Delivering and Tracking Climate Change Related ODA

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About this document

This document details the New Zealand Aid Programme's operational policy for delivering support for addressing climate change and describes how that support is to be recorded and quantified. It is designed to help staff meet the New Zealand Government's commitment to deliver and track climate change related ODA.

Related documents

- International Development Policy Statement: Supporting Sustainable Development
- Developing a Country Strategic Framework for Development or Joint Commitment for Development (guideline)

Contents

OPERATIONAL POLICY: CLIMATE CHANGE

New Zealand is committed to addressing climate change in developing countries to ensure good outcomes and manage risks, and has committed internationally to increase levels of climate change related financial support.

Addressing climate change in programme strategies

Climate change support should be primarily delivered through new bilateral activities, with a focus on the Pacific.

When preparing a country strategic framework for development or joint commitment for development for a bilateral programme, programme teams must:

1. Assess climate change risks and explore opportunities for the country strategy to support adaptation to and mitigation of climate change
2. Record, for agreement between the parties, any strategic climate change adaptation and mitigation objectives designed to address the identified risks and opportunities

When preparing strategies for non-bilateral programmes, programme teams must:

1. Consider the appropriate (if any) contribution of the programme to support adaptation to and mitigation of climate change
2. Incorporate any climate change objectives or thematic approach in the programme strategy

Addressing climate change in aid activities

At the identification and design stages of every activity, programme teams must:

1. Assess climate change risks and explore opportunities for the activity to support adaptation to and mitigation of climate change. (The screening questions on page 6 can be used.)
2. Where climate change risks or opportunities have been identified, define one or more objectives that address these and include them in the activity planning documentation.
3. Make sure that the partner country is aware that the activity is designed to address climate change, and that any submissions or Cabinet papers on the activity include explicit reference to climate change.
4. In AMS, record the classification of the activity against the Climate Change Mitigation and Climate Change Adaptation markers (see below).

Classification	Where addressing climate change is …
Principal	**… one of the main objectives of the activity** Addressing climate change is fundamental to the design of the activity. The activity would not have been undertaken without climate change as its objective. Climate change is explicitly addressed through specific actions.
Significant	**… one of the objectives of the activity** Addressing climate change is an important but not the principal reason for undertaking the activity. Climate change is explicitly addressed in activity documentation. It does more than simply avoid a potential negative impact.
Not targeted	**… not an objective of the activity** Climate change opportunities and risks have been assessed but addressing climate change is not an objective of the activity.

Climate Change Activity Inventory

The New Zealand Aid Programme maintains an inventory of climate change activities. The default financial information recorded in the inventory is based on the climate change classification of the activity in AMS.

If the climate change classification in AMS is…	then the financial information recorded in the climate change inventory is…
Principal	100% of the activity value for the financial year
Significant	30% of the activity value for the financial year unless: • A more accurate figure is known **or** • A different default figure is specified in the table below for the particular activity type
Not targeted	0% of the activity value for the financial year

The table below provides further guidance on the climate change marker and classification to use for certain activities, and the financial information recorded in the climate change inventory against them.

Activity	Description	Marker and classification	Financial information recorded in the climate change inventory
Disaster risk reduction and management	The activity is driven by a prime concern for extreme weather events, e.g. post-cyclone recovery work in the Cook Islands.	Adaptation: Principal	100%
	The activity is driven by a prime concern for seismic events (earthquakes, tsunamis) but where extreme weather events occur.	Adaptation: Significant	50%
Renewable energy and energy efficiency	Any activity dealing with renewable energy and/or energy efficiency whether the prime concern is energy security, economic growth, climate change, or any combination.	Mitigation: Principal	100%
Energy upgrading	Energy upgrading activities where the outcome of the activity is safer access to energy supplies in the presence of extreme weather events can potentially be marked significant.	Adaptation: Significant	30%

GUIDELINE: CLIMATE CHANGE

Definitions of adaptation and mitigation

Ways of addressing climate change fall into two broad categories: adaptation and mitigation. The widely used definitions of adaptation and mitigation used by the New Zealand Aid Programme are adopted from the OECD Development Assistance Committee (DAC).

Adaptation

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

Example: Post-cyclone reconstruction – rebuilding schools, houses, and water supplies to a standard that will better withstand a level and intensity of future extreme weather events brought about by climate change.

Mitigation

Mitigation contributes to the objective of stabilisation of greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system, by promoting efforts to reduce or limit GHG emissions or to enhance GHG sequestration.

Example: Increasing solar energy supplies and implementing energy efficiency measures in Tonga as part of Tonga's Energy Roadmap. As well as helping Tonga play its part in global efforts to reduce carbon emissions, programmes such as these more importantly help to increase energy security.

Addressing climate change in programme strategies

Climate change support should be primarily delivered through new bilateral activities, with a focus on the Pacific. A critical entry point for identifying opportunities to address climate change is therefore during the design of programme strategies for bilateral programmes.

During the development of country strategic frameworks for development (CSFfDs or JCfDs) with partner countries, programme teams should discuss and identify opportunities for effectively addressing climate change through adaptation and mitigation at a strategic level.

For guidance on the development of CSFfDs or JCfDs, see the guideline *Developing Country Strategic Frameworks for Development*.

During the development of strategies for non-bilateral programmes, programme teams need to consider the appropriate contribution of the programme to address climate change through adaptation and/or mitigation measures. The relevance of climate change to non-bilateral programmes needs to be determined on a case by case basis. Please seek guidance from the IDG Environment and Climate Change Advisor.

Addressing climate change in activities

Support for addressing climate change through the New Zealand Aid Programme is to be delivered primarily through bilateral aid activities across the full range of development sectors currently supported by the aid programme, e.g. health, infrastructure development, energy, water supply and sanitation.

Note: It may be impractical to directly try and address climate change through some activities, or the additional benefits of doing so may, on balance, be considered marginal (e.g. support for a community policing programme). Efforts should focus on identifying mitigation and adaptation measures that are significant, feasible, practicable, and contribute to broader development outcomes.

Assessing climate change opportunities and risks

Ask the two initial screening questions below at the concept stage of the activity cycle to help form an early assessment of whether climate change is an important issue to address in the overall design of the aid programme or activity. The IDG Environment and Climate Change Advisor can assist with answering these questions.

Adaptation screening question

Could the physical impacts of climate change significantly affect the intended development outcomes of the activity?

The purpose of this question is to consider whether the development outcomes being sought could be significantly compromised or undermined by the impacts of climate change, which in the Pacific may include:

- Increased risk of inundation, storm surges, erosion and other coastal hazards from rising sea levels
- Loss of freshwater resources from rising sea levels and from changing rainfall patterns
- Loss of marine fisheries due to coral bleaching and ocean acidification
- Adverse effects on commercial and subsistence agriculture from changing rainfall, rising temperatures, and sea level rise
- An increased risk of damage from more intense tropical cyclones
- Increased health risks from climate sensitive diseases

If the answer to the question is 'Yes' then appropriate adaptation measures should be explored and objectives defined.

Mitigation screening question

Will the activity lead to a significant increase in GHG emissions and, if so, does this outweigh the development outcomes?

While ultimately desirable to only implement activities that bring about a reduction in GHG emissions, development that meets country priorities may sometimes lead to an unavoidable increase in emissions. For example, enhancement to the tourism sector in Pacific countries will inevitably lead to an increase in emissions from aviation and other forms of transport but will also bring important economic benefits. A balance therefore needs to be struck

between supporting the development priorities of partner countries in such a way to limit the rise in GHG (principally carbon) emissions. One way of doing this is to explore lower carbon alternatives such as switching to renewable energy technologies, which has the added benefit of reducing reliance on importing costly fossil fuels.

Considering adaptation and mitigation opportunities in combination

While adaptation and mitigation are often described separately, they are not mutually exclusive; a development activity that aims to address adaptation can (and often should) include measures that address mitigation, and vice versa.

For example, a programme to increase the use of renewable energies would primarily be considered a mitigation activity. At the same time the energy infrastructure would need to be designed in such a way to cope with future impacts of climate change, and may include measures to further strengthen the infrastructure to cope with more extreme weather events.

Equally, an adaptation activity should consider opportunities to limit GHG emissions. For example, new infrastructure developments that take account of future climate impacts in their design should also consider mitigation opportunities, such as ensuring new office buildings are energy efficient.

Considering adaptation and mitigation opportunities in combination will help increase the likelihood that development activities both enhance resilience to climate impacts and contribute towards global efforts to reduce GHG emissions.

Including climate change objectives in activity planning documents

Once climate change risks or opportunities have been identified, the objectives that address the issues must be documented in activity planning documents such as activity design documents, PAAs, contracts and appraisals.

The partner country must also be aware that the activity addresses climate change, and any submissions or Cabinet papers on the activity need to include explicit reference to climate change.

Recording climate change activities on AMS

Maintaining comprehensive, up-to-date, and accurate information on AMS ensures that the range of activities addressing climate change, and their costs, can be reported on when necessary.

Activities that address climate change adaptation and/or mitigation are identified in AMS using climate change statistical markers. For each activity, these are found by selecting **Statistics > Policy Objective Markers**.

Climate change markers in AMS 7.5

AMS 7.5 replaced a single marker for Climate Change with two separate markers, one for Climate Change Mitigation and another for Climate Change Adaptation. In AMS 7.5, activities previously marked as Climate Change were automatically reassigned as Climate Change Mitigation.

Criteria for adaptation and mitigation markers

In order to record a climate change statistical marker against an activity, the activity must meet predetermined criteria (see below) and include at least one objective for climate change adaptation or mitigation. The criteria used by the New Zealand Aid Programme have been developed by the DAC and are widely used by OECD donors.

Definitions and criteria for the climate change markers and all other DAC statistics markers can also be found in the AMS user manual.

Criteria for the Climate Change Adaptation marker

- The climate change adaptation objective is explicitly indicated in the activity documentation
  and
- The activity contains specific measures targeting the DAC definition of climate change adaptation.

Criteria for the Climate Change Mitigation marker

- The mitigation of climate change by limiting anthropogenic (i.e. human derived) emissions of GHGs, including gases regulated by the Montreal Protocol
  or
- The protection and/or enhancement of GHG sinks with reservoirs
  or
- The integration of climate change concerns with the recipient countries' development, strengthening the regulatory and policy framework, or research
  or
- Developing countries' efforts to meet their obligations under the UN Framework Convention on Climate Change.

Classifying an activity as significant or principal against the climate change markers

If the activity satisfies the DAC criteria for adaptation and/or mitigation, the next step is to classify the activity as either significant or principal. The following DAC guidance helps determine the classification most relevant to the specific activity. *Appendix A* provides further guidance on the use of significant and principal classifications as they apply to climate change activities.

Principal

Addressing climate change adaptation or mitigation is one of the main objectives of the activity and is fundamental to its design. The activity would not have been undertaken without climate change as its objective. Climate change must be explicitly addressed in activity documentation through specific actions.

Example: Support for the development of national climate change policies, strategies and plans would be one such example, as would a school's educational programme primarily designed to raise awareness of climate impacts and risks. This type of measure is considered to be climate-specific, as the sole or principal objective of the activity is to address climate change.

Significant

Addressing climate change adaptation or mitigation is an important but not the principal reason for undertaking the activity. Climate change must be explicitly addressed in activity documentation. Avoiding a potential negative impact is not sufficient.

Example: Building infrastructure to a standard that will better withstand a level and intensity of future rainfall and extreme weather events brought about by climate change is an example where climate change is being addressed as part of a wider set of development objectives. This type of activity, where climate change measures have been integrated into the design, is termed 'climate-resilient development' or 'climate-proofing', as the main focus of the activity is targeting a development sector but where climate change objectives are being met in addition.

Climate Change Activity Inventory

Purpose

A Climate Change Activity Inventory is maintained based on information held within AMS. The inventory:

- Ensures all staff can easily access summary information on climate change related activities across all programmes, recognising that not all staff have ready access to and familiarity with AMS reporting
- Where available, allows accurate information to be recorded on the costs of delivering climate change objectives for activities classified as significant

Levels of climate change related expenditure recorded

Information for all fields is extracted directly from AMS with the exception of the four final fields relating to climate change adaptation and mitigation budgeted commitments and expenditure. Financial information in these fields is generated using the following rules:

If the climate change classification in AMS is…	**then the financial information recorded in the climate change inventory is…**
Principal	100% of the activity value for the financial year
Significant	30% of the activity value for the financial year, unless a more accurate figure is readily available Note: The default figure of 30% will be subject to periodic review and may be revised
Not targeted	0% of the activity value for the financial year

Appendix B sets out the percentage levels of expenditure recorded in the Climate Change Activity Inventory according to the ten aid modalities recognised by MFAT.

Checking accuracy of the information in the inventory

The IDG Information and Statistical Analyst may periodically request that programme teams check the accuracy of the information in the inventory. If there is a pressing operational need, this may include a request to enter more accurate costs for high-spending activities marked significant against the climate change marker(s) where such costs are known.

Roles and responsibilities

Roles and responsibilities for the inventory are set out below.

Role	Responsibilities
IDG Environment and Climate Change Specialist	• Guidance to programme staff on the application and use of the climate change markers, and quality assurance • Generating summaries and reports from information contained in the Climate Change Activity Inventory
Environment Community of Practice (COP)	• Guidance to programme staff on the application and use of the climate change markers
IDG Information and Statistical Analyst	• Updating the Climate Change Activity Inventory with information from AMS • Overall quality assurance
IDG Programme Deputy Directors	• Checking the accuracy of information on the Climate Change Activity Inventory • Manually entering accurate costs (budgeted and spent) relating to climate change activities classified as 'significant' where these costs are known to differ from the 30% default

APPENDICES

Appendix A: Examples of Principal and Significant Climate Change Activities

This annex provides a list of example activities that would qualify for classification as significant or principal against the climate change mitigation and adaptation markers. It should be used for general guidance only. *The list of sectors is not exhaustive: climate change is expected to affect many other sectors, influence humanitarian assistance, and interact with other cross-cutting issues such as gender and human rights.*

Mitigation examples

Sector	Significant	Principal
Enabling, policy, and planning	The activity design includes an objective to strengthen policy and planning processes, and/or enabling activities, related to climate change mitigation. ***Example:*** Strengthening the capacity of national planning or environment institutions whose responsibilities include coordinating and planning mitigation activities and the integration of low carbon development into planning and budget processes.	The activity is principally designed to strengthen policy and planning processes, and/or enabling activities, related to climate change mitigation. ***Example:*** Improving information and evidence gathering and analysis relating to greenhouse gases and climate change to help in the development and preparation of national greenhouse gas inventories, national communications and partner countries' independent climate change negotiation capability
Energy	The activity design includes an objective to reduce greenhouse gas emissions in the selected sector. ***Example:*** Upgrading and expansion of power generation capacity including but not limited to the use of renewable energy technologies and/or energy efficiency measures.	The activity is principally designed to reduce greenhouse gas emissions in the selected sector. ***Example:*** Upgrading and expansion of power generation capacity entirely through the use of renewable energy technologies, combined with energy efficiency measures and demand side management.
Forestry	The activity design includes an objective to protect and enhance forests as greenhouse gas sinks. ***Example:*** Building national capacity for sustainable forest management.	The activity design is principally designed to protect and enhance forests as greenhouse gas sinks. ***Example:*** Targeted measures for afforestation and reforestation in forest degraded areas.

Adaptation examples

Sector	Significant	Principal
Enabling, policy, and planning	The activity design includes an objective to strengthen policy and planning processes, and/or enabling activities, related to climate change adaptation. ***Example:*** Strengthening the capacity of national planning institutions whose responsibilities include coordinating and planning adaptation activities, the integration of adaptation into planning and budget processes, and regional and international climate change policy work and negotiations.	The activity is principally designed to strengthen policy and planning processes, and/or enabling activities, related to climate change adaptation. ***Example:*** Improving the capture of climate information, the development of related information systems, and the distribution of climate information to decision makers.
Water and sanitation	The activity design includes an objective to address future hydrological patterns caused by climate change. ***Example:*** Projections of future groundwater availability from a freshwater lens are built into the activity design when upgrading a water and sanitation system.	The activity is principally designed to address changes in hydrological patterns caused by climate change. ***Example:*** A specific activity to promote water conservation and rainwater harvesting in areas where enhanced water stress due to climate change is anticipated.
Health	The activity design includes an objective to address changing health hazards brought about by climate change. ***Example:*** A programme of malaria control and management takes account of future patterns of disease vectors caused by changing temperatures and rainfall.	The activity is principally designed to address changing health hazards brought about by climate change. ***Example:*** Developing or enhancing systems for monitoring drinking water, food and air quality, in areas affected by higher temperatures, floods and rising sea level.

Sector	Significant	Principal
Infrastructure	The infrastructure development includes an objective to address the changing physical impacts of climate change. ***Example:*** When building transport infrastructure, the design takes account of projections in rainfall and flooding caused by climate change.	The infrastructure development is principally designed to address the changing physical impacts of climate change. ***Example:*** Design and construction of measures to protect critical utilities from the impacts of increases in floods and storms anticipated by climate change.
Agriculture	The activity design includes an objective to address future risks to agricultural productivity arising from climate change. ***Example:*** Expanded crop production is designed to take account of future patterns of rainfall for irrigation.	The activity is principally designed to address future risks to agricultural productivity arising from climate change. ***Example:*** Promoting diversified agricultural production to reduce climate risk, such as by growing a mix of different crops and different climate-resilient varieties of each crop.
Fisheries	The activity design includes an objective to address future risks to fisheries sustainability and productivity arising from climate change. ***Example:*** Initiatives designed to reduce unsustainable impacts on coastal fisheries to maximise the natural potential	The activity is principally designed to address future risks to fisheries sustainability and productivity arising from climate change. ***Example:*** Diversification of fisheries capture, production, and processing to allow fishers to be able to switch more easily to those methods and areas least affected, or favoured, by the changing climate.

Sector	Significant	Principal
Forestry	The activity design includes an objective to address future risks to forests, forest ecosystems, and forest-dwelling communities arising from climate change. ***Example:*** Promoting sustainable forest management and adopting harvesting techniques that reduce soil erosion and exposure to wildfires, and promote forest conservation of biodiversity in order to build the resilience of forest ecosystems to the impacts of climate change.	The activity is principally designed to address future risks to forests, forest ecosystems, and forest-dwelling communities arising from climate change. ***Example:*** Securing local and indigenous people's rights and systems for a sustainable and long term utilisation of the forest in order to increase resilience to climate change.
Disaster risk reduction	The activity design includes an objective to reduce risks caused by changes in the patterns of natural hazards brought about by climate change. ***Example:*** Building capacity for emergency preparedness at various levels, to improve the handling of all natural hazards including those brought about by climate change.	The activity is principally designed to reduce risks from disasters brought about by climate change. ***Example:*** Making disaster risk reduction (DRR) information and tools more accessible for climate change adaptation managers – promoting the role of DRR in climate change adaptation policies, strategies and programmes.
Education	The activity design includes an objective to raise awareness of the impacts, risks etc caused by climate change. ***Example:*** The educational programme contains elements that improve understanding of climate change impacts, causes, science etc. For example, scholarships focussed on the study of climate change.	The activity is principally designed to raise awareness of the impacts, risks etc. caused by climate change. ***Example:*** The principal purpose of the educational programme is to improve understanding of climate change impacts, causes, science etc. For example, For example, the funding of a post-graduate course on climate change.

Appendix B: Framework for Recording Climate Change Related ODA

The following table sets out a framework for the percentage levels of expenditure recorded in the Climate Change Activity Inventory for climate change related activities classified as significant or principal. These are listed for the ten aid modalities recognised by MFAT.

Broadly speaking, for aid modalities where the climate change activity is classified as significant, 30% of the total activity expenditure is recorded unless an alternative, more accurate figure is available. This may happen for example where:

- A multilateral fund supporting a range of thematic areas publishes the level of expenditure programmed on climate change;
- The additional costs to climate-proof an infrastructure project have been determined.

Modality	Level of Climate Change Expenditure Recorded	
	Significant	**Principal**
International pooled fund	Where the fund includes one or more objectives to address climate change: **Either** the percentage level of spend on climate change provided by the fund managers **Or** 30% where no cost estimates are available.	100%, where the fund is principally designed to address climate change mitigation and/or adaptation.
National poverty reduction support	30%, where the support includes one or more objectives to address climate change.	Not applicable.
Sector support	30%, where the support includes one or more objectives to address climate change.	Unlikely to be applicable.
Organisational support/ strategic partnership	Where the support includes one or more objectives to address climate change: **Either** the percentage level of spend on climate change provided by the organisation **Or** 30% where no cost estimates are available.	100%, where the organisation/partnership is principally established to address climate change mitigation and/or adaptation.

Modality	Level of Climate Change Expenditure Recorded	
	Significant	**Principal**
Contestable funds	Where the funded activity includes one or more objectives to address climate change: **Either** the percentage level of spend on climate change associated with the funded activity **Or** 30% where no cost estimates are available.	100%, where the funded activity is principally designed to address climate change mitigation and/or adaptation.
Scholarships and training	30%, where the scholarships or training opportunity includes one or more objectives to address climate change.	100%, where the scholarships or training opportunity is principally about climate change mitigation and/or adaptation.
Partner project	Where the funded activity includes one or more objectives to address climate change: **Either** the percentage level of spend on climate change associated with the funded activity **Or** 30% where no cost estimates are available.	100%, where the project is principally designed to address climate change mitigation and/or adaptation.
Joint project	Where the funded activity includes one or more objectives to address climate change: **Either** the percentage level of spend on climate change associated with the funded activity. **Or** 30% where no cost estimates are available.	100%, where the project is principally designed to address climate change mitigation and/or adaptation.
Third party project	Where the funded activity includes one or more objectives to address climate change: **Either** the percentage level of spend on climate change associated with the funded activity **Or** 30% where no cost estimates are available.	100%, where the project is principally designed to address climate change mitigation and/or adaptation.
Technical assistance project	Where the funded activity includes one or more objectives to address climate change: **Either** the percentage level of spend on climate change for the funded activity **Or** 30% where no cost estimates are available.	100%, where the project is principally designed to address climate change mitigation and/or adaptation.

ACRONYMS

Acronym	Definition
AMS	The software used to manage New Zealand Aid Programme activities
CSFfD	Country Strategic Framework for Development
DAC	Development Assistance Committee of the OECD
GHG	Greenhouse gas
JCfD	Joint Commitment for Development
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development