



## QUICK TIPS

# ACTIVITIES THAT QUALIFY FOR RIO MARKERS IN PRIVATE SECTOR DEVELOPMENT AND TRADE

Over the 2014-2020 period, the EU committed to spend at least 20 % of its budget on climate related actions. These commitments are being stepped up in the Neighbourhood, Development and International Cooperation Instrument (NDICI - Global Europe) to at least 30 % for climate action. As regards biodiversity, in 2012 the Union endorsed the Hyderabad objective to 'double total biodiversity-related international financial resource flows to developing countries' by 2015 – and up to 2020 – against a baseline value of € 167 million per year. Over the coming years, the EU should also ensure that spending has no negative impacts on biodiversity and supports the achievement of biodiversity targets, including by aiming to dedicate 7.5% of the overall EU budget to biodiversity objectives as of 2024 and 10% as of 2026.

Four 'Rio markers' were developed by the OECD Development Assistance Committee (DAC) to identify the contribution of actions to the objectives of UN Rio Conventions (two markers related to the Framework Convention on Climate Change, one to the Convention on Biological Diversity and one to the Convention to Combat Desertification and Land Degradation). The Rio markers are used by DG INTPA to keep track of financial contributions to the Rio themes. In line with a methodology adopted by the OECD DAC, there are three possible scores (0, 1 and 2) for Rio markers. DG INTPA assesses that a certain percentage of an action's budget can be considered to contribute to a Rio theme, based on the score of the corresponding Rio marker, as follows:



**if Biodiversity,  
Desertification  
or Climate Change**



IS NOT TARGETED

RM=0 0% BUDGET

IS A SIGNIFICANT OBJECTIVE

RM=1 40% BUDGET

IS A PRINCIPAL OBJECTIVE

RM=2 100% BUDGET

The scoring must be carried out in accordance with the corresponding [OECD DAC directives](#).<sup>1</sup>

An activity can be marked as "principal" when the objective (biodiversity, combating desertification, climate change mitigation, climate change adaptation) is explicitly stated as fundamental in the design of, or the motivation for, the activity. To be marked "significant", the objective must be explicitly stated but is not a fundamental driver or motivation for undertaking and designing the activity.

<sup>1</sup> [OECD DAC \(2018\) Converged Statistical Reporting Directives for the Creditor Reporting System \(CRS\) and the Annual DAC Questionnaire. Annexes – modules D and E \(Annex 18 – Rio markers\). DCD/DAC/STAT\(2018\)9/ADD2/FINAL](#).



## Biodiversity

An activity should be classified as biodiversity-related if it promotes at least one of the three objectives of the Convention on Biological Diversity: (1) the conservation of biodiversity; (2) sustainable use of its components (ecosystems, species or genetic resources); or (3) fair and equitable sharing of the benefits of the utilisation of genetic resources.

**Eligibility criteria** are as follows:

The activity contributes to:

- a) Protection or enhancement of ecosystems, species or genetic resources through in-situ or ex-situ conservation, or remedying existing environmental damage; **or**
- b) Integration of biodiversity and ecosystem services concerns within recipient countries' development objectives and economic decision-making, through institution building, capacity development, strengthening the regulatory and policy framework, or research; **or**
- c) Developing countries' efforts to meet their obligations under the Convention.

The activity will be scored '**principal objective**' (i.e. RM2) if it directly and explicitly aims to achieve one or more of the above three criteria.

**Typical activities in private sector development or trade that can qualify for the Biodiversity Rio marker<sup>2</sup>** include:

### *Activities under Banking and Financial Services (DAC Code 240)*

- ▶ Activities that support the banking and financial sector can be marked as biodiversity-related if they are directed to setting up specific financial services or activities with a positive impact on the environment and biodiversity (score 2) or if they include activities such as biodiversity mainstreaming in investment projects (score 1).
  - Blending and investment facilities for leveraging private finance into biodiversity conservation (RM2)
  - Support microfinance institutions to offer a new agricultural product which can be developed to support sustainable and environmentally friendly rural enterprises (RM1)

### *Activities under Business and Other Services (DAC Code 250)*

- ▶ Support to the mainstreaming of biodiversity considerations in business and services can be scored against the biodiversity marker.
- ▶ Activities that support business that primarily pursue at least one of the three objectives of the Convention (such as sustainable use of ecosystem services or a fair and equitable sharing of the profits of the utilisation of genetic resources) can be scored 2.
- ▶ Activities including the provision of advice to business in greening their practices or incentives for private sector to include biodiversity concepts in their strategies or guide their investments can be scored 1.
  - Development of productive business and value chains based on natural products arisen from biodiversity and under the criteria of environmental, social and economic sustainability, an example of which is the BioTrade initiative (RM2) or in line with Forest Law Enforcement, Governance and Trade (FLEGT).
  - The project aims at improving the standard of living of the small producers in the communities involved by reducing their economic and social vulnerability, and increasing the environmental sustainability of their production (RM1).
  - Promotion of market-based standards facilitating the transformation of production, global supply chains and consumption patterns into more sustainable ones, such as production of new materials including bio-based materials that are reusable, recyclable or compostable, and substitution of virgin materials with secondary raw materials and by-products.

### *Activities under Industry, Mineral Resources and Mining, Construction (DAC Code 320)*

- ▶ Projects in this category cover a wide range of activities that typically do not contribute to the objectives of the CBD. The ones that are more likely to be linked to biodiversity are Agro Industries (Code 32161) and, in specific cases, Small and medium-sized enterprises (SME) development (32130). If they include an ecosystem or biodiversity component, they would score 1.
- ▶ Contribute towards the development of sustainable production and consumption practices in the rattan value chain that promotes responsible exploitation of the resources and protection of the environment (RM1).

<sup>2</sup> OECD (2019). Indicative Table for the Rio marker for Biodiversity. DCD/DAC/STAT(2018)26/final.

*Activities under Trade Policy and Regulations and Trade-Related Adjustment (DAC Code 331)*

- ▶ Any trade policy that promotes biodiversity, such as through sustainable agricultural and farming practices, ecosystem services, or sustainably harvested forest products, is an example of a CBD-relevant activity that would score 1.
  - Support to biodiversity-specific trade conventions such as CITES (RM2)
  - Sustainable trade initiative with the overall purpose of assuring the environmental sustainability of traded goods (RM1)
  - Capacity building or support to negotiating parties related to trade agreements, where biodiversity conservation issues and/or traditional knowledge of indigenous people and local communities are concerned (RM1).

*Activities under Tourism (DAC Code 322)*

- ▶ The tourism industry is a worldwide growing sector and it represents one of the priority sectors in the economies of developing countries. Tourism activities can be scored if they are carried out in line with the CBD Guidelines on Biodiversity and Tourism Development which, among other things, recognise efforts by stakeholders to promote awareness of sustainable travel choices. If a project's primary purpose is related to biodiversity, the appropriate score is 2; if biodiversity is significant but not the primary purpose, the appropriate score is 1.
  - Increase small and medium business growth in an environmentally sustainable manner through market-driven sustainable tourism development linkage programmes, cluster activities, and a reinvention of the tourism offerings in fragile coastal and inland environments (RM2)
  - Technical assistance to the Nature and Biodiversity Conservation Union that is aiming its activities at protecting biodiversity, promoting sustainable development, protected areas, community-minded programmes on conservation and environmental education (RM2)
  - Technical assistance in terms of policy advice on creating a master plan for sustainable tourism (RM1)

## Combating Desertification



An activity should be classified as desertification-related if it aims at combating desertification or mitigating the effects of drought in arid, semi-arid and dry sub-humid areas through prevention and/or reduction of land degradation, rehabilitation of partly degraded land, or reclamation of desertified land.

**Eligibility criteria** are as follows:

The activity contributes to:

- a) Protecting or enhancing dryland ecosystems or remedying existing environmental damage; **or**
- b) Integrating desertification concerns in recipient countries' development objectives through institution building, capacity development, strengthening the regulatory and policy framework, or research; **or**
- c) Developing countries' efforts to meet their obligations under the United Nations Convention to Combat Desertification.

The activity will be scored '**principal objective**' (i.e. RM2) if it directly and explicitly aims to achieve one or more of the above criteria, including in the context of the realisation of national, sub-regional or regional action programmes.

**Typical activities in private sector development or trade that can qualify for the Desertification Rio marker** include:

- ▶ Promotion of business development services and/or access to finance (bringing together private investors to fund projects) in support of sustainable and climate smart agriculture (e.g. in benefit of deforested areas or sustainable cattle practices combined with pastures restoration); forestry and agro-forestry projects (e.g. in benefit of tree replanting to fight desertification or sustainable charcoal production), and green infrastructure in urban areas (revitalization of vacant properties and forestry projects in urban areas).

## Climate Change Mitigation



An activity should be classified as climate change mitigation-related if it contributes to the objective of stabilising green-house 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 enhance GHG sequestration.

**Eligibility criteria** are the following:

The activity contributes to:

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

The activity will be scored '**principal objective**' (i.e. RM2) if it directly and explicitly aims to achieve one or more of the above four criteria.

See below the table with examples of activities that qualify for a climate change mitigation marker.



## Climate Change Adaptation

An activity should be classified as climate change adaptation-related if it intends to reduce the vulnerability of human or natural systems to the current and expected impacts of climate change, including climate variability, by maintaining or increasing resilience, through increased ability to adapt to, or absorb, climate change stresses, shocks and variability and/or by helping reduce exposure to them.

This encompasses a range of activities from information and knowledge generation to capacity development, planning and the implementation of climate change adaptation actions.

**Eligibility criteria** are the following:

An activity is eligible for the climate change adaptation marker if:

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

To guide scoring, a three-step approach is recommended as a 'best practice', in particular to justify a Rio Marker 2 score:

- ▶ **Setting out the context of risks, vulnerabilities and impacts related to climate variability and climate change:** for a project to be considered as one that contributed to adaptation to climate change, the context of climate vulnerability should be set out clearly using a robust evidence base. This could take a variety of forms, including use of material from existing analyses and reports, or original, bespoke climate vulnerability assessment analysis carried out as part of the preparation of a project.
- ▶ **Stating the intent to address the identified risks, vulnerabilities and impacts in project documentation:** the project should set out how it intends to address the context- and location-specific climate change vulnerabilities, as set out in existing analyses, reports or the project's climate vulnerability assessment.
- ▶ **Demonstrating a clear and direct link between the identified risks, vulnerabilities and impacts and the specific project activities:** the project should explicitly address risk and vulnerabilities under current and future climate change as identified in the project documentation.

See below the table with examples of activities that qualify for a climate change adaptation marker.<sup>3</sup>

<sup>3</sup> [OECD DAC Rio Markers for Climate Handbook](#)

## PRIVATE SECTOR DEVELOPMENT AND TRADE

SUB-SECTOR/ CRS PURPOSE CODE

**250**

### Business & Other Services

RATIONALE FOR SCORING

Support to the mainstreaming of climate change considerations in businesses and services can be scored against adaptation or mitigation marker.

#### Mitigation

Activities including the provision of advice to business in greening their practices or incentives for private sector to include climate change concepts in their strategies or guide their investment can score mitigation 1. If the main objective is to implement projects to reduce GHG emissions, then it can be scored against mitigation 2.

#### Adaptation

Business and services can contribute to climate change adaptation in a number of ways e.g. by diversifying income opportunities for communities that cannot continue their traditional way of life as a result of climate change but also by supporting the development, distribution or adoption of new technologies to better deal with climate change.

SUB-SECTOR/ CRS PURPOSE CODE

**321**

### Industry

SUB-SECTOR/ CRS PURPOSE CODE

Inclusive and sustainable industries can be marked as mitigation or adaptation.

#### Mitigation

For mitigation, changes in the demand patterns influence the resource chain and have impacts on GHG emissions. Improvements in processes and cleaner production (e.g. cement, chemicals) can bring mitigation benefits. A mitigation marker score 1 can be applied to relevant improvements in the production methods to reduce emission of GHG emissions.

#### Adaptation

Activities designed to include considerations of climate change impacts, like design of climate-resilient equipment, can be scored against the adaptation marker with score 1, or even 2 depending on the purpose of the activity.

MITIGATION

**1, 0 or 2**

ADAPTATION

**1, 0 or 2**

EXAMPLES OF QUALIFYING ACTIVITIES

#### Mitigation

- ▶ Finance measures in the field of climate protection for preparing and supporting private investment on a public private partnership basis (PPP). (mitigation score 2).

#### Adaptation

- ▶ Tools to strengthen the capacity of the private sector for climate change (adaptation score 1 or 2).
- ▶ Linking initiatives, stakeholders and knowledge for climate resilient livelihood security including vulnerability to climate change (adaptation score 1).

SUB-SECTOR/ CRS PURPOSE CODE

**0, 1 or 2**

ADAPTATION

**0, 1 or 2**

EXAMPLES OF QUALIFYING ACTIVITIES

#### Mitigation

- ▶ Promotion of adoption of energy-efficiency standards and other environmental standards expected to reduce GHG emissions as part of trade-related assistance (mitigation score 1 if a sufficiently prominent objective).

#### Adaptation

- ▶ Retrofitting of industrial facilities to enhance resilience to climate-related risks (adaptation score 1).
- ▶ Switching to less water consuming production technologies reduces vulnerability against water shortage (adaptation score 1).

SUB-SECTOR/ CRS PURPOSE CODE	MITIGATION <b>0 or 1</b>	ADAPTATION <b>0 or 1</b>
<b>322</b> <b>Mineral Resources &amp; Mining</b>		
SUB-SECTOR/ CRS PURPOSE CODE	EXAMPLES OF QUALIFYING ACTIVITIES	
<b>Mitigation</b> Improvements in energy efficiency of mining industry and the use of renewable energy as power source could be scored against the mitigation marker if properly justified.	<b>Mitigation</b> ▶ Improvement of energy efficiency measures in mining process (mitigation score 1).	
<b>Adaptation</b> Climate change considerations in the improved design of mining activities could be scored against the adaptation marker if properly justified.	<b>Adaptation</b> ▶ Analytical studies or capacity building to improve climate resilience of mining industries (adaptation score 1). ▶ Changes in the design of open pit mines to adapt to flooding due to increased precipitation can be scored against adaptation (adaptation score 1).	
SUB-SECTOR/ CRS PURPOSE CODE	MITIGATION <b>0 or 1</b>	ADAPTATION <b>0, 1 or 2</b>
<b>331</b> <b>Trade Policies &amp; Regulations</b>		
RATIONALE FOR SCORING	EXAMPLES OF QUALIFYING ACTIVITIES	
Trade can be disrupted by climate-related disasters and therefore, can be subject to activities that are focused on mitigating the causes of climate change or adapting to the effects of it.	<b>Mitigation</b> ▶ Development of carbon market mechanisms for developing countries in the context of climate conventions (mitigation score 1).  <b>Mitigation and adaptation</b> ▶ Assessment of climate change impacts and damages on trade and economic growth (adaptation score 2).	