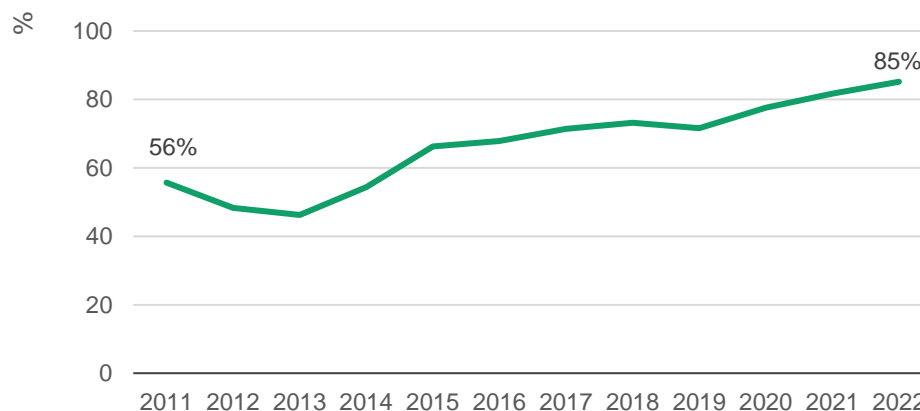
While large changes in the percentage of Rio-marked ODA within sectors is suggestive of a change in reporting practice (especially when sectors are narrowly defined), it may nevertheless reflect genuine change in providers' climate focus. However, there is also evidence from machine learning techniques (an approach revisited later in this chapter) that reporting practices have changed. By training a model to analyse providers' project descriptions over recent years, it is possible to predict which projects will be classified as climate finance (in those years) with a high degree of accuracy. Applying that model to previous years allows us to assess how past projects would have been classified if judged using the provider's current approach.

For example, in previous analysis we considered one provider (the UK's Foreign & Commonwealth Development Office – FCDO), training a model on its 2022 data. We found the accuracy⁵⁸ of the model's predictions steadily decreases going back in time, as would be expected if the provider had begun to report a much wider range of projects as climate finance. In 2022, 85%⁵⁹ of projects identified as climate finance by the model were tagged as such by FCDO, however in 2011 the figure was only 56% (Figure 3.3), indicating that based on the approach to reporting in 2022, nearly double the projects in 2011 should have been labelled as climate finance.

Taking these changes into account, the increase since in FCDO's climate finance since 2016⁶⁰ would have been 7%, just one-fifth of an increase of 34% according to the official figures.⁶¹

Figure 3.3: Analysis using machine learning suggests FCDO climate reporting has changed such that increases are overstated

Percentage of projects classed as climate by machine-learning model that were actually classed as such by FCDO (based on 2022 data)



Source: DI analysis of International Aid Transparency Initiative data.

Note. The UK's Department for International Development (DFID) closed in 2020, merging with the Foreign & Commonwealth Office to create the Foreign, Commonwealth & Development Office (FCDO).

► [Read more from DI on missing baselines](#). We used a natural language processing model and backcast the results to find out if increases in climate finance since 2009 be due to changes in reporting practices.

Inconsistency across climate finance data sets: The evidence

One issue that has made analysis of climate finance difficult is that information from different sources is hard to reconcile. There are two main datasets on bilateral climate finance: data submitted to the UNFCCC as part of Biennial Reports; and the OECD Creditor Reporting System (CRS), which contains data on development finance flows and the Rio markers. Each has substantial limitations. Being able to connect the two datasets would allow users to overcome some of these, but although they cover largely the same activities, this is often not possible.

The data provided to the UNFCCC is viewed as being the most official source of climate finance reporting, as reporting on such flows is mandated as part of the Paris Agreement.⁶² However, there are numerous well-reported⁶³ issues with this data: countries report a mix of disbursements and commitments; detailed information is scant, including the agency responsible or terms on loans; and descriptions are often inadequate to assess whether the project has a genuine climate focus. There is also no project documentation provided, meaning it is not always clear what impact on climate change the project is intended to have, or how this would be measured. For projects for which commitments are recorded, there is no way of determining eventual disbursements.

These problems mean this data is rarely used in analysis, despite its more 'official' nature. Instead, the majority of analyses of publicly provided bilateral climate finance use the OECD CRS dataset and identify climate finance using the Rio markers. However, this dataset also has limitations. The most significant is that some countries do not use the Rio markers as the basis of their climate finance reporting to the UNFCCC, and for these countries, the CRS does not provide the share of projects counted as climate finance. In addition, the coverage of non-ODA flows is incomplete, for example, Japan reported other official flows towards climate of US\$1.3 billion to the UNFCCC in 2020, but these are not reported in the CRS.

In principle, it should be possible to combine the two datasets as both are based on the same projects. The rich information contained in the CRS – including project numbers that facilitate tracking down project documents – would help evaluate the relevance of projects reported to UNFCCC.

However, in practice, there are significant challenges in pairing the two datasets, and for some countries, the differences between the two make it unfeasible. Often this relates to the timing of commitments, which are not counted in the CRS until there is a "firm written obligation",⁶⁴ whereas there are no such restrictions in reporting to the UNFCCC. This

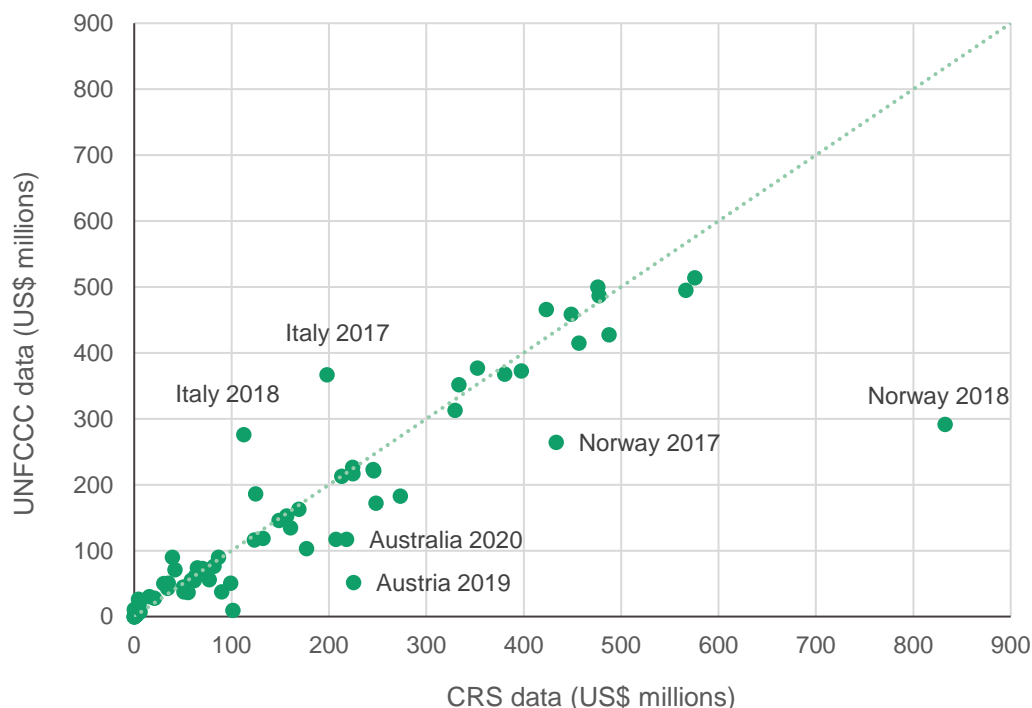
means projects generally appear much later in the CRS data. For example, the German project “Energy Efficiency Program India II” is listed as a 2019 project in UNFCCC data (BR5), but only appears in the CRS in 2022, and even then for a fraction of the amount.⁶⁵ Another difference is how projects are aggregated – this often happens to a higher level in UNFCCC data (for example, the largest German ‘project’ reported to the UNFCCC for 2020 was ‘Grant equivalent for development loans of KfW – mitigation’, whereas in the CRS the loans are listed separately).⁶⁶ Also project titles are occasionally different between the datasets.

For at least one climate finance provider, the application of Rio markers is determined by an entirely different team to that responsible for submitting UNFCCC data. In this case, projects reported to UNFCCC will only be findable in the CRS if both teams agreed entirely on which projects to count, and given the degree of subjectivity involved, this is unlikely to be the case.

Consequently, naively plotting countries’ climate finance as reported to the UNFCCC against that reported to the CRS for the same year (applying the coefficients on the significant marker and making other adjustments) yields some large disparities (Figure 3.4). This is something that the OECD had endeavoured to change, promoting harmonisation efforts between the two reporting mechanisms. For the time being, however, climate finance according to the two databases is often inconsistent within providers, not just across them.

Figure 3.4: Data from OECD and UNFCCC datasets shows different pictures

Scatter plot of bilateral climate finance by year/country pairs, according to UNFCCC data, and Rio marker methodologies used by countries



Source: Development Initiatives’ analysis of OECD CRS data, various OECD surveys on the use of Rio markers, and UNFCCC Biennial Reports 3 and 4.

Notes: Every effort has been made to ensure comparability. For CRS data, project values have been transformed according to the methodology contained within the OECD Rio marker surveys. The coefficients on the significant marker have been applied, only countries that report only commitments or disbursements are included, all adjustments based on other purpose codes or markers reported as part of the Rio marker survey are made, and only countries using the markers as the basis of submission are included.

How climate-relevant is funding? Using new assessment tools

To fully understand why a provider has decided to count a project as climate finance (and evaluate this reasoning) it is often necessary to examine not only the project description, but also the project documentation. Given the sheer volume of projects that are counted as climate finance, it is not feasible to analyse them manually. Recent advances in machine learning models used to analyse text data have presented new options for scrutinising this element of climate finance. The ability of machine learning models to identify patterns in text means that they can, with sufficient data for training, be used to classify projects (so long as they have adequately detailed descriptions), or identify projects that do not fit within common reporting patterns as in a recent DI blog.⁶⁷

► [Read more from DI on using machine learning to assess climate finance.](#) We considered how the World Bank and the UK are recording climate funds, and our model identified one in five of the Bank's projects as appearing suspicious and warranting further investigation, compared with the UK's one in 50.

Comparing providers against a common benchmark

These models can also give an indication of the level of consistency between providers. A model trained on a sample of projects that have been manually classified according to their climate focus can be used as a common benchmark against which to judge countries' reporting. The model can be used on each providers' own data to predict the climate focus of their projects. Then, because all the predictions are based on the same manually curated data, if one country's actual climate-marking is in line with the prediction from the model, but another's deviates substantially, then it suggests that these countries are not classifying projects as climate-focused in a consistent way.

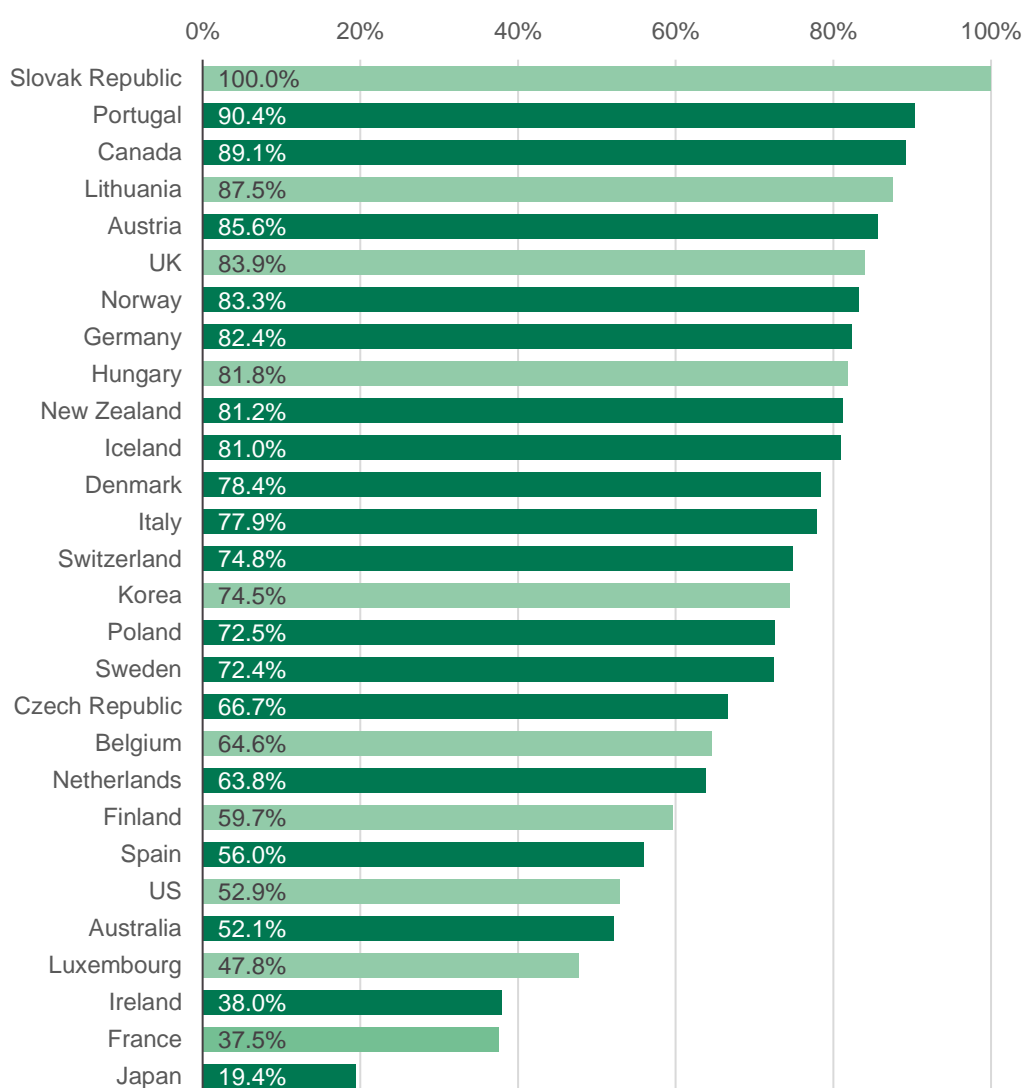
One study attempted to do this (published by Toetzke et al in 2022).⁶⁸ The authors selected a sample of 1,500 projects from the CRS and manually classified these according to their climate focus.⁶⁹ They then trained a natural language processing model on this curated dataset to identify the links between patterns contained within the project descriptions and their classification. With this model, the authors predicted the climate-focus of the rest of the projects in the CRS dataset. Comparing the model's predictions with the classifications assigned by donors provided a measure of the latter's accuracy.

As the authors acknowledge, there are limitations to this approach. Most obviously, the method relies on project descriptions being of sufficient quality for the model to reach a conclusion,⁷⁰ and often, CRS project descriptions are not detailed enough to be informative (and are sometimes missing entirely). Furthermore, it may be that a project's climate relevance is not obvious from the description in the CRS, but is demonstrated in

project documentation.⁷¹ Finally, as previously noted, some countries (such as the UK and the US) do not use Rio markers as the basis of their UNFCCC submissions, and so the accuracy of the markers does not necessarily have a direct impact on estimates of progress towards climate finance goals. Nevertheless, the method provides a useful sense check on the accuracy of donors' marking.

Figure 3.5: There is a wide range of quality in climate finance reporting, according to machine learning models

Share of principal-marked projects found to be climate related by Toetzke et al (2022)



Source: Toetzke et al (2022)

Notes: 'Precision' is the proportion of projects that had a principal-marker applied that were also classified as climate finance according to ClimateBERT. Countries that use the Rio markers as the basis of UNFCCC submissions are coloured dark green.

Their results are concerning. On average, the ‘precision’ of the estimates (the share of principal-marked projects that the model also classified as climate finance) was around 68%. Climate objectives are supposed to be fundamental to the design of principal-marked projects, and yet, the model did not identify a climate link in nearly a third of ‘principle’ project descriptions.

This average hides considerable diversity: Portugal and Canada each had precision of around 90% (Slovakia had 100% precision but on a very small number of projects), whereas Japan had a precision of around 19%, and France and Ireland both had a precision of under 40%. The figures for France and Japan are particularly concerning, given that together they account for nearly half of bilateral climate finance between 2017 and 2020.

As well as suggesting that climate finance is severely overestimated – the authors find that spending on bilateral climate finance as identified by the model was 64% lower than combined spend on principal and significant-marked projects – these results also highlight the different practices among providers. By measuring countries against a common standard, Toetzke et al highlight the extent to which countries disagree with each other on what counts as climate finance.

Chapter 4: Bilateral climate finance reporting: A qualitative review

The quantitative evidence in Chapter 3 suggests a wide disparity in the quality of climate finance reporting. This chapter reviews some of the reporting practices across a selection of providers, to better understand the drivers of these inconsistencies. This information has been obtained through a number of key informant interviews with officials and ex-officials who have expertise in their countries' reporting, OECD and UNFCCC staff, and a supplementary review of relevant documents. The sample of countries whose officials we interviewed was not representative, reflecting in part the willingness of officials to have conversations about their country's reporting. However, the conversations provide us with rich information on some of the challenges faced in climate finance reporting, different views on best practices and specialists' thoughts on what could enhance consistency.

This chapter briefly outlines the main features of climate finance reporting from the countries that we interviewed. It discusses some of key issues highlighted during our conversations.

Features of climate finance reporting

Most comes from development budgets

The vast majority of bilateral climate finance comes not from dedicated budgets, but from assessing the climate relevance of projects that come from usual development programming. There are exceptions, for example, the Netherlands has the 'climate pool' and the UK has various funds as part of the Department for Energy Security and Net Zero⁷² that are exclusively focused on climate objectives (and all of which are counted as climate finance). Such funds are small in comparison to climate finance that originates from development budgets. Therefore, climate finance comes largely from budgets that already have multiple objectives, although of course some individual projects from these budgets do have sole climate objectives. By way of multilateral comparison, most bilateral climate finance comes from funds that more closely resemble those managed by the International Development Association (primarily focused on development but projects are screened for climate focus) than those managed by the Green Climate Fund (established primarily to focus on climate).

This makes sense in so far as the distinction between climate and development finance is blurry at best, and it is legitimate to recognise the potential climate impacts of development projects (and development goals should be considered when designing climate projects). On the other hand, optimising on multiple objectives is hard, and where

climate finance comes from dedicated funds there is a reduced chance that projects have been labelled as climate finance despite only cosmetic alterations.

Project originators usually decide initially on what counts as climate finance

Given that projects often feature climate as one objective among many, it places significance on the questions of *how* the climate focus of projects is determined and *who* is responsible for doing so. In most countries, the initial decision for whether a project is climate finance (or to what extent) is first taken by project originators (those responsible for writing the business proposal and designing the project). The decision is usually then checked by a quality assurance team, who examine either a selection of projects, or the entire portfolio. The exact nature of this process differs: some countries review the selection of projects independent of the initial decision, but most know the original classification. Most countries we interviewed also engage independent climate experts to assess projects.

For projects that receive a different classification during the review, there is generally a discussion between the quality assurance team and the project originators, with the latter providing further information on why the initial decision was made. Often, these discussions arise simply because there is insufficient detail in the project description to decide. Countries differ in terms of who has ultimate authority to decide on the marking.

Not all countries follow this format. For example, the US starts by asking all of the departments that engage in external financing to cast a wide net for any financial commitments that may be related to climate. After receiving a list of projects, a centralised team of climate experts goes through each to determine the proportion of commitments that will be counted as climate finance.

Differences in reporting to the UNFCCC and the OECD

In most cases, and especially where the Rio markers are used as the basis of reporting, the tabular data submitted to the UNFCCC comes directly from data compiled for the OECD (the vast majority of projects are from ODA budgets). However, there are exceptions. In the US, USAID is responsible for submitting data to the OECD and the State Department is responsible for submitting data to UNFCCC, and in practice, the approach to identifying which projects will count as climate finance is separate from the (OECD) Rio-marking process.

Independence of quality assurance units

Several officials highlighted that their quality assurance units are located outside of ministries and so were relatively free from political pressure, and this was viewed as being important. Reviewers are statisticians (or consultants) whose job is to assess the correspondence between reporting instructions (usually the Rio marker handbook) and the markers applied to the projects they observed. They have no responsibility for hitting the ambitious climate finance targets announced by politicians, and are not accountable to those who are.

Ad-hoc reviews

In addition to regular quality assurance of the data as it is produced, many countries have agencies produce additional reports on the degree of accuracy of their climate finance reporting, for example, from the Auditor General's Office in the case of Denmark, or the Independent Commission on Aid Impact in the UK. The OECD also facilitates statistical peer reviews, whereby DAC members examine the aid reporting practices of other countries and provide feedback. These reviews are not exclusively focused on climate but do include an assessment of the use of policy markers (including the Rio markers).

Internal guidelines on marking

Countries differ as to whether they have their own internal documents that aid officials in determining the climate component of projects. Many rely on the OECD marker handbook (discussed later in the chapter), whereas others supplement this with additional guidance, including FAQ documents and examples of typical activities.

The Rio markers: Pros and cons for climate finance reporting

One of the most obvious differences between countries is whether they base their UNFCCC reporting on the Rio markers, or whether they have adopted an alternative approach. The majority of reporters use the markers as the basis for their submissions (18 out of 23 of the respondents to the OECD's 2022 survey on the Rio markers),⁷³ which places considerable importance on the guidelines set out by the OECD, and the OECD's own system of quality assuring data.

Overview of the Rio markers

The marker approach essentially involves checking to see whether a project explicitly mentions a climate objective (the bar for counting as significant) or whether a climate objective is fundamental to the design of a project (which would count as principal). The requirement that an objective must be explicitly stated helps to guard against the inclusion of projects that are merely 'mainstreaming' climate considerations (projects that have been amended to reduce a potential harmful impact on the climate, but are not expected to have a positive one).

As implied by article 2.1(c) in the Paris Agreement, all finance should be consistent with the aim of limiting global warming to 1.5°C above pre-industrial levels, but this does not mean that all finance should be counted as climate finance. Some officials told us that project managers responsible for the initial assessment of climate-relevance would assign a significant marker on the basis that a project had been designed with an 'environment perspective', but in such cases (where there were no explicit climate objectives) the use of the marker would be challenged.

After agreeing a project's markers, a fixed coefficient is then generally applied (depending on the combination of significant and principal markers). In all but one case, countries using the markers count 100% of funding to principal-marked projects as climate finance (Switzerland counts 85%).⁷⁴ The coefficient on significant-marked project ranges more

broadly, and this feature of the markers (discussed below) has received substantial criticism.

Of the countries that do not use the markers, most try to assess a more precise percentage of the project to include as climate finance on a case-by-case basis. This is generally achieved by examining the different components of projects, such as individual activities or expenditure lines. In cases where detailed expenditure is not available, those employing this case-by-case approach would work with whatever other information is available (for example, if a contract within a project has three separate objectives, of which one is related to climate, this would be assigned a coefficient of 33%).

The officials we spoke to in the countries that implement a case-by-case approach held a strong view that it was a better method, given that it tries to establish a number using a bottom-up approach based on the individual features of projects. The Rio markers were never intended to be quantitative, and are arguably too crude to measure co-benefits accurately. Outside commentators share this view, for example, the ONE campaign describes the countries employing a case-by-case approach as “getting it right”.⁷⁵

At the same time, proponents also acknowledge that there are complications. In particular there is a much greater resource burden in trying to assess a separate coefficient for each project. One official also voiced the concern that the observed trend of an increasing share of climate finance comes from projects with small climate finance shares, indicating that much of this increase could come from small alterations to existing projects (something also noted of the World Bank).⁷⁶ While this can also be true under the marker system, the need to count a minimum, fixed percentage may deter countries from counting projects with only marginal alterations.⁷⁷ Furthermore, while the marker system is crude, it does benefit from another layer of quality assurance conducted by the OECD, which may have promoted consistency among countries using the markers.

Box 1: The role of the OECD

Through the Paris Agreement, developed countries are required to report the external climate finance they provide as part of the Enhanced Transparency Framework. Given that this requirement is under the Paris Agreement, the OECD has no formal role in monitoring the provision of climate finance or ensuring it is consistent. Nevertheless, the OECD has adopted a key role in the measurement of climate finance for three reasons:

First, there is the obvious overlap between members of the OECD and the developed countries that are required to provide climate finance as part of the Paris Agreement. Historically, when the Framework Convention was entered into force, the list of ‘developed’ countries was based on OECD membership, and most of the projects that get reported are also ODA/other official flow projects, and therefore within the mandate of the OECD to track.

Second, given that the Paris Agreement did not specify how climate finance should be measured, or provide any definition suitable for practical measurement, countries had no official guidance on which to base their reporting. The existence of the Rio markers – introduced by the DAC to track spending related to the Rio

Convention – filled this vacuum and became the most common way of tracking bilateral finance that was relevant to the Paris Agreement. In fact, it was only agreed that an adaptation marker would be introduced in 2009 – the same year as the US\$100 billion goal was agreed – and the marker was developed in conjunction with UNFCCC counterparts. Therefore, while the markers are in no sense underpinned by any UNFCCC agreement, they have nevertheless assumed significance in climate finance reporting.

Finally, developed countries requested that the OECD track progress towards the US\$100 billion goal in 2015, and it has done so since.⁷⁸

Benefits of the Rio markers: OECD efforts to harmonise and quality-assure data

The main benefit of the marker system as it stands is that the OECD has taken an active role in monitoring the implementation of the markers. This has added a much greater degree of quality assurance than there otherwise would have been and has likely promoted consistency in reporting (see Figure 4.2), although significant problems remain. According to the OECD, even countries that do not use the markers to report to UNFCCC are nevertheless concerned about the accuracy of the markers, given the political attention they receive.

The basis of the system is the Rio marker handbook,⁷⁹ which – aside from definitions for the markers – contains an indicative table detailing suggested Rio markings for projects focusing on different sectors, along with numerous worked examples applying the markers to specific projects. In addition, the OECD Secretariat frequently holds in-depth briefings and workshops with officials who are involved with the correct application of the markers, and facilitate the voluntary statistical peer reviews in which the markers also feature. For some countries, the OECD even goes through projects line by line to assess the quality of reporting.

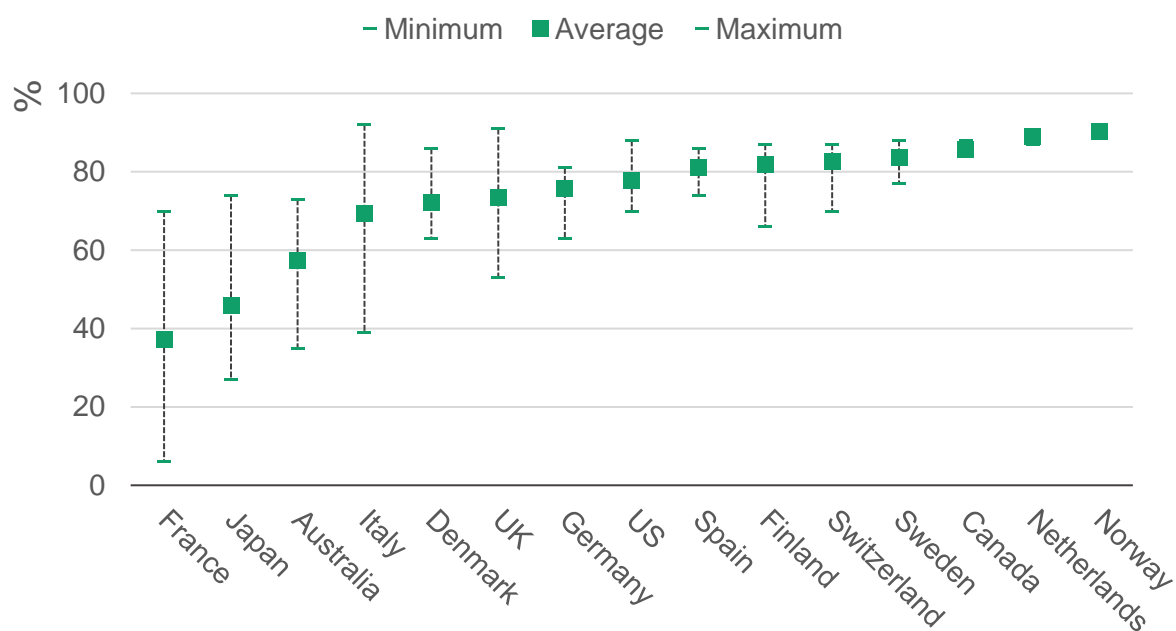
While the OECD provides a substantial additional layer of quality assurance, it does not have authority to ‘correct’ projects that are not marked appropriately. They can point out structural inconsistencies (although these line-by-line assessments are not public), but it is then up to the countries whether or not they make changes. And even if the OECD did have the authority to make changes, this does not necessarily have a bearing on how things are reported to UNFCCC. Similarly, the statistical paper reviews provide useful feedback on reporting issues, including with the markers, but countries must voluntarily enter into these reviews (whether as reviewers or reviewees) and there could naturally be a selection bias, as the countries that care least about the accuracy of reporting are less likely to engage in the process.

We assessed the importance of this additional assurance by examining adherence to the OECD’s suggested markings in the handbook’s indicative table. We performed this exercise for the 15 largest providers of climate finance (according to UNFCCC data).⁸⁰ Figure 4.1 shows the degree of correspondence between the indicative table and countries’ markings, as measured by the percentage of projects that had the same marker as suggested by the purpose code (with half marks given when the marker was the second suggestion, where applicable). This shows that, generally, there is a high

degree of consistency between most countries' markings and the indicative table, but with two major exceptions: France and Japan.

Figure 4.1: Most countries show reasonable adherence to the OECD guidance on Rio markers

Degree of correspondence between mitigation-marked projects and the OECD's suggested markings, 2013–2022



Source: Development Initiatives' analysis of OECD CRS data and OECD DAC Rio markers for Climate Handbook.

Notes: The results are very similar for the adaptation marker, but the ranges are greater, potentially indicating the higher degree of crossover between adaptation and development goals.

Of these 15 countries (covering around 97% of climate-marked ODA), eleven had an average degree of consistency of over 70% over this period, suggesting that the markers they applied largely follow the suggestions contained within the indicative table. However, two of the four largest providers – Japan and France – deviated significantly, suggesting their reporting is out of sync with OECD guidance and other providers. Australia's correspondence was also significantly lower than average.

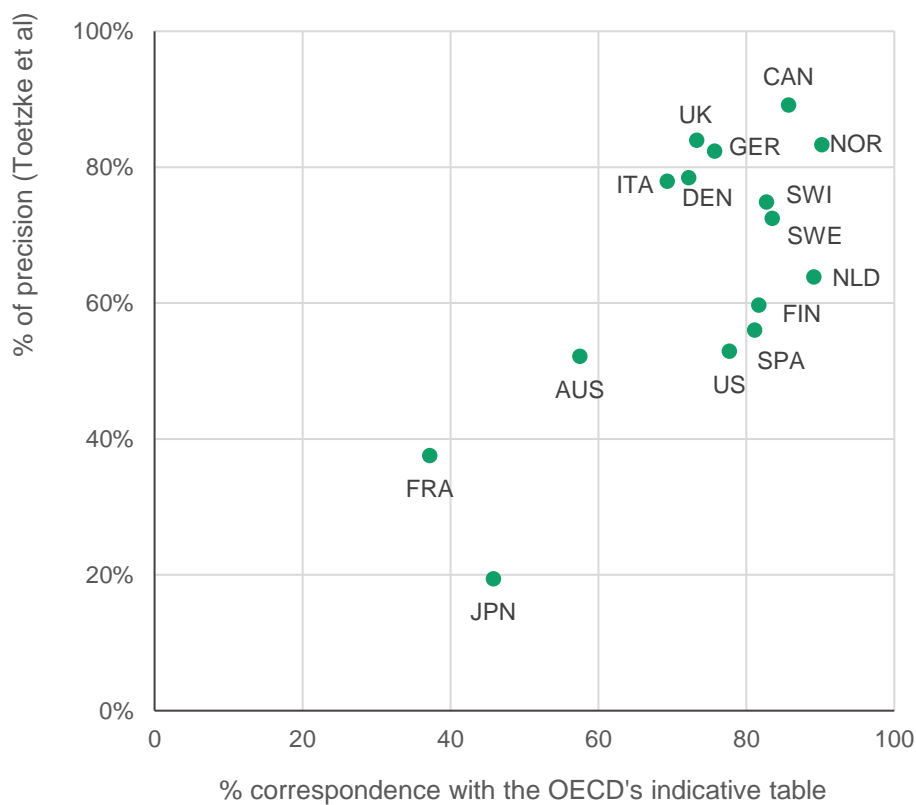
The OECD handbook table is merely indicative and there can be sensible reasons for divergence. For example, one French loan was in the 'government and civil society' sector (with a recommended mitigation marker of 0) but was provided to support Georgia in restructuring its energy sector to make it more efficient,⁸¹ so justifiably given a principal marker. However, other French loans were for 'health systems strengthening'⁸² or 'financing of the "management for citizenship" programmes',⁸³ with no apparent reason as to why they had received a significant mitigation marker. In the case of Japan, over 70%

of the projects with a higher mitigation marker than recommended are in the non-renewable energy sector.

In addition, the degree of correspondence closely correlates with other measures of accuracy. The two biggest outliers (France and Japan) were also judged as having far less reliable climate finance reporting by Toetzke et al (2022), who used a machine learning (specifically, natural language processing) model to investigate the climate relevance of countries' reporting (see [Chapter 3](#)).

Figure 4.2: Strong correlation between adherence to recommended markings and quality of reporting (according to machine learning model) – with France and Japan outliers on both measures

Precision from Toetzke et al (2022) against average correspondence with OECD indicative table between 2013 and 2022



Source: Development Initiatives' analysis of OECD CRS data and the OECD DAC Rio Markers for Climate Handbook, Toetzke et al (2022)

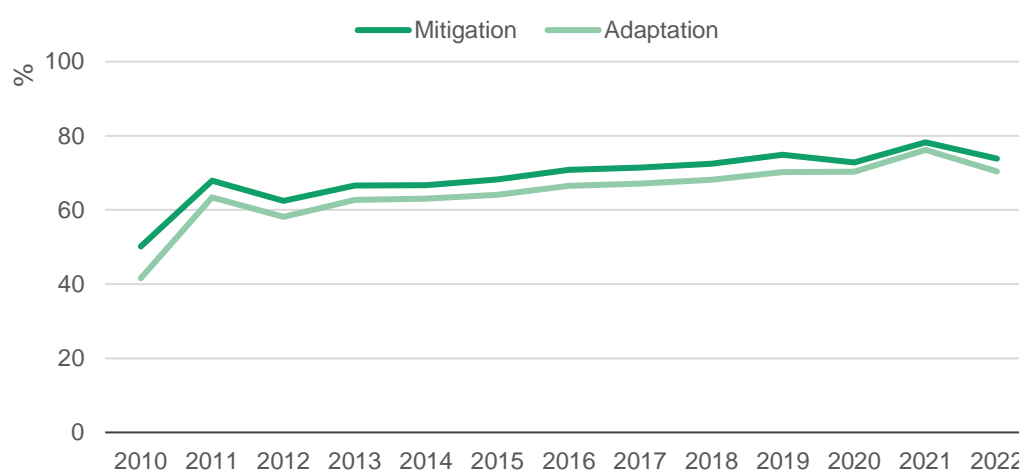
Note: This chart combines data from Figures 3.5 and 4.1.

There has been an upwards trend in correspondence over time. In 2010, the average correspondence between recommended and actual mitigation markers was 50%, and 42% for adaptation. By 2022, this had risen to 74% and 70%. A lot of this increase occurred in 2011 (when correspondence was 68% for mitigation and 63% for adaptation)

and therefore may simply reflect the fact that the markers were being newly repurposed for tracking progress towards climate finance goals.⁸⁴ Nevertheless, there have been increases since, suggesting that the efforts made by the OECD to promote consistency are having an impact. For the two countries least consistent with the handbook – France and Japan – this trend has been less apparent, although Japan’s correspondence with OECD markings increased sharply in 2022 (from around 43% in 2021 to 74% for mitigation, and from 45% to 74% for adaptation).

Figure 4.3: Correspondence with indicative markings has increased over time

Percentage of total ODA that matches indicative marking, 2010–2022



Source: Development Initiatives’ analysis of OECD CRS data and OECD DAC Rio Markers for Climate Handbook.

Drawbacks of the Rio markers: subjective and imprecise even with good faith implementation

Despite the additional layer of review provided by the OECD, the implementation of the markers remains controversial. Even if the OECD did have the authority to amend markings that do not adequately reflect a project’s focus, the lack of granularity means that the amount of climate finance recorded on individual projects is possibly inaccurate, and leaves the door open for exaggeration.

The main concern with the marker approach is that by counting a fixed share of project funding as climate finance, the total could be overstated, as the share of many projects counted may be too high compared to the actual climate investment associated with the project. This concern has been echoed in numerous reports and UNFCCC submissions, such as the Oxfam shadow report,⁸⁵ and submissions to the SCF on climate definitions.⁸⁶ In principle, this should not be a problem if the coefficients on the markers are set appropriately: i.e. so long as the coefficient is set according to the average relevance of projects with a particular marker, total climate finance will not be overstated, even if measured climate finance is wrong at the project level.

However, this is obviously difficult to judge, likely to change over time, and the process for setting the coefficients does not suggest that they have been well-calibrated to reflect the average relevance of projects. Common responses as to why coefficients have been set at their current level were either that they “were a reasonable approximation” or “in line with other donors”. This is understandable given the complexity of adequately calibrating the coefficients, but it does not suggest that the markers capture climate finance accurately.

In addition, there are reasons to believe either that the average climate relevance of projects has increased over time (as climate becomes a bigger priority, and more and more projects incorporate a greater share of climate objectives) or that it has decreased (as the political pressure to meet climate finance targets leads to looser interpretation of what counts as an objective). DI has found evidence for the latter,⁸⁷ as have other authors,⁸⁸ but the net impact is still ambiguous. This makes it likely that the appropriate coefficients to use also change over time, but countries very rarely change the coefficients used in reporting.

Evidence from other audits on quality of markers is concerning

Evidence from various reviews of how markers are used is not encouraging, even in countries that appear to be making an effort to apply them rigorously and in good faith. For example, the Danish Auditor General’s Office reviewed the quality assurance reports of Denmark’s climate aid between 2016 and 2018.⁸⁹ The reviewers came to a different conclusion about the correct marker to use in more than half of project commitments over this period. This includes projects that should have been marked as climate, and vice versa – and even disagreements about whether the main focus was adaptation or mitigation. However, the review also found that the Denmark’s method was in accordance with OECD’s guidance. The issue was not adherence to the rules, but that the rules themselves were leaving too much room for discretion.

Similar concerns were raised by the European Court of Auditors, who produced a special report entitled ‘Climate spending in 2014–2020 EU budget – not as high as reported’.⁹⁰ This report was not focused on international climate finance, but the assessment methodology was taken from the OECD marker system. Among the findings were that “similar projects received different coefficients”, “coefficients are attributed at different levels of detail”⁹¹ and that “the climate coefficients used for nine of the 24 Horizon 2020 projects we examined were not reasonable, as they had a weaker link to climate action than claimed”.⁹²

The Policy and Operations Evaluation Department (IOB) of the Netherlands reached a similar conclusion,⁹³ noting that the marker system “is imperfect and leaves a lot of room for interpretation by individual desk officers”, and that “for activities marked as ‘significant’, it is often harder to see to what extent climate impact was successfully integrated into the project”.⁹⁴

These reviews share common features, highlighting the subjectivity required in the assessment of the markers, and the tendency for them to overstate the totals, echoing concerns raised by civil society. These are far from the only reviews to find that the marker system fails to capture climate finance adequately, but they are notable in coming from the provider governments themselves, and in the case of the Danish audit office, the

criticisms were coupled with the finding that the rules had been fully adhered to. The system was the problem, not the implementation.

No consensus that markers are inferior

Despite these criticisms, not all officials agreed that a case-by-case approach was superior. One practical reason raised by several officials was that such an approach is more resource intensive (one official told us it made them feel “tired” just thinking about the additional effort required). Quality assurers – where they exist – cannot just confirm that a project has a climate objective, but have to balance this objective against all the others to determine its relative importance.

In addition, if countries are not required to report the share of projects that are counted as climate finance, and there is no way of discerning this from available data, then there is a serious transparency problem. At times, this can facilitate greater overstatement of climate finance. For example, the French loan to Tanzania for ‘Phase 5 of the Bus Rapid Transit (BRT) of Dar es Salaam’⁹⁵ has a significant marker, indicating that climate is not the main objective, but nevertheless the loan appears to have been counted in full in UNFCCC reporting.

More fundamentally, another reason is that if markers are applied at a sufficiently granular level, the difference becomes less important. For example, if a project consists of multiple components, some of which are focused on climate, then a single fixed coefficient is unlikely to accurately reflect the balance of climate and other objectives. However, if the marker is applied at the component level (rather than for the overall project), then this may be tantamount to a case-by-case approach. For example, the UK reports climate-finance shares of projects that range from near zero to 100%. But these coefficients are determined by evaluating the climate-relevance of individual project components. The UK project “Support to Bangladesh’s National Urban Poverty Reduction Programme”⁹⁶ has five separate elements, two of which count in full as climate finance⁹⁷ when reporting to UNFCCC, and the rest of which count as zero. So, while at the project level 48% of the project funding was counted as climate finance in 2022, this was the full expenditure on the two climate components; the classification at the component level was binary.

One official told us that when budgeting for climate expenditure, the climate share of whole programmes is estimated based on the planned activities, but that when it comes to reporting to the UNFCCC, the markers are applied to individual disbursements. In practice this is similar to ‘case-by-case’ approaches adopted by some countries.

Not all climate objectives are created equal

The requirement from the marker handbook that objectives need to be explicitly stated has been an important criterion for quality assurance units. Officials told us that they have questioned the marking of multiple projects based on this criterion not being satisfied, especially in contexts where climate objectives are being ‘mainstreamed’ into all projects. In these cases, project managers may feel that all projects have some relevance to climate, even if there is no specific objective/indicator stated in the documentation; quality assurers would push back in these instances.

However, merely stating an objective is not sufficient to guarantee that a project will have a noticeable impact on it, and whether or not an objective is fundamental to the project's design is a question of motivation that is hard for others to assess. Every project is likely to have some impact on a range of climate goals, some positive, but merely listing the potential positive impacts as objectives should not be sufficient for a project to count as climate finance.

What is a fundamental objective?

When a country applies the principal marker, it is claiming that climate objectives are fundamental to the design of the project, and that the project would not have happened otherwise. These claims are often doubtful. For example, South Korea claimed that a US\$100 million loan to Colombia with the description “seeks to support the economic growth of the country, in a context of health emergency due to Covid-19” had a principal mitigation focus. The objectives listed in the description were highly relevant for mitigation, but the fact that the purpose given was “Covid-19 control” casts doubt on the claim that these objectives were fundamental.

Another example is rail transport. In 2022, nearly 40% of principal-marked mitigation ODA disbursements were to the rail transport sector, indicating that these projects would not have happened if not for their climate objective. But transport infrastructure is clearly a developmental necessity that would be required regardless of whether there was a climate crisis: copious academic evidence⁹⁸ finds strong links between infrastructure and development outcomes, and indeed many countries have been investing in rail transport for years without discussing its climate impacts.

Often countries disagree on whether an objective is fundamental even for the same programme. Looking at core funding for NGOs or public–private partnerships shows, for example, Sweden's core contributions to the International Union for the Conservation of Nature were given a principal adaptation marker during 2013–2016. Over that same period, Denmark gave the same activity a significant marker, and Japan gave a zero marker (indicating no adaptation focus). Countries may have had different motives for providing this funding, but given these are core contributions, they were all funding the same thing. Similarly, during 2020, many countries provided the Coalition for Epidemic Preparedness Innovations core funding to help them develop a Covid-19 vaccine, but only Japan counted this funding as having a significant adaptation focus.

Many of the Technical Expert Dialogue discussions that are informing the development of the NCQG highlight that the quality of climate finance is as important as its quantity. The fact that the estimated impact of climate finance varies widely by projects highlights this view, and suggests that greater reporting on expected impact should be essential, as otherwise it is difficult to substantiate claims about climate objectives being fundamental.

Climate finance reporting systems: Good intentions, bad rules

The officials that we interviewed were all concerned with the good faith implementation of the system their country was operating, and multiple levels of reviews provided some guard against excessive marking by project originators.

However, the most common system of reporting – the Rio markers – is clearly not ensuring that climate finance is measured consistently across time or across providers. Every review of the marker system has found disagreements about the correct markings of projects and highlighted the degree of subjectivity involved in assessments. More or less conservative assessments of the climate share of project funding could explain much of the variation in climate finance provision across countries, and there is evidence that changing reporting standards across time explains much of the increase in climate finance.

Nor is the system adequate for assessing how well we are addressing the needs of partner countries. This is not just because of the contentiousness of some of the marking – there is no requirement that climate finance is linked to any measure of need and there are wild differences in the ex-ante estimates of projects' impacts on climate goals.

Trying to assess the specific climate share of projects, as some countries currently do, holds more promise, but is complicated by a number of factors. Many countries do not currently have the resources to implement such an approach, and without the same level of statistical infrastructure that exists for the marker system, there is no guarantee that countries will measure climate finance more consistently or accurately if they move away from the markers. In fact, Japan previously claimed to use a case-by-case approach,⁹⁹ but in practice counted all its climate finance loans at 100% (whether marked significant or principal). In addition, while the OECD has no official role in assessing climate finance, its oversight of the marker process has led to additional scrutiny of how countries produce figures, which would be lost if countries moved away from the markers.

Finally, moving towards a case-by-case approach is not a panacea. There is clearly still room for interpretation, as highlighted by the UK's recent decision to 'scrub' existing activities to find additional activities that could be included. As discussed in [Chapter 3](#), whether changing classifications after the fact makes climate finance estimates more or less accurate is ambiguous, but either the classifications were wrong then, or they are now, and either is problematic for interpreting trends. Similarly, the World Bank assigns different coefficients to each project, but the relevance of many projects has still been questioned.¹⁰⁰

The next and final chapter discusses some recommendations, drawn from our conversations with specialists, that would promote greater climate finance consistency.

Chapter 5: Conclusion and recommendations

Conclusion

To have a chance of meeting the goals of the Paris Agreement, all countries need to dramatically scale up investment in climate action, and those who can support others need to do so. However, the current system is inadequate for providing consistency in financial reporting, across time or providers, which means that our ability to hold them account is limited. This needs to be addressed for the UNFCCC's New Collective Quantified Goal on Climate Finance to be successful.

It is possible that some of the problems that afflicted the previous US\$100 billion goal will be less important for the new goal. Countries have already made substantial efforts to redefine lots of activities as climate finance, and the scope for doing so further may now be limited, indicating that increases are more likely to be genuine. While in 2009 there was little attention or discussion around the use of markers, or what should count more generally, there has since been 15 years of scrutiny and debate that has at least highlighted some of the core issues.

Despite this, it clearly remains the case that changes are needed. Some changes are politically contentious and reaching agreement will be a considerable challenge. But our analysis suggests a number of technical solutions that could facilitate production of more useful climate finance figures to strengthen accountability and impact.

Recommendations

1. Greater transparency

First, this report echoes previous calls¹⁰¹ for greater transparency in what is reported as climate finance to the UNFCCC. As shown in Chapter 3, it is essentially impossible to match projects across the UNFCCC and OECD databases for most countries. Moreover, the project information contained within the common tabular format (CTF – the main data tables that the UNFCCC produces on climate finance) is insufficient to learn about the reason for the project's inclusion.

- **Links to documentation:** The CTF should include a separate column for links to project documentation, and countries should be required to provide these. For most projects, detailed information exists but is hard to find and this inhibits accountability. In response to a review of its Biennial Report,¹⁰² Japan commented that “the list of projects is too long to provide the requested links” because it would be too time-consuming. However, for most countries, a large

share of climate finance comprises of a handful of large projects. Requiring documentation links for projects over, say, US\$50 million would go a long way towards increasing understanding of climate finance.

- **Reporting the climate share of projects counted:** Countries reporting on a case-by-case basis should be required to report what percentage of the total project value has been counted as climate finance. The fact that this is unavailable makes it impossible to judge the claims being made: whether a figure listed in UNFCCC submissions represents 5% or 100% of a project's total value has a large impact on how we should view it.
- **Standard, stricter definition of 'commitment':** When reporting to the UNFCCC, only commitments with firm written obligations should be eligible to be counted. This would promote harmonisation with the CRS data and increase trust that commitments will eventually be translated into actual spending.
- **Track disbursements separately:** Ultimately, what we care about is how much finance actually gets delivered. Projects that providers have committed to can be cancelled for justifiable reasons, and delays are inevitable. But given the short deadlines for meeting climate goals, it is essential that commitments are turned into completed projects. As with ODA, it should be a requirement of the Enhanced Transparency Framework for countries to track disbursements against commitments made, where possible.
- **Require project codes:** Many providers have already started to provide project codes that allow linking between UNFCCC data and the CRS data, including the UK, Japan, Denmark, Canada, Germany, Norway and EU Institutions. This needs to be standard practice.

2. Climate finance assessments should be as granular as possible

The more aggregated the level at which an assessment is made of climate focus, the harder it is to ensure that the climate finance counted reflects the true nature of the project, especially if the assessment is made at the commitment stage, where changes to the project are possible. Often, climate finance is assessed at the commitment stage, where full project details may not be available, which could prevent a more granular assessment. This emphasises the importance of reporting fully on both commitments and disbursements, as discussed more in our first recommendation on transparency.

3. Parties should consider novel techniques to ease capacity constraints

One of the most common concerns during our interviews with experts was a lack of capacity. Some countries outlined that they did not have sufficient capacity to review all projects, and others said that a lack of resources was the main barrier to adopting a different system. While analysing the climate focus of projects at a more granular level is clearly preferable, it also requires greater resources, which is a barrier for countries with smaller teams, especially in cases where countries check the marking of every single project.

However, it may not be necessary. Advances in techniques for analysing text data could provide a way of automating much of the review process. One option could be for individual countries to train an open-source model (such as those used in the analysis in Chapter 3) to identify the climate focus of projects that have already been through the review process, and to use this to predict the appropriate marking of new projects. The

majority are likely to be predicted with a high degree of certainty (for example, “Solar panel project reducing coal use in India” or “Support for border control in Niger” having obvious markings of principal and no mitigation focus respectively). These can be ignored, allowing reviewers to focus on edge cases. Most processes involve entering projects into dedicated systems and so having these systems automatically flag projects for which the prediction is out of step should be possible.

This is not entirely ‘game-proof’: project designers may be able to alter the language used in the project descriptions to make it more likely that the model classifies the project as climate. But this would be more difficult than simply adding relevant keywords, as natural language processing (NLP – a form of machine learning) is able to pick up cues from context to give a more nuanced assessment. For example, if a project is in a sector rarely associated with climate action, then so long as the rest of the description accurately reflects the project, this may be a sufficiently strong cue to override the presence of climate-related words.

Some countries have already experimented with automating aspects of the review system, for example flagging project descriptions that contain certain key words, but there is scope to build on this using more sophisticated NLP models. Such models cannot replace human judgement or quality assurance processes entirely but can help direct reviewers to the projects most likely to be revised.

Any country could explore such models with the view to reducing the capacity needed to quality-assure projects. But another option would be for a model to be trained more centrally, e.g. the Standing Committee on Finance (SCF) or another body could manually code enough projects from all providers to train an NLP, and Parties could use this to predict classifications for their own projects. This would provide a check for the degree of consistency across Parties. Furthermore, the costs of operating and maintaining such a model (anticipated to be small) could be shared between donors.

4. The UNFCCC should strengthen its peer review process

DAC members have long been required to engage in a peer review process, whereby representatives from the OECD and other DAC members will examine shifts in aid spending and policy, to assess their likely effectiveness and highlight worrying trends. More recently, there has also been a voluntarily statistics peer review, whereby processes for generating aid statistics are evaluated. Officials that we spoke to see this process as a valuable way to share information, learn from other members and identify potential reporting issues. As part of this, many countries have requested additional webinars or workshops to discuss specific questions relating to climate finance.¹⁰³ However, this system is voluntary and, as a DAC process, is disconnected from climate finance reporting. While the Rio markers are included in the assessment (along with other policy markers) these are only a small part of the review (and the reviews of the Rio markers are less relevant for countries that do not use them as the basis of their UNFCCC submissions).

The UNFCCC also has a peer review processes (the International Assessment and Review process) in which Expert Review Teams assess aspects of reporting on climate action, including climate finance. But these are primarily limited to an assessment of whether Parties have complied with transparency requirements, such as including their

definition of ‘new and additional’, or completing all fields in the CTF. These have brought valuable improvements in transparency, for example, Japan started providing less aggregated data after the technical review of its third Biennial Report encouraged it to provide more project details. However, these reviews could go beyond merely establishing whether Parties have responded to each “shall” commitment from various UNFCCC agreements and play a role assessing the veracity of claims on climate finance. For example:

- The review team could establish differences in the ways that countries count similar projects. For example, have different markers been applied to core contributions to the same trust funds or PPPs?
- Where an automated check – such as the use of an NLP model as per the previous recommendation – casts doubt on the relevance of a project, the review team could request an explanation for the inclusion of the project.
- The review team could establish whether projects are relevant to needs identified in the NDCs/NAPs of partner countries.

It would not be feasible for the review team to check every single project. But even checking a random sample (with the probability of selection proportional to project size – or a sample informed by other factors, such as an NLP model, or projects whose markings deviate from the OECD’s suggested markings) would establish more rigorous reporting. The SCF could be tasked with drawing out common problems.

Expanding the remit of the Expert Review Teams could be relatively simple but has the drawback that Parties are reviewing each other and therefore may be vulnerable to ‘retaliation’: receiving a difficult review in exchange for asking difficult questions. An alternative would be to establish an external body to perform this audit function, as recommended by the Center for Global Development.¹⁰⁴

5. Countries should improve reporting on impact, both ex-ante and ex-post

One of the key issues with climate finance is the lack of clarity about what its impacts are. In fact, some research suggests that mitigation finance is not even correlated with lower emissions pathways.¹⁰⁵ However, many countries already report some estimates of impact (both ex-ante or even ex-post) such as the UK’s performance metrics for International Climate Finance, which report both expected and achieved results. Several officials expressed that reporting ex-ante estimates of impact is a component of best practice, and that in principle there is nothing preventing countries from doing so. Providers should already be estimating the impact as part of project appraisals.

Reporting on ex-ante impact should be a minimum requirement of all climate finance, as argued in previous submissions to the UNFCCC on measuring climate finance:¹⁰⁶ if countries are unable to explain the impact they think finance will have on climate outcomes, there is no reason to accept that it is climate finance. In addition, requiring providers to report this will present us with a much better understanding of how finance is bringing the world closer to meeting the Paris Agreement. There are multiple ways this could be achieved but adding columns to the CTF for both the climate-relevant KPIs and the estimated progress towards it would be a start.

There are some types of expenditure for which this may not be possible. For example, relevant staff costs are often counted for departments or agencies with a climate finance role, and research and development is no doubt important but has outcomes that are hard to quantify. Yet these are the exception rather than the rule. For most projects, reporting on KPIs would be possible and allow a better understanding of why projects are included in climate finance estimates, and what impact they are likely to have.

6. The UNFCCC should provide full, official guidance on using the ‘case-by-case’ approach

One reason that countries use the Rio marker system is because it is there: a preexisting system for measuring climate finance that came with guidance from the OECD and is easily to integrate into existing reporting. There is nothing similar for the case-by-case approach – but, if there was, it is possible that other countries would have chosen to adopt that method, especially as many officials agreed it was better in principle. The SCF does not have authority to impose a set of rules, just as the DAC cannot enforce compliance with suggested markings, but if there was an agreed standard it would not only assuage the concerns of countries that think the approach less transparent but also remove the burden from countries of developing their own methodology.

Examples already exist. The UK has a detailed internal guidance document that project originators use to identify a project’s share of climate finance. The US provides “parameters of accounting” to departments to help them identify climate finance. There is already the joint multilateral development bank methodology, which guides MDBs in identifying the incremental cost of adding adaptation components to projects (for example).¹⁰⁷ If a UNFCCC body were able to build on this and develop a standard guide for the case-by-case approach, it would not only have more legitimacy than the Rio markers (developed solely by high-income countries) but also fill the gap that led many countries to adopt the markers in the first place.

Moving in the right direction

These recommendations will not solve all of the problems associated with climate finance. Many of these problems are highly political: the difficulty of spending money abroad, especially when domestic problems and debt-burdens have mounted in recent years; the fact that many climate finance projects are more about promoting domestic firms¹⁰⁸ or exporting technology; and the fact that many countries have an interest in keeping their numbers high to meet ambitious political targets. By contrast, these recommendations are largely technical.

However, the first step in improving the quantity and quality of finance provided is understanding the current landscape, and this requires consistent measurement across time and providers. Our conversations with officials suggest that these recommendations represent pragmatic and feasible ways to may move climate finance reporting significantly further in this direction.

Glossary

Adaptation: Where a project seeks to reduce the vulnerability of human or natural systems to current and/or expected impacts of climate change.

Biennial Transparency Report: see *Enhanced Transparency Framework*

Case-by-case approach: A way of assessing the **climate share** of a project that involves estimating the percentage of activities (to be) performed within the project that are relevant to climate, in order to give a precise estimate of the climate finance associated with the project.

Climate share: The percentage of a project's funding that is counted as climate finance.

CMA: Conference of the Parties serving as the meeting of the parties to the **Paris Agreement**. This is the governing body for the Paris Agreement, that meets annually during the same period as the **COP**. Signatories to the convention that are not also signatories to the Paris Agreement can observe, but not contribute to decisions at the CMA.

COP: Conference of the Parties. This is the primary decision-making body of the Convention. All Parties to the Convention are represented and meet annually to review the implementation of the Convention and related matters.

Copenhagen Accord: Document produced at COP 15 (not universally agreed or passed into law) in which the goal to provide and mobilise US\$100 billion annually in climate finance for **developing countries** was first stated. Available at: <https://unfccc.int/resource/docs/2009/cop15/eng/l07.pdf>

Development finance: This is understood differently in different contexts, but in this report broadly refers to finance provided by the public sector for the support of development objectives (such as economic growth or poverty reduction) in developing countries, or global public goods.

'Developed/Developing' country: These are categories of countries referred to frequently in both COP texts and the **Paris Agreement**, but not clearly defined. 'Developed' and 'developing' countries have different obligations under these texts, especially in terms of financial support provided, but this relies on countries' self-identification.

Enhanced Transparency Framework: This is a reporting framework introduced by the **Paris Agreement** that requires Parties to submit 'Biennial Transparency Reports' from 2024. For more information, see the UNFCCC's 'Reference Manual for the Enhanced Transparency Framework', available at <https://unfccc.int/documents/268136>

Mitigation: Where a project contributes to stabilising greenhouse gas concentrations in the atmosphere by promoting efforts to reduce or limit greenhouse gas emissions or enhance greenhouse gas sequestration.

New Collective Quantified Goal on Climate Finance (NCQG): This is a new goal on climate finance to be agreed prior to 2025 by the **CMA**, set from a floor of US\$100 billion.

Paris Agreement: International treaty on climate change adopted in 2015.

Pearson Commission: Commission established by the World Bank in 1969 that initially proposed the 0.7% of GNI (referred to as GNP at the time) target for provision of ODA, later adopted as a UN resolution.

Policy marker: These are variables in the OECD CRS data that allow donors to denote the degree to which projects focus on a range of issues, such as gender, climate and trade. Each is based on a three-point scale (no focus, **significant** focus or **principal** focus on the topic in question). The **Rio markers** are an example.

Principal objective (OECD Policy markers): An objective that is fundamental to the design of a project, and without which it would not have taken place.

Purpose code: Five-digit code used in the OECD CRS data to denote the detailed sectoral focus of a project (e.g. 21030 is rail transport).

Rio markers: An OECD system that uses a three-point scale to identify climate focus. This system was originally intended to be qualitative but has since been adapted by many countries to form the basis of UNFCCC reporting.

Significant objective (OECD Policy markers): An objective that is important to the design of a project, indicating that the project has been substantially altered to address the objective, but still would have taken place without it in some form.

Technical Expert Dialogue: Part of the Ad-hoc Work Programme on the **NCQG** that was established by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA).

Notes

¹ The terms ‘developed’ and ‘developing’ appear frequently in both COP texts and the Paris Agreement – we repeat them here to match those documents. There is a glossary at the end of the report that defines other key climate finance terms used in this report.

² UN Statistics Division, Background note on the USD 100 billion goal in the context of UNFCCC process, in relation to advancing on SDG indicator 13.a.1. Available at: https://unstats.un.org/sdgs/tierIII-indicators/files/13.a.1_Background.pdf

³ OECD, 2024. Climate Finance Provided and Mobilised by Developed Countries in 2013–2022. Available at: <https://www.oecd.org/environment/climate-finance-provided-and-mobilised-by-developed-countries-in-2013-2022-19150727-en.htm>

⁴ You can read this and more quantitative analysis in Chapter 3.

⁵ Natural language processing models (NLPs) are types of machine learning models that identify patterns in text data and can link these patterns to different categories (among other things). For an example of their application, see Development Initiatives, 2023. Is climate finance wrongly reported by over a billion dollars per year? Available at: <https://devinit.org/blog/climate-finance-wrongly-reported-ai-world-bank-fcdo>

⁶ UNFCCC, Nationally Determined Contributions (NDCs). Available at: <https://unfccc.int/process-and-meetings/the-paris-agreement/nationally-determined-contributions-ndcs> (accessed 19 June 2024).

⁷ UNFCCC, National Adaptation Plans. Available at: <https://unfccc.int/topics/adaptation-and-resilience/workstreams/national-adaptation-plans> (accessed 19 June 2024).

⁸ Reuters, 2024. A program meant to help developing nations fight climate change is funneling billions of dollars back to rich countries. Available at: <https://www.reuters.com/investigates/special-report/climate-change-loans>.

⁹ UNFCCC, Introduction to Climate Finance. Available at: <https://unfccc.int/topics/introduction-to-climate-finance> (accessed 19 June 2024).

¹⁰ UNFCCC SCF, 2014. Summary and Recommendations by the Standing Committee on Finance on the 2014 Biennial Assessment and Overview of Climate Finance Flows, p. 5. Available at: https://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/2014_biennial_assessment_and_overview_of_climate_finance_flows_report_web.pdf

¹¹ Foreign Policy, 2022. The Obvious Climate Strategy Nobody Will Talk About. Available at: <https://foreignpolicy.com/2022/11/06/climate-cop27-emissions-adaptation-development-energy-africa-developing-countries-global-south/>

¹² Economist Impact, 2023. Will climate finance make or break COP28? Available at: <https://impact.economist.com/sustainability/circular-economies/will-climate-finance-make-or-break-cop28>

¹³ Least Developed Countries Group, 2020. Submission made by the Kingdom of Bhutan on behalf of the Least Developed Countries on Views on the Operational Definitions of Climate Finance. Available at: <https://unfccc.int/sites/default/files/resource/LDCs%20SCF%20submission%20Definition%20of%20Climate%20Finance.pdf>

¹⁴ Center for Global Development, 2023. Ten Times Bigger? Why the Impact of Climate Finance May Be Greater Than We Think. Available at: <https://www.cgdev.org/blog/ten-times-bigger-why-impact-climate-finance-may-be-greater-we-think>

¹⁵ Development Initiatives, 2024. Missing baselines: have recent increases in climate finance been exaggerated? Available at: <https://devinit.org/blog/missing-baselines-have-recent-increases-in-climate-finance-been-exaggerated/>. Center for Global Development, 2020. Coming Out in the Greenwash: How Much Does the Climate Mitigation Marker Tell Us? Available at: <https://www.cgdev.org/blog/coming-out-greenwash-how-much-does-climate-mitigation-marker-tell-us>.

¹⁶ OECD, 2023. Climate Finance Provided and Mobilised by Developed Countries in 2013–2022. Available at: <https://www.oecd.org/environment/climate-finance-provided-and-mobilised-by-developed-countries-in-2013-2022-19150727-en.htm>

¹⁷ Oxfam, 2023. Climate Finance Shadow Report 2023: Assessing the delivery of the \$100 billion commitment. Available at: <https://policy-practice.oxfam.org/resources/climate-finance-shadow-report-2023-621500/>. Reuters,

2024. Reuters, 2023. Rich nations say they're spending billions to fight climate change. Some money is going to strange places. Available at: <https://www.reuters.com/investigates/special-report/climate-change-finance/>.
- Romain Weikmans, J. Timmons Roberts, Jeffrey Baum, Maria Camila Bustos and Alexis Durand: 'Assessing the credibility of how climate adaptation aid projects are categorised', *Development in Practice*, 27:4, 2017 (pp. 458–471). Available at <https://www.tandfonline.com/doi/full/10.1080/09614524.2017.1307325>. Romain Weikmans & J. Timmons Roberts (2019) The international climate finance accounting muddle: is there hope on the horizon?, *Climate and Development*, 11:2, 97-111. Available at: <https://unfccc.int/sites/default/files/resource/Weikmans%20%20Roberts%20%282019%29%20The%20international%20Climate%20Finance.pdf>
- ¹⁸ Development Initiatives, 2024. Missing baselines: have recent increases in climate finance been exaggerated? Available at: <https://devinit.org/blog/missing-baselines-have-recent-increases-in-climate-finance-been-exaggerated/>
- ¹⁹ Climate Finance Access Network, 2023. Critical links: Connecting the new climate finance goal to the Paris Agreement, p. 5. Available at: https://cfanadvisors.org/wp-content/uploads/2023/03/Third-Technical-Paper_FINAL_3-1.pdf#page=5
- ²⁰ OECD, 2023. Climate Finance Provided and Mobilised by Developed Countries in 2013–2022. Available at: <https://www.oecd.org/environment/climate-finance-provided-and-mobilised-by-developed-countries-in-2013-2022-19150727-en.htm>
- ²¹ UNFCCC, 2023. Ad hoc work programme on the new collective quantified goal on climate finance: Report by the co-chairs, p. 9 Available at: https://unfccc.int/sites/default/files/resource/NCQG_annual_report_Published.pdf
- ²² World Economic Forum, 2022. Why the world needs a common infrastructure for reporting climate targets. Available at: <https://www.weforum.org/agenda/2022/10/measuring-climate-targets-ndc-cop27-mrv-dpi/>
- ²³ Center for Global Development, 2020. What Do We Know about the Cost-Effectiveness of Aid Spent on Climate Mitigation? Available at: <https://www.cgdev.org/blog/what-do-we-know-about-cost-effectiveness-aid-spent-climate-mitigation>
- ²⁴ US, 2022. Submission of the United States of America: New Collective Quantified Goal: accelerating climate action in this critical decade. Available at: https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202203131515---03-22_New%20Goal_USA.pdf?gl=1*14ikvao*ga*MTcyNDY3NTY5NS4xNjczMjY1NjE4*ga_7ZZWT14N79*MTcxMjkxNTU3Ny4yNDcuMS4xNzEyOTE2MTY0LjAuMC4w
- ²⁵ Development Initiatives, 2024. Missing baselines: have recent increases in climate finance been exaggerated? Available at: <https://devinit.org/blog/missing-baselines-have-recent-increases-in-climate-finance-been-exaggerated/>
- ²⁶ See this list of views on the operational definitions of climate finance, submitted to the UNFCCC: <https://unfccc.int/topics/climate-finance/resources/standing-committee-on-finance-info-repository#Submissions-of-views-on-the-operational-definitions-of-climate-finance> (accessed 19 June 2024).
- ²⁷ UNFCCC, 1992: United Nations Framework Convention On Climate Change. United Nations, FCCC/INFORMAL/84 GE.05-62220 (E) 200705, Secretariat of the United Nations Framework Convention on Climate Change, Bonn, Germany. Available at <https://www.ipcc.ch/apps/nj-lite/srex/index.php?chapter=&page=38#:~:text=Standard%20querying%20conventions%20are%20supported.&text=UNFCCC%2C%201992%3A%20United%20Nations%20Framework.%2Fconvkp%2Fconveng.pdf>.
- ²⁸ UNFCCC, Introduction to Climate Finance. Available at: <https://unfccc.int/topics/introduction-to-climate-finance> (accessed 19 June 2024).
- ²⁹ The contributor base for the New Collective Quantified Goal is one of the most controversial debates. Some Parties believe it should expand to include relatively wealthy, high-emitting countries such as China and Saudi Arabia. Others (naturally including those two) believe that the goal should apply only to countries described as “developed” in the original convention.
- ³⁰ Center for Global Development, 2023. Who Should Pay? Climate Finance Fair Shares. Available at: <https://www.cgdev.org/publication/who-should-pay-climate-finance-fair-shares>
- ³¹ Japan, 2022. Japan's Eighth National Communication and Fifth Biennial Report. Available at: <https://unfccc.int/documents/624736>
- ³² This was the view of several experts consulted for the purpose of this report. See also the IIED's January 2021 briefing Trust in climate finance requires meaningful transparency. Available at: <https://www.iied.org/sites/default/files/pdfs/2021-01/17774IIED.pdf>

-
- ³³ Development Initiatives, 2022. Wealthy countries may be contributing less to global climate finance than we think. Available at: <https://devinit.org/blog/wealthy-countries-contributing-less-global-climate-finance/>
- ³⁴ See The 0.7% ODA/GNI target – a history. Available at: <https://www.oecd.org/development/financing-sustainable-development/development-finance-standards/the07odagnitarget-ahistory.htm> (accessed 19 June 2024).
- ³⁵ European Capacity Building Initiative, 2019. Pocket Guide to the UNFCCC, p. 40. Available at: https://ecbi.org/sites/default/files/PGUNFCCC_2.pdf
- ³⁶ Agence Française de Développement, 2022. Official development assistance at the age of consequences, p. 25. Available at: <https://www.afd.fr/en/ressources/official-development-assistance-age-consequences>. Norwegian Agency for Development Cooperation, 2021. Development Cooperation and Global Investments: What's Next for Development Cooperation? Available at <https://www.norad.no/en/toolspublications/publications/2021/development-cooperation-and-global-investments-whatss-next-for-development-cooperation/>
- ³⁷ The Commonwealth (a voluntary association of 56 countries) proposes that “Climate finance is additional and separate from development finance. Development finance should not be compromised for climate finance – both are urgent for LDCs and SIDS.” See Accessing Development and Climate Finance: Issues and Challenges in the Commonwealth Countries. Available at: <https://thecommonwealth.org/publications/accessing-development-and-climate-finance-issues-and-challenges-commonwealth-countries>
- ³⁸ Agence Française de Développement, 2022. Official development assistance at the age of consequences, p. 25. Available at: <https://www.afd.fr/en/ressources/official-development-assistance-age-consequences>
- ³⁹ This is frequently heard in UNFCCC negotiations, for example during this recording of the Second meeting under the ad hoc work programme on the new collective quantified goal on climate finance (available here: <https://unfccc.int/event/second-meeting-under-the-ad-hoc-work-programme-on-the-new-collective-quantified-goal-on-climate-6>). The point has also been made by numerous civil society organisations and academics, see for example Are Countries Providing Enough to the \$100 Billion Climate Finance Goal? (a 2021 insight from the World Resources Institute, available at: <https://www.wri.org/insights/developed-countries-contributions-climate-finance-goal>) and this 2022 explainer on What is meant by ‘climate justice’? from the London School of Economic and Political Science (available at <https://www.lse.ac.uk/granthaminstitute/explainers/what-is-meant-by-climate-justice>).
- ⁴⁰ Similar arguments have been made for ODA, which some view as a form of reparations for past colonial injustices, see for example this 2013 blog from the Guardian (available at: <https://www.theguardian.com/global-development/poverty-matters/2013/nov/13/slavery-reparations-development-aid>). However, this view is less widely accepted.
- ⁴¹ Countries have developed numerous definitions of “new and additional”, but these do not generally refer to existing ODA budgets. By contrast, developing country submissions to the SCF frequently argue that climate finance should be “new and additional to ODA”. See this list of views on the operational definitions of climate finance, submitted to the UNFCCC: <https://unfccc.int/topics/climate-finance/resources/standing-committee-on-finance-info-repository#Submissions-of-views-on-the-operational-definitions-of-climate-finance> (accessed 19 June 2024).
- ⁴² Climate Bonds Initiative, 2021. Climate Bonds Taxonomy. Available at: <https://www.climatebonds.net/standard/taxonomy>
- ⁴³ Association of Southeast Asian Nations, 2024. Taxonomy for Sustainable Finance (Version 2). Available at: <https://asean.org/wp-content/uploads/2023/03/ASEAN-Taxonomy-Version-2.pdf>
- ⁴⁴ European Commission. EU Taxonomy Navigator. Available at: <https://ec.europa.eu/sustainable-finance-taxonomy> (accessed 19 June 2024).
- ⁴⁵ IIED, 2022. The case for a functional definition of climate finance: Submission to the UNFCCC Standing Committee on Finance by the International Institute for Environment and Development. Available at: https://unfccc.int/sites/default/files/resource/IIED_ClimateFinanceDefinition_May2022.pdf.
- ⁴⁶ Least Developed Countries Group, 2023. Submission to the UNFCCC by the Republic of Senegal on behalf of the Least Developed Countries Group (LDCs) on, in accordance with the invitation by the COP27 to present further views on the operational definitions of Climate Finance. Available at: <https://unfccc.int/documents/631764>.
- ⁴⁷ UNFCCC Standing Committee on Finance, 2023. Report on clustering types of climate finance definitions in use. See specifically annex B. Available at: https://unfccc.int/sites/default/files/resource/Definitions_final_231117%20BLS23393%20UCC%20Climate%20Finance.pdf?download.

-
- ⁴⁸ Kenya, Ministry of Environment and Forestry, 2020. Submission of Kenya's updated nationally determined contribution. Available at: <https://unfccc.int/sites/default/files/NDC/2022-06/Kenya%27s%20First%20%20NDC%20%28updated%20version%29.pdf>
- ⁴⁹ Funds that do not get disbursed may be directed to other projects, and be spent on climate finance eventually, but in such cases concerns about double-counting remain.
- ⁵⁰ The US\$100 billion goal explicitly mentions a variety of instruments (not just grants), and the scale of need are too big to feasibly be covered by grants alone. Nevertheless, the impact of climate finance on debt burdens is an important consideration. See for example: Development Initiatives, 2024. The conundrum of climate financing: Where is the money? Available at: <https://devinit.org/blog/the-conundrum-of-climate-financing-where-is-the-money/>
- ⁵¹ See, for example, the Center for Global Development's 2020 blog post Coming Out in the Greenwash: How Much Does the Climate Mitigation Marker Tell Us? Available at: <https://www.cgdev.org/blog/coming-out-greenwash-how-much-does-climate-mitigation-marker-tell-us>.
- ⁵² See, for example, an article by Romain Weikmans, J. Timmons Roberts, Jeffrey Baum, Maria Camila Bustos and Alexis Durand: 'Assessing the credibility of how climate adaptation aid projects are categorised', *Development in Practice*, 27:4, 2017 (pp. 458–471). Available at <https://www.tandfonline.com/doi/full/10.1080/09614524.2017.1307325>
- ⁵³ This is the modal coefficient used among DAC providers.
- ⁵⁴ Sectors for which screening would be inappropriate have been excluded, such as in-donor refugee costs, administrative costs and general budget support. General budget support may end up supporting climate action but is excluded from the marking because it is, by definition, un-earmarked. It has declined slightly since 2009.
- ⁵⁵ Netherlands, CRS ID: 2010000209.
- ⁵⁶ Germany, CRS ID: 2011012450.
- ⁵⁷ Sectors for which screening would be inappropriate have been excluded, such as in-donor refugee costs, administrative costs and general budget support.
- ⁵⁸ Technically the percentage of projects found to be climate finance by the model that were also classed as such by FCDO.
- ⁵⁹ The reason that this is not 100% is both because of the model having less than perfect accuracy, and also because the model was trained on a sample.
- ⁶⁰ This analysis was based on IATI data, which is highly incomplete before 2016, and so absolute numbers are less reliable.
- ⁶¹ Development Initiatives, 2024. Missing baselines: have recent increases in climate finance been exaggerated? Available at: <https://devinit.org/blog/missing-baselines-have-recent-increases-in-climate-finance-been-exaggerated/>
- ⁶² Article 13.9 states "Developed country Parties shall [...] provide information on financial, technology transfer and capacity-building support provided to developing country Parties under Articles 9, 10 and 11." UNFCCC, 2015. The Paris Agreement. Available at: https://unfccc.int/sites/default/files/english_paris_agreement.pdf
- ⁶³ See, for example, Weikmans, R., and Roberts, J. T. 'The international climate finance accounting muddle: is there hope on the horizon?' *Climate and Development*, 11:2, 2017, pp. 97–111. <https://doi.org/10.1080/17565529.2017.1410087>
- ⁶⁴ OECD CRS, 2021. DAC Working Party on Development Finance Statistics: Converged Statistical Reporting Directives for the Creditor Reporting System (CRS) and the Annual DAC Questionnaire. Available at: [https://one.oecd.org/document/DCD/DAC/STAT\(2020\)44/FINAL/En/pdf#page=45](https://one.oecd.org/document/DCD/DAC/STAT(2020)44/FINAL/En/pdf#page=45)
- ⁶⁵ The project (with CRS project number 201968270) is a loan commitment of US\$96 million according to the UNFCCC, but of US\$10.5 million according to the CRS. What appears to be the project page gives a value of €152 million, and so it is likely that each of the above amounts reflect different components of the larger project. Nevertheless, this demonstrates the difficulty in matching projects across datasets, even with project identifiers. KfW, Energieeffizienzprogramm Indien II. Available (in German) at: <https://www.kfw-entwicklungsbank.de/ipfz/Projektdatenbank/Energieeffizienzprogramm-Indien-II-42841.htm>
- ⁶⁶ KfW is a German state-owned investment and development bank.
- ⁶⁷ Development Initiatives, 2023. Is climate finance wrongly reported by over a billion dollars per year? Available at: <https://devinit.org/blog/climate-finance-wrongly-reported-ai-world-bank-fcdo>
- ⁶⁸ Toetzke, M., Stünzi, A. & Egli, F. 'Consistent and replicable estimation of bilateral climate finance', *Nature Climate Change* 12, 2022, pp. 897–900. Available at: <https://doi.org/10.1038/s41558-022-01482-7>. The paper links to a GitHub repository containing code and data for replication, available at: <https://github.com/MalteToetzke/consistent-and-replicable-estimation-of-bilateral-climate-finance/tree/main>

⁶⁹ The authors employed a team of PhD students who specialise in climate topics to assess whether projects have a mitigation or adaptation focus, and each project was assessed independently by multiple students to try and reduce the degree of subjectivity.

⁷⁰ For countries that report in different languages (e.g. France provides all project descriptions in French) the researchers used the Google Translate API to translate descriptions to English before the analysis. In such cases, the accuracy of translations may also be a factor.

⁷¹ In principle, the same analysis could be performed on project documentation too. However, whereas project descriptions are a required field in the CRS data, there is no central repository of project documents for all providers and so this data is much more difficult to assemble (and project documents may not be available for all providers).

⁷² This department was created in 2023, when the Department of Business, Energy & Industrial Strategy split to form the Department for Business and Trade, the Department for Energy Security and Net Zero and the Department for Science, Innovation and Technology.

⁷³ OECD DAC, 2022. DAC Working Party on Development Finance Statistics: Results of the Survey on the Coefficients applied to 2019-20 Rio Marker Data when Reporting to the UN Environmental Conventions. Available at: [https://one.oecd.org/document/DCD/DAC/STAT\(2022\)24/En/pdf#page=7](https://one.oecd.org/document/DCD/DAC/STAT(2022)24/En/pdf#page=7)

⁷⁴ OECD DAC, 2022. DAC Working Party on Development Finance Statistics: Results of the Survey on the Coefficients applied to 2019-20 Rio Marker Data when Reporting to the UN Environmental Conventions. Available at: [https://one.oecd.org/document/DCD/DAC/STAT\(2022\)24/En/pdf#page=7](https://one.oecd.org/document/DCD/DAC/STAT(2022)24/En/pdf#page=7)

⁷⁵ ONE, 2023. Data commons, the Climate Finance Files. Available at: <https://datacommons.one.org/climate-finance-files>

⁷⁶ The Breakthrough Institute, 2023. What Counts as Climate Finance? Available at: <https://thebreakthrough.org/issues/energy/what-counts-as-climate>

⁷⁷ If not, however, the marker system would exacerbate this problem.

⁷⁸ OECD, 2023. Climate Finance Provided and Mobilised by Developed Countries in 2013–2022. Available at: <https://www.oecd.org/environment/climate-finance-provided-and-mobilised-by-developed-countries-in-2013-2022-19150727-en.htm>

⁷⁹ OECD DAC Rio Markers for Climate Handbook. Available at: https://www.oecd.org/dac/environment-development/Revised%20climate%20marker%20handbook_FINAL.pdf

⁸⁰ During the period 2017–2020, which are covered by the fourth and fifth Biennial Reports

⁸¹ Loan disbursement of US\$177 million in 2021, CRS ID 2021209900.

⁸² Loan disbursement of US\$151 million in 2022, CRS ID 2021200000.

⁸³ Loan disbursement of US\$384 million in 2012, CRS ID 2012131800.

⁸⁴ OECD DAC, 2013. DAC Working Party on Development Finance Statistics: Climate adaptation marker, quality review. Available at: [https://one.oecd.org/document/DCD/DAC/STAT\(2013\)5/en/pdf](https://one.oecd.org/document/DCD/DAC/STAT(2013)5/en/pdf)

⁸⁵ Oxfam, 2023. Climate Finance Shadow Report 2023: Assessing the delivery of the \$100 billion commitment. Available at: <https://policy-practice.oxfam.org/resources/climate-finance-shadow-report-2023-621500/>

⁸⁶ UNFCCC, <https://unfccc.int/topics/climate-finance/resources/standing-committee-on-finance-info-repository#Submissions-of-views-on-the-operational-definitions-of-climate-finance> (accessed 18 June 2024).

⁸⁷ Development Initiatives, 2024. Missing baselines: have recent increases in climate finance been exaggerated? Available at: <https://devinit.org/blog/missing-baselines-have-recent-increases-in-climate-finance-been-exaggerated/>

⁸⁸ Weikmans, R., and Roberts, J. T. 'The international climate finance accounting muddle: is there hope on the horizon?' *Climate and Development*, 11:2, 2017, pp. 97–111. <https://doi.org/10.1080/17565529.2017.1410087>

⁸⁹ Denmark, National Audit Agency, 2021. Klimabistand til udviklingslande. Available (in Danish) at: <https://www.rigsrevisionen.dk/Media/F/0/SR0920.pdf>

⁹⁰ European Court of Auditors, 2022. Special report: Climate spending in the 2014-2020 EU budget – Not as high as reported. Available at: <https://www.eca.europa.eu/en/publications?did=61103>

⁹¹ European Court of Auditors, 2022. Special report: Climate spending in the 2014-2020 EU budget – Not as high as reported, p.30. Available at: <https://www.eca.europa.eu/en/publications?did=61103>.

⁹² European Court of Auditors, 2022. Special report: Climate spending in the 2014-2020 EU budget – Not as high as reported, p.36. Available at: <https://www.eca.europa.eu/en/publications?did=61103>.

⁹³ Dutch Ministry of Foreign Affairs, Policy and Operations Evaluation Department (IOB), 2021. Evaluation of climate finance: Funding commitments in transition. Available at: <https://english.iob-evaluatie.nl/publications/sub-studies/2021/06/29/funding-commitments-in-transition---dutch-climate-finance-for->

[development-2016-2019](#)

⁹⁴ Dutch Ministry of Foreign Affairs, Policy and Operations Evaluation Department (IOB), 2021. Evaluation of climate finance: Funding commitments in transition, p.138. Available at: <https://english.iob-evaluatie.nl/publications/sub-studies/2021/06/29/funding-commitments-in-transition---dutch-climate-finance-for-development-2016-2019>

⁹⁵ CRS project ID: 2022113000. The AFD project page is available at: <https://www.afd.fr/fr/carte-des-projets/dar-es-salaam-construire-des-systemes-de-transport-durables-pour-une-ville-en-pleine-croissance> (accessed 18 June 2024).

⁹⁶ UK Project ID: GB-1-203491.

⁹⁷ Those with suffixes 104 or 105 added to the project ID.

⁹⁸ See, for example, Dave Donaldson's article 'Railroads of the Raj: Estimating the Impact of Transportation Infrastructure', The American Economic Association, vol. 108, no. 4-5, April 2018 (pp. 899–934). Available at: <https://www.aeaweb.org/articles?id=10.1257/aer.20101199>

⁹⁹ OECD DAC, 2021. Working Party on Development Finance Statistics: Results of the Survey on the Coefficients Applied to Rio marker Data when Reporting to the UN Conventions on Climate Change and Biodiversity. Available at: [https://one.oecd.org/document/DCD/DAC/STAT\(2020\)41/REV2/en/pdf](https://one.oecd.org/document/DCD/DAC/STAT(2020)41/REV2/en/pdf)

¹⁰⁰ See, for example, The Breakthrough Institute's 2023 article What Counts as Climate Finance? (available at: <https://thebreakthrough.org/issues/energy/what-counts-as-climate>) or Oxfam's 2022 briefing paper Unaccountable Accounting: The World Bank's unreliable climate finance reporting (available at: <https://policy-practice.oxfam.org/resources/unaccountable-accounting-the-world-banks-unreliable-climate-finance-reporting-621424/>).

¹⁰¹ See, for example, the IIED's 2021 workshop report: Access to climate finance (available at: <https://www.iied.org/sites/default/files/pdfs/2021-03/10213IIED.pdf> or Christian Aid's policy briefing The NCQG must strengthen quality and access in climate finance (available at: <https://www.christianaid.org.uk/resources/our-work/ncqg-must-strengthen-quality-and-access-climate-finance>).

¹⁰² UNFCCC, 2024. Report on the technical review of the eighth national communication and the technical review of the fifth biennial report of Japan. Available at: <https://unfccc.int/documents/638438>

¹⁰³ OECD DAC, 2022. Peer Review on Development Finance Statistics of Finland. Available at: <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/finland-peer-review-2022.pdf>

¹⁰⁴ Center for Global Development, 2024. NCQG – Quality, Structure, Contributes and Transparency. Available at: https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202405161756---NCQG%20Submission%20May%202024.pdf?_gl=1*1pjazjs*_ga*ODkwMTUxMzYwLjE3MTMzNDU2Nzk.*_ga_7Z_ZWT14N79*MTcxNjlyNTczNy4xOC4xLjE3MTYyMjU3NTluMC4wLjA.

¹⁰⁵ Center for Global Development, 2024. Does Mitigation ODA Reduce Emissions? Available at: <https://www.cgdev.org/publication/does-mitigation-oda-reduce-emissions>

¹⁰⁶ Center for Global Development, 2020. Improving the measurement of climate finance and progress on the \$100bn target. Available at: https://unfccc.int/sites/default/files/resource/How%20to%20measure%20climate%20finance_UNFCCC_Oct2020.pdf

¹⁰⁷ Asian Development Bank, 2023. Joint Methodology for Tracking: Climate Change Adaptation Finance. Available at: <https://www.adb.org/documents/mdbs-joint-tracking-climate-change-adaptation-finance>

¹⁰⁸ Reuters, 2024. A programme meant to help developing nations fight climate change is funneling billions of dollars back to rich countries. Available at: <https://www.reuters.com/investigates/special-report/climate-change-loans>

Development Initiatives (DI) is a global organisation harnessing the power of data and evidence to end poverty, reduce inequality and increase resilience.

We work closely with partners at global, regional, national and local levels to ensure data-driven evidence and analysis are used effectively in policy and practice. We undertake an exciting portfolio of grant-funded work as well as providing consultancy services.

While data alone cannot bring about a better world, it is a vital part of achieving it. Data has the power to unlock insight, shine a light on progress and empower people to increase accountability.

Content produced by Development Initiatives is licensed under a Creative Commons Attribution BY-NC-ND 4.0 International license, unless stated otherwise on an image or page.

Contact
Euan Ritchie
Senior Development Finance Policy Advisor
Euan.Ritchie@devinit.org

To find out more about our work visit:

www.devinit.org
Twitter: @devinitorg
Email: info@devinit.org

Development Initiatives is the trading name of Development Initiatives Poverty Research Ltd, registered in England and Wales, Company No. 06368740, and DI International Ltd, registered in England and Wales, Company No. 5802543. Registered Office: First Floor Centre, The Quorum, Bond Street South, Bristol, BS1 3AE, UK

UK OFFICE

Development Initiatives
First Floor Centre, The Quorum
Bond Street South, Bristol
BS1 3AE, UK
+44 (0) 1179 272 505

KENYA OFFICE

Development Initiatives
Shelter Afrique Building
4th Floor, Mamlaka Road
Nairobi, Kenya
PO Box 102802-00101
+254 (0) 20 272 5346

US OFFICE

Development Initiatives
1100 13th Street, NW, Suite 800,
Washington DC 20005, US