



# Tracking EU environment-related expenditure, notably on climate change and biodiversity

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**Greening EU** COOPERATION  
Integrating environment & climate change

*7 June 2023*

# Agenda

- Opening remarks and setting the scene
- Spending targets and performance to date
- Indicating and tracking contributions
- Rio markers
- Translating marker scores into financial contributions
- Use of markers in the case of investments
- Encoding of markers
- Q&A
- Eligibility criteria
- Quality control and reporting
- Guidance and support
- Q&A



# Spending targets and performance to date

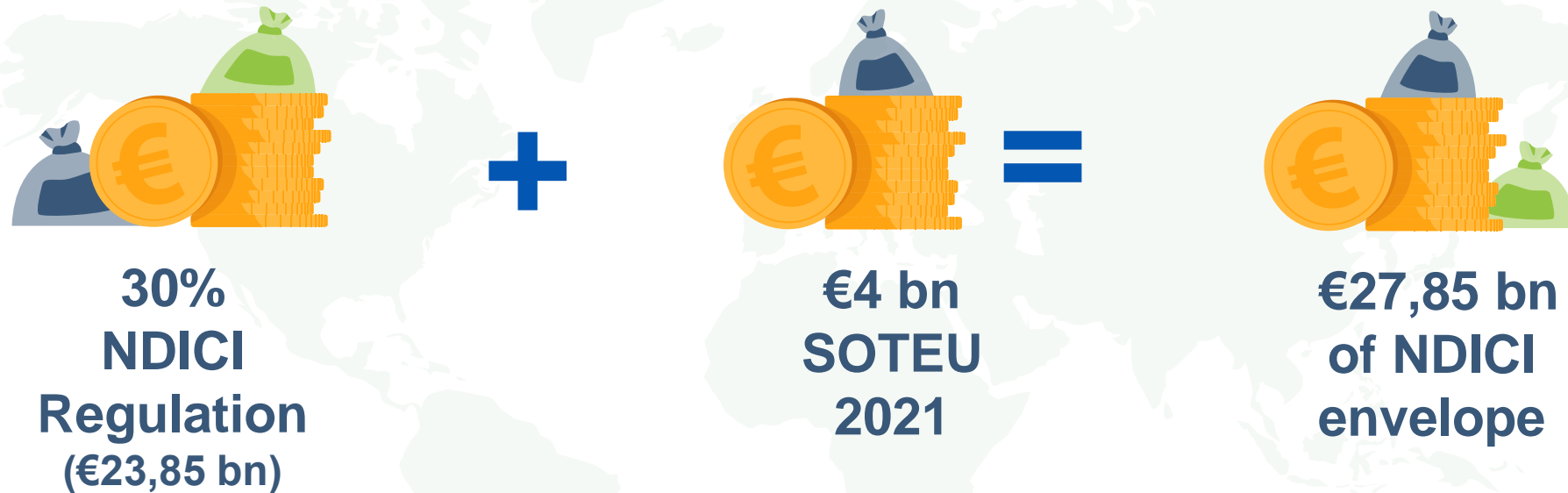


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# Climate target (NDICI – GE)



Total NDICI budget: € 79,5 bn



# Climate target – IPA3

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**18% increasing  
to 20% by 2027**  
**IPA3 Regulation**  
**(€2,55 – €2.83 bn)**



# Biodiversity target (NDICI and IPAIII ambition)



**7.5%** (in 2024)  
**10%** (in 2026 and 2027)  
**(MFF)**



**Doubling Biodiversity Funding**  
**(vs 2014 – 2020 baseline)**  
**(State Of The European Union pledge)**

**€ 7 billion over 2021-27**

\* Some 11% for INTPA-NDICI actions



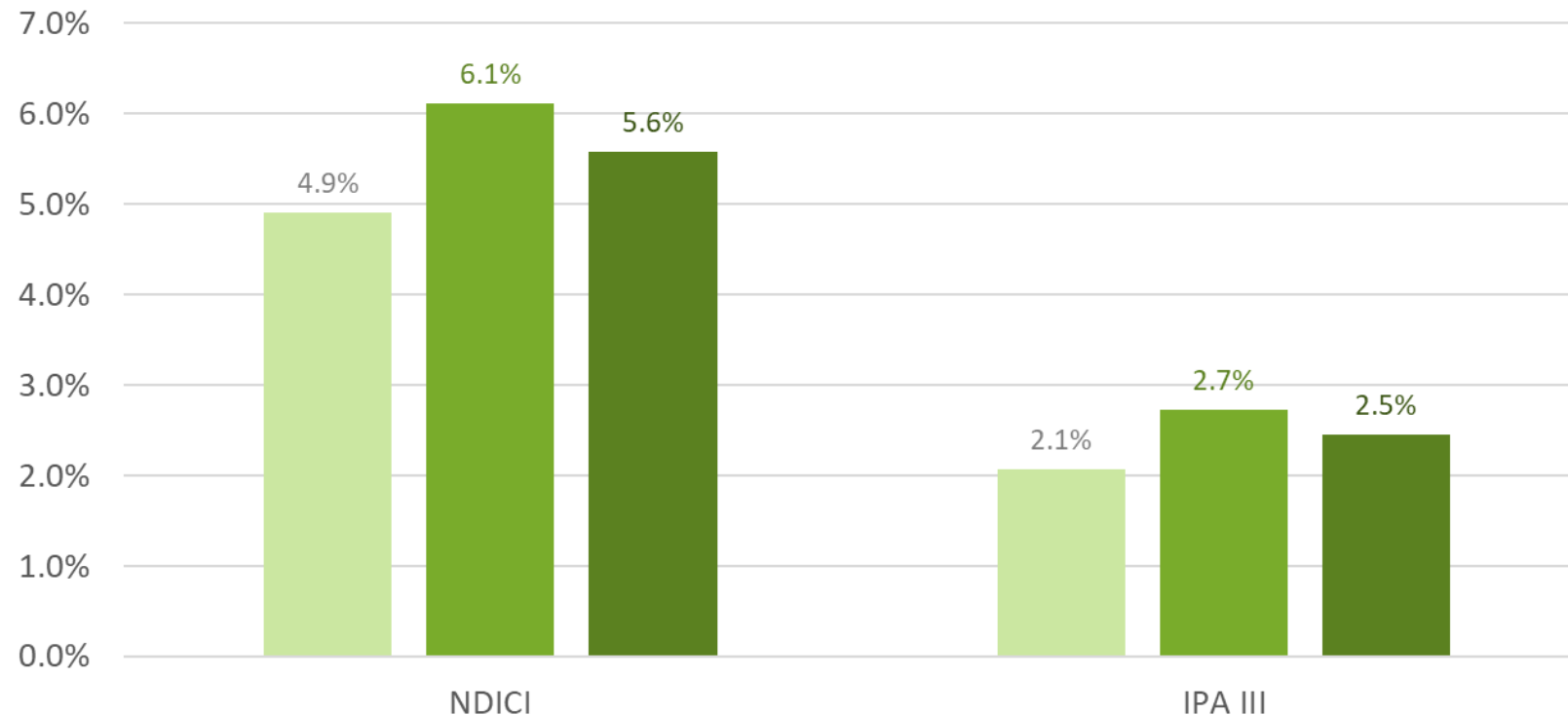
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# Where are we now?

## Biodiversity contributions 2021-2022



2021-2022 Contribution to Biodiversity by Financial Instrument

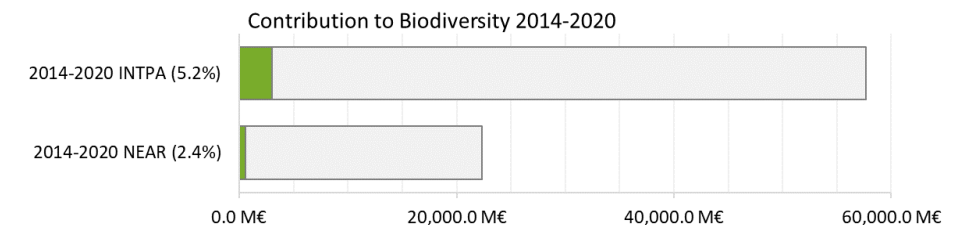


\* 2022 contributions are preliminary

2021 2022 Total



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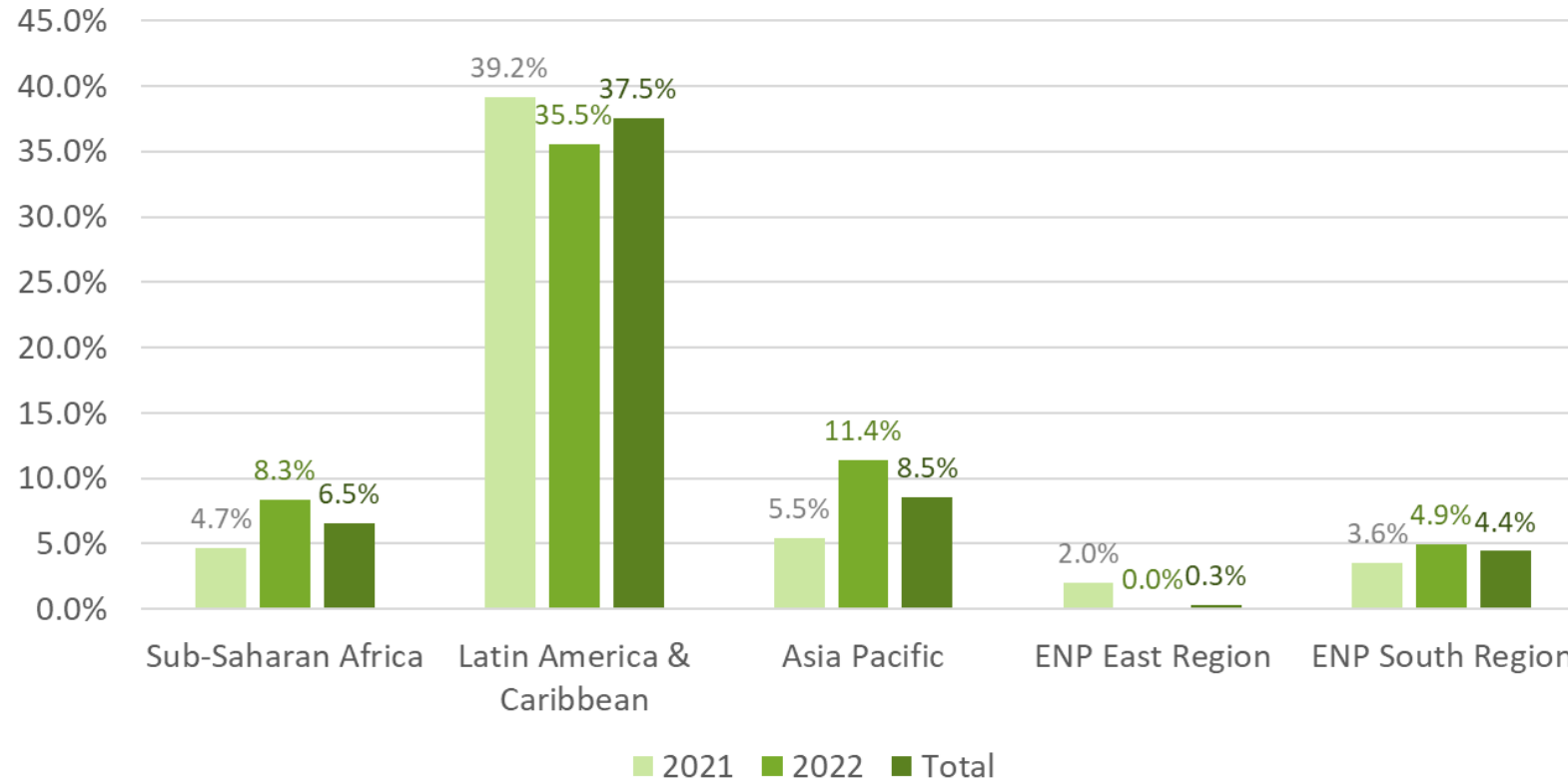


# Where are we now?

## Biodiversity contributions by region



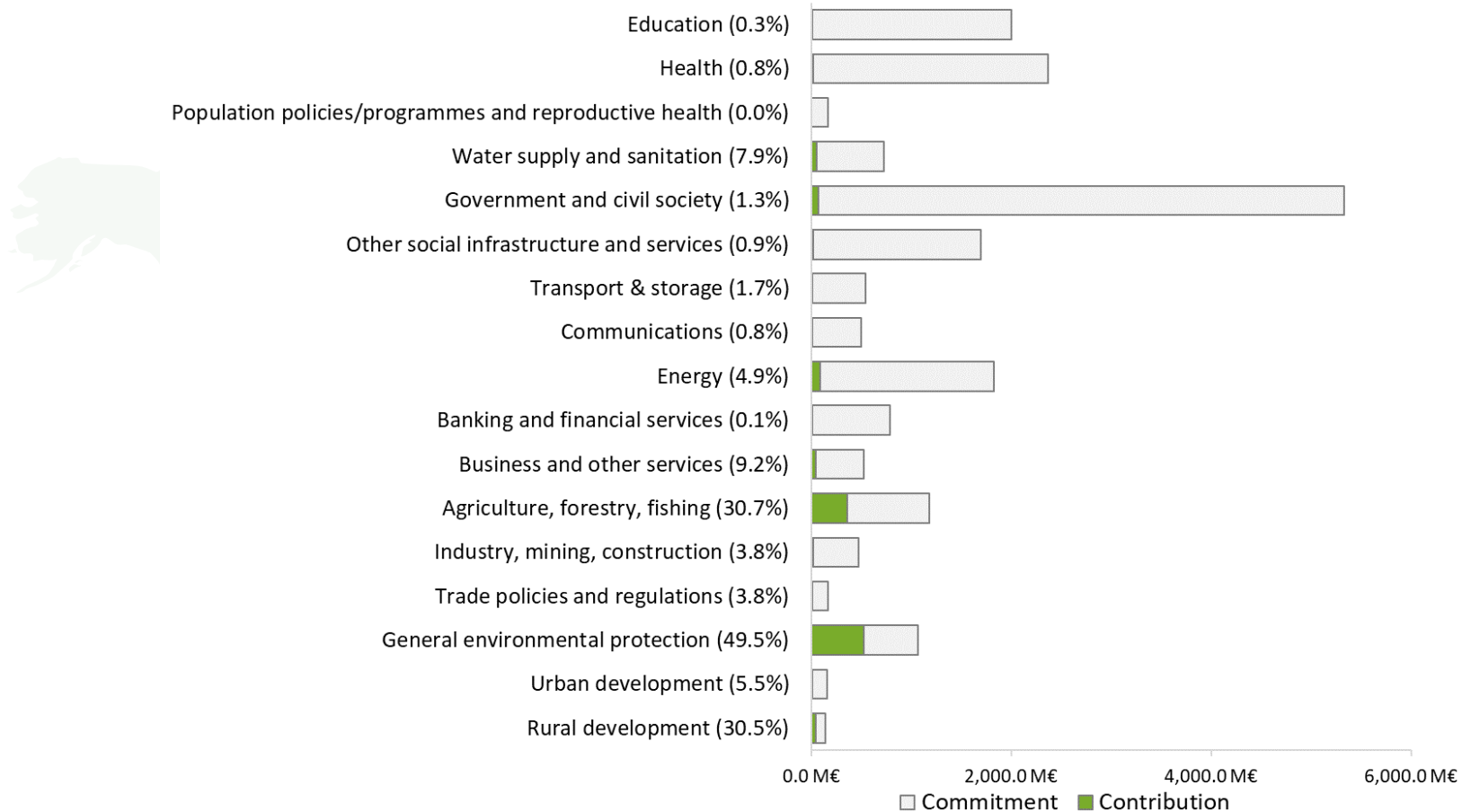
NDICI Contribution to Biodiversity by Region





# Where are we now?

## Biodiversity contributions by sector

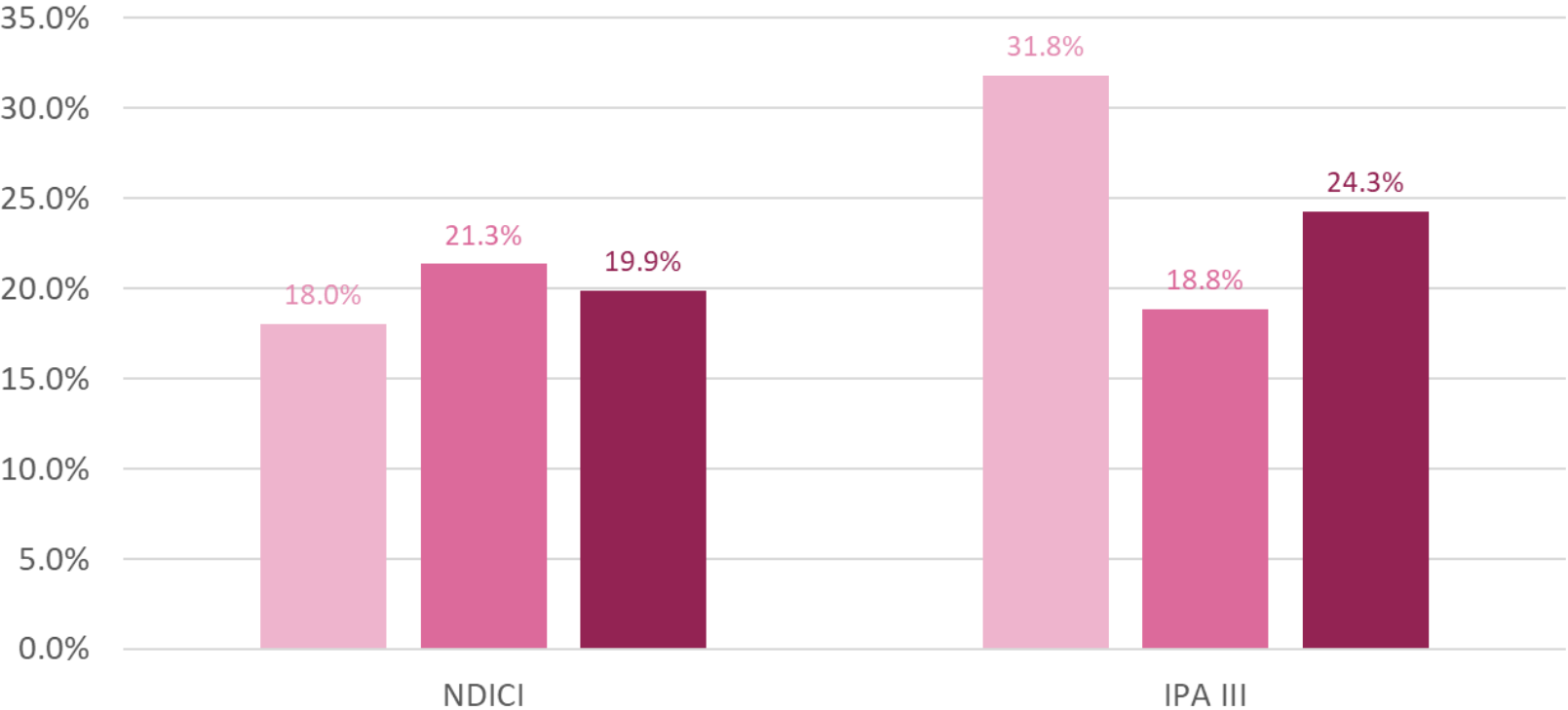


# Where are we now?

## Climate contributions 2021-2022



2021-2022 Contribution to Climate Change by Financial Instrument



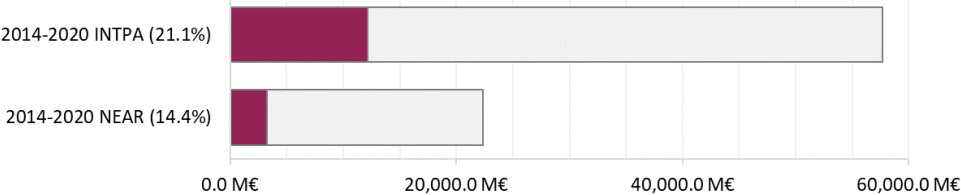
\* 2022 contributions are preliminary

2021 2022 Total



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2014-2020 Contribution to Climate Change

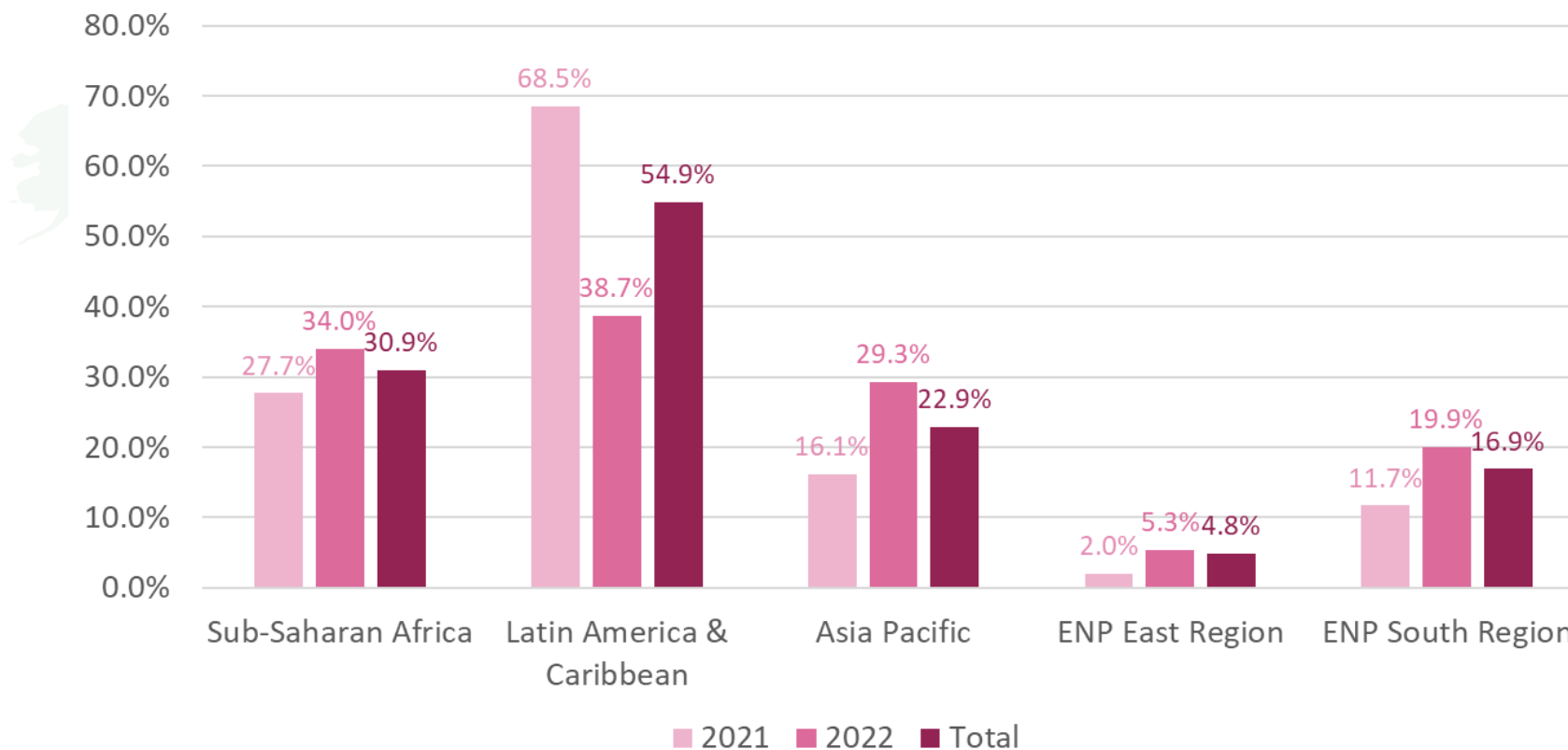


# Where are we now?

## Climate contributions by region



NDICI Contribution to Climate Change by Region

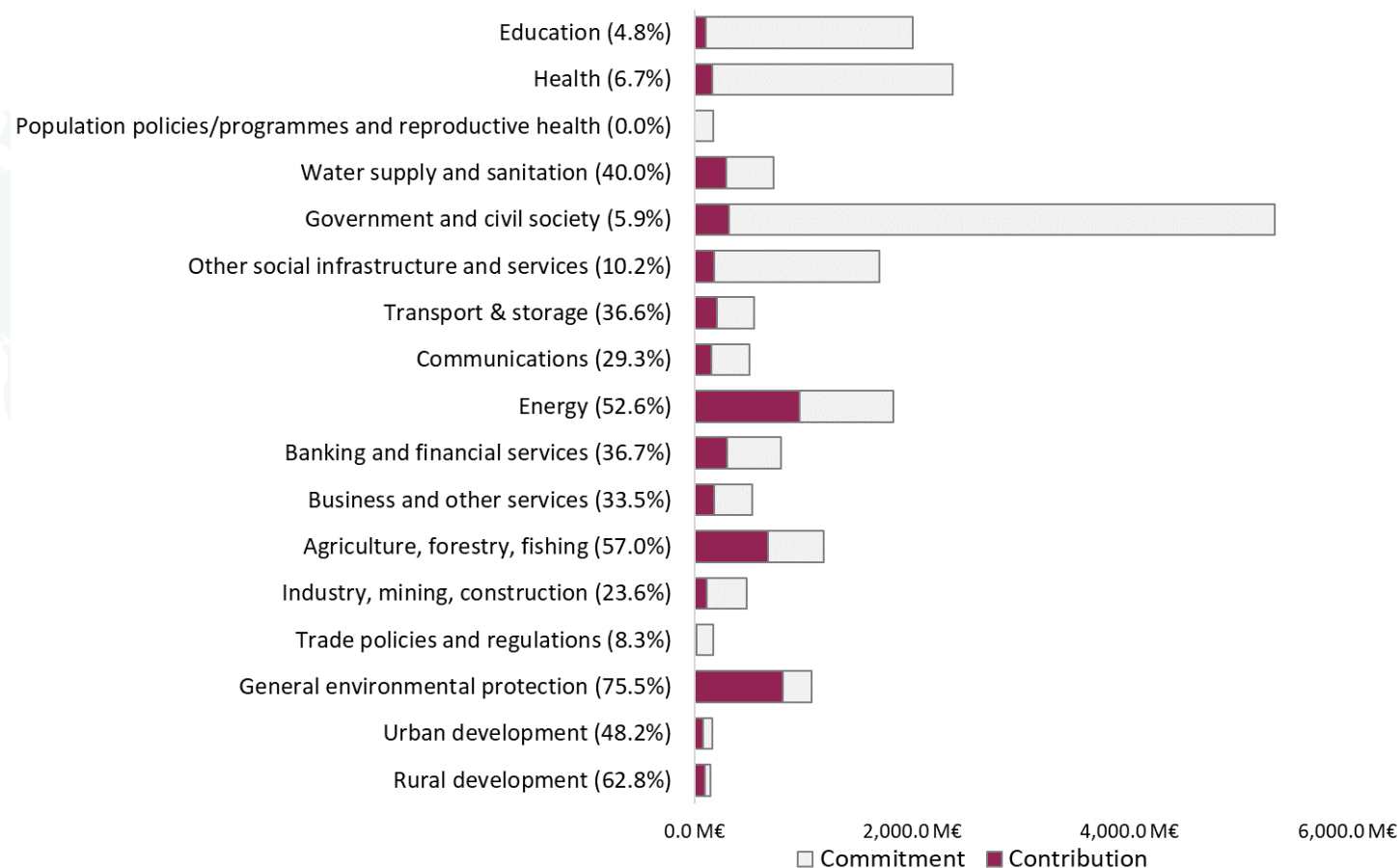


\* 2022 contributions are preliminary



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# Where are we now? Climate contributions by sector– NDICI-GE



# Indicating and tracking contributions



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# Indicating contributions

- NDICI Regulation (Art. 41.8)

*“An annual estimate of the overall spending related to climate action, desertification and biodiversity shall be made on the basis of the indicative programming documents adopted. The funding allocated under the Instrument shall be subject to an annual tracking system based on the methodology of the OECD, namely the ‘environmental markers’ and ‘Rio markers’, without excluding the use of more precise methodology where these are available...”*

- Estimated contributions have to be made for each Action
- Consistency between MIPs, SSC Fiches and Action Documents



# Rio markers

What are they and how to score them



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# What are Rio markers?

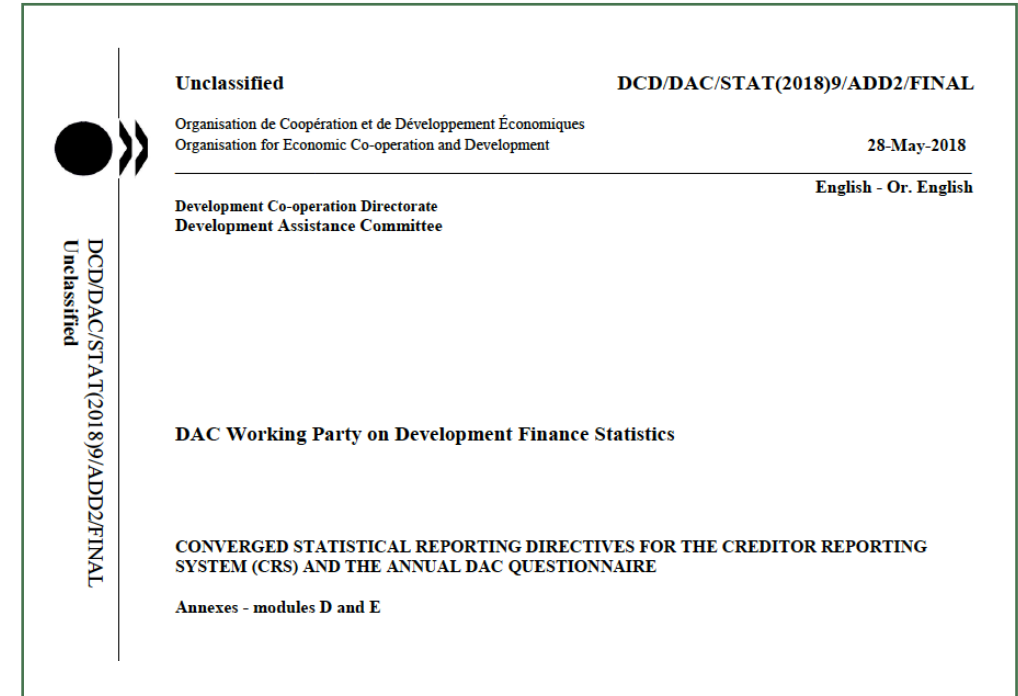
- Created by the OECD DAC to keep track of development aid to the implementation of the Rio Conventions (on biodiversity, combating desertification and climate change)





# Guidance on scoring Policy and Rio markers

- OECD DAC Converged Statistical Reporting Directives for the Creditor Reporting System (CRS) and the Annual DAC Questionnaire. Annexes – modules D and E.  
[DCD/DAC/STAT\(2018\)9/ADD2/FINAL](#)
- Annex 18: Policy markers (Aid to Environment)
- Annex 19: Rio markers



# Possible scores

- “Principal” objective (RM2)

- ✓ Objective of the Rio Convention is **fundamental** to the design/motivation of the action, i.e. *it is one of the principal reasons for undertaking the action*

- ✓ *Note: there can be more than one Principal Objective for an action*

- “Significant” objective (RM1)

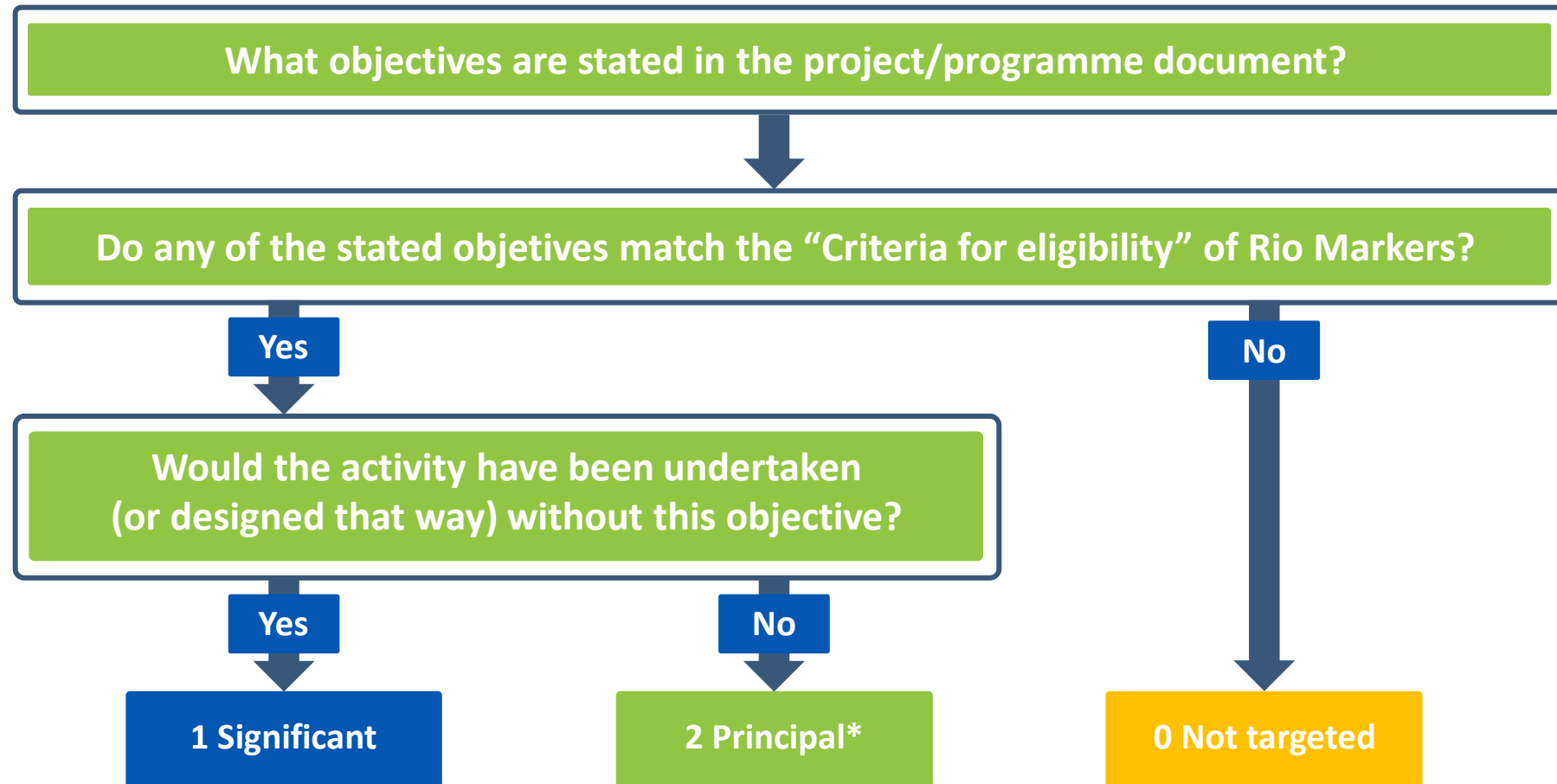
- ✓ Rio theme is not the main motivation, but the action helps meet environmental/Rio concerns. Still, the (Rio) objective must be explicitly stated

- Not targeted (RM0)

- ✓ *Avoiding adverse impact does not justify a marker*



# Decision tree for scoring an activity



# What is required to secure a Rio marker

- *“To facilitate transparency and in light of public scrutiny of the Rio marker data, it is important that (...) the **relation between the activity and the objective** (e.g. climate change mitigation, climate change adaptation, other) is **clearly communicated and made explicit**”*

*OECD DAC guidance*



# Translating marker scores into financial contributions



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# NDICI Regulation (Art. 41.8)

*“...The funding allocated under the Instrument shall be subject to an annual tracking system based on the methodology of the OECD, namely the ‘environmental markers’ and ‘Rio markers’, without excluding the use of more precise methodologies when these are available, integrated into the existing methodology for performance management of Union programmes, to quantify the expenditure related to environmental management and protection, climate action, desertification and biodiversity at the level of the action plans and measures referred to in Article 23 and recorded within evaluations and annual reports”*



# At what level are contributions measured?

Contributions are measured at the level of commitments for purposes of reporting to the OECD DAC



**Level 1: Commitments**

**Level 2: Contracts**

**Level 3: Payments**



by EC convention

The icon consists of a stylized tree with a cloud-like canopy, positioned above three horizontal lines. To the left of these lines are three concentric arcs, resembling a stylized sun or a signal. The entire icon is rendered in a green color.

## 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



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# Avoiding double counting

- Contributions to CC mitigation and CC adaptation are reported separately
- If an action contributes to both adaptation and mitigation in equal measure, a 'cross-cutting' category may be used
- In 2014-2020, if an action scores for both CC mitigation and CC adaptation, only the highest score was considered for purposes of calculating contributions to 'climate action'



# Other considerations

- Rio markers are not mutually exclusive (but multiple markings should be exceptional)
- Rio markers are NOT applied to the following:
  - General budget support (A01); imputed student costs (E02), debt relief (F01) except debt swaps, administrative costs (G01), development awareness (H01) and refugees in donor countries (H02)
  - Multilateral contributions (B02) should not be marked individually by DAC members; international organisations report on allocations of their funds (“multilateral flows”)
- General budget support contributions reported internally based on targeted SDGs
- DG BUDG methodology based on climate coefficients applicable as of next MFF



# Use of Rio markers for investments



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# Rio markings and investments

- For purposes of calculating EU contributions, the marker scores of the corresponding Action Documents (i.e. defining contributions to investment facilities) are used
- The lead FI does its own scoring at the project level, normally using a more granular approach
- Discussions ongoing on the application of Rio markers to Guarantees
- Consistency between contributions at Decision level and individual projects needs to be verified



# Where to indicate contributions to the Climate and Biodiversity targets



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# Indicating contributions to the targets

- In the case of INTPA NDICI, in the SSC Fiche
  - Best approximation with information available. To be followed up at AD level.
  - Remember: contributions can only be 0%, 40% or 100% of the action's budget

*I. Contribution to spending targets and markers (including Global Europe, INTPA and EU targets, expected amounts)*

|   |  |
|---|--|
| <input type="checkbox"/> Migration and forced displacement                        | Amount:  |
| <input type="checkbox"/> Climate  | Amount:  |
| <input type="checkbox"/> Social inclusion and Human Development                   | Amount:  |
| <input type="checkbox"/> Education <sup>4</sup>                                   | Amount:  |
| <input type="checkbox"/> Gender <sup>5</sup>                                      | <input type="checkbox"/> G0 <input type="checkbox"/> G1 <input type="checkbox"/> G2    |
| <input type="checkbox"/> Biodiversity   | Amount:  |
| <input type="checkbox"/> Inequalities   | <input type="checkbox"/> I-0 <input type="checkbox"/> I-1 <input type="checkbox"/> I-2 |
| <input type="checkbox"/> Human Rights, Democracy and Good Governance <sup>6</sup> | Amount:  |



# Indicating contributions to the targets

- In the case of INTPA NDICI, in the SSC Fiche
  - The Financial Overview table should reflect the sum of contributions, by Priority Area, considering that each individual action can only contribute 0%, 40% or 100%

| Expected contribution to spending targets per priority areas (mio EUR) | Total allocated (as per adopted MIP) <sup>1</sup> | Amount already allocated or committed <sup>2</sup> | AAP 2021 | AAP 2022 | AAP 2023 | AAP 2024 | AAP 2025 (if relevant) | AAP 2026 (if relevant) | AAP 2027 (if relevant) | Guarantees | Balance |
|--|---|--|----------|----------|----------|----------|------------------------|------------------------|------------------------|------------|---------|
| Priority Area 1: Green Deals   |   |  |          |          |          |          |                        |                        |                        |            |         |
| Climate Change   |   |  |          |          |          |          |                        |                        |                        |            |         |
| Priority Area 2: Human Capital and Employment                          |   |  |          |          |          |          |                        |                        |                        |            |         |
| Climate Change   |   |  |          |          |          |          |                        |                        |                        |            |         |
| Priority Area 3: Governance  |   |  |          |          |          |          |                        |                        |                        |            |         |
| Climate Change   |   |  |          |          |          |          |                        |                        |                        |            |         |
| Support measures   |   |  |          |          |          |          |                        |                        |                        |            |         |
| Total  |   |  |          |          |          |          |                        |                        |                        |            |         |



# Indicating contributions to the targets

- In the Action Document
  - Refer to the eligibility criteria and guidance

|  | <b>RIO Convention markers</b> | <b>Not targeted</b>      | <b>Significant objective</b> | <b>Principal objective</b> |
|--|-------------------------------|--------------------------|------------------------------|----------------------------|
|  | Biological diversity @        | <input type="checkbox"/> | <input type="checkbox"/>     | <input type="checkbox"/>   |
|  | Combat desertification @      | <input type="checkbox"/> | <input type="checkbox"/>     | <input type="checkbox"/>   |
|  | Climate change mitigation @   | <input type="checkbox"/> | <input type="checkbox"/>     | <input type="checkbox"/>   |
|  | Climate change adaptation @   | <input type="checkbox"/> | <input type="checkbox"/>     | <input type="checkbox"/>   |





# Encoding of markers



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# Data input

- Markers encoded at **action** and **contract** level
  - Normally: action = commitment (level 1), but in a few cases there are 2 or more actions per COM L1
  - Allows for financial statistics at COM L1, contract and payment level
- Being part of reporting to OECD DAC, they are hosted by the DAC form, along with DAC codes and markers
- OPSYS replaced CRIS in 2022
- Markers validated in the AD on paper and then encoded in the system

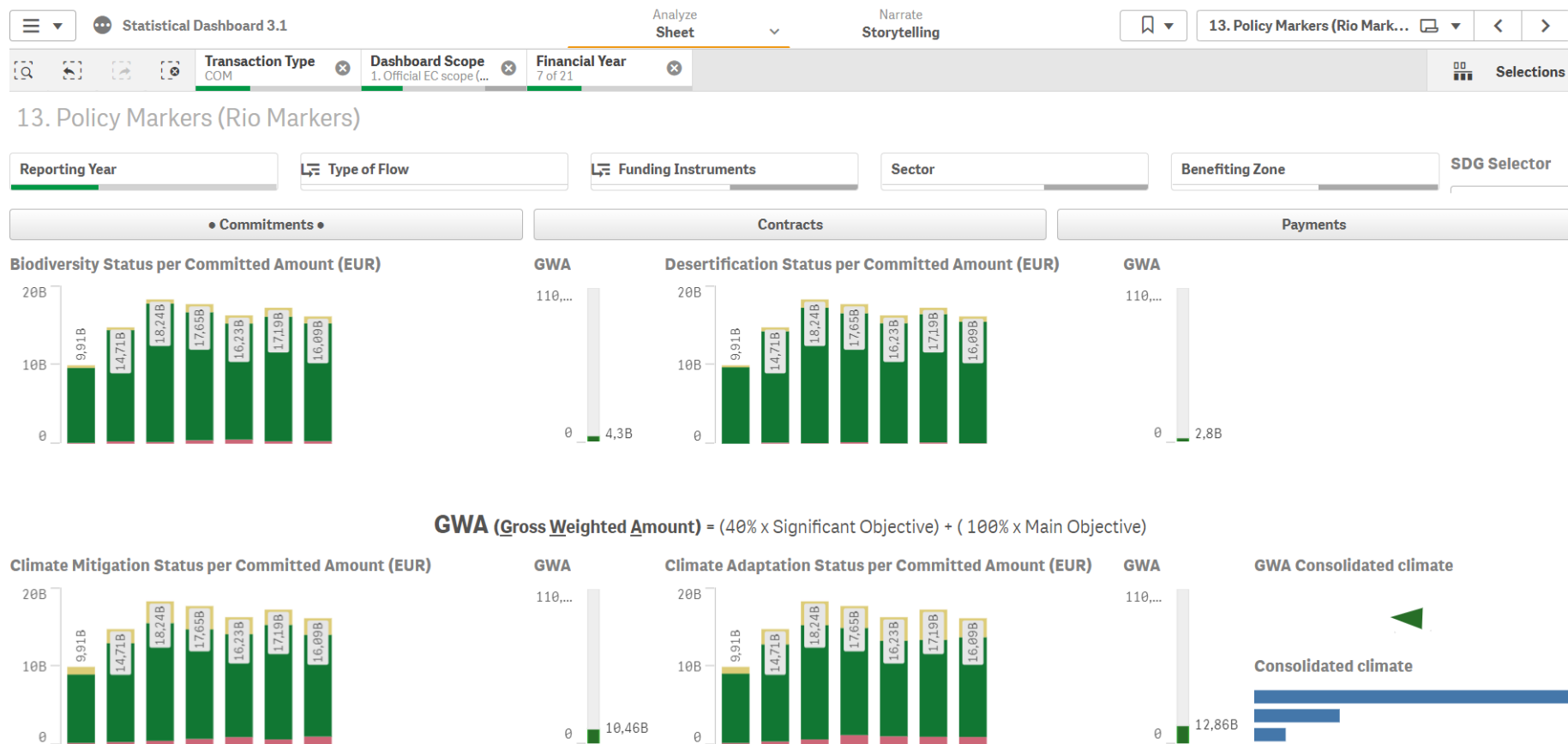


# Data input

- Use of CRIS/OPSYS for INTPA, NEAR and FPI
- Other DGs operating part of the Heading VI (Europe in the World) budget (e.g. ECHO and EAC), encode manually in Excel once a year
- INTPA R2 is business owner for the DAC form and the reporting systems
- Responsibility for data shared between the encoder (Delegation/Geo units, business units – F1/F2 – and R2)



# Dynamic data presentation and analysis in the Statistical Dashboard



# Q&A



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# Definitions and eligibility criteria



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# Definition CC mitigation

The activity 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 removal by sinks, in line with the foals of the Paris Agreement.





# Eligibility criteria CC mitigation

- The activity contributes to:
- The mitigation of climate change by limiting anthropogenic emissions of GHGs, including gases regulated by the Montreal Protocol; **or**
- The protection and/or enhancement of GHG sinks and reservoirs; **or**
- The integration of climate change mitigation concerns with the recipient countries' development objectives through institution building, capacity development, strengthening the regulatory and policy framework, technology transfer or research; **or**
- Developing countries' efforts to meet their obligations under the Convention and the Paris Agreement, namely the implementation and enhancement of mitigation actions.





# Definition CC adaptation

The activity 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 the 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 implementation of climate change adaptation actions.





# Eligibility criteria CC adaptation

- The climate change adaptation objective is explicitly indicated in the activity documentation; **and**
- The activity contains specific measures targeting the definition above.
- Carrying out an assessment of vulnerability to climate variability and change, either separately or as an integral part of the agencies' standard procedures, facilitates this approach.





# Best practice CC adaptation

## Best practice, a three-step approach:

1. Set out the **context** of risks, vulnerabilities and impacts related to climate variability and climate change, using a robust evidence base (existing analyses and reports, CVA analysis, or other);
2. State the **intent** to address the identified risks, vulnerabilities and impacts in project documentation (how to address the above);
3. Demonstrate a clear and direct link between the identified risks, vulnerabilities and impacts and the specific project **activities**.



# Biological diversity definition

- The activity promotes at least one of the three objectives of the Convention:
  - the conservation of biodiversity,
  - sustainable use of its components (ecosystems, species or genetic resources),
  - or fair and equitable benefit-sharing of the utilisation of genetic resources.



A vibrant underwater photograph showing a large school of fish swimming over a colorful coral reef. The water is clear blue, and the fish are various species, including yellow and black ones. A decorative grid of orange dots is overlaid on the top left of the image.

# Biological diversity eligibility criteria

- The activity contributes to:
- **Protecting/enhancing ecosystems, species or genetic resources** through in-situ or ex-situ conservation, or remedying existing environmental damage; or
- **Integration of biodiversity and ecosystem services concerns within recipient countries' development objectives and economic decision making** (institution building, capacity development, strengthening of the regulatory and policy framework, or research; or
- **Developing countries' efforts to meet their obligations under the Convention.**





# Combating desertification definition

The activity 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.





# Combating desertification eligibility criteria

The activity contributes to:

- **Protecting or enhancing** dryland ecosystems or **remedying** existing environmental damage; **or**
- **Integration of desertification concerns** with recipient countries' development objectives through institution building, capacity development, strengthening the regulatory and policy framework, or research; **or**
- **Developing countries' efforts** to meet their obligations under the Convention.

# Some particular cases to be mindful of

- **Road construction**, even if the new road shortens transport routes, as new roads generate increased traffic, score RM0. Unless the road also promotes the use of climate-friendly transport (e.g. cycling and bus lanes)
- **Hydropower** (storage or run-of-the-river) score only if net emission reductions can be demonstrated
- **Electricity transmission**, when it integrates renewable sources into the grid, or energy efficiency measures in grid retrofiting
- **Agriculture** activities score for biodiversity only if they show contributions to biodiversity objectives





# Quality Control of markers and reporting



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# Quality Control entry points

- **Continual checks** - Greening Facility validates markers as part of the CCT/RCT/TCT and QRM (INTPA) / QR2 (NEAR) phases, also pre-TAM in the case of investments
- Control of claims to contributions made in MIPs, AAPs and Action Documents
- **Annual quality review** based on R2 extraction for commitments made in the previous year
  - QC in January/February of each year
  - Scores proposed to person responsible for the action, and final scored agreed
  - Final scores are communicated to R2 to be changed in OPSYS
  - Final contributions are based on a summer extraction



# Reporting

- Reporting by EC to UNFCCC, CBD and UNCCD
- Annual reporting by EC to OECD DAC CRS
- Internal reporting to DG BUDG for Programme Statement
- To define regular reporting of progress in achieving targets (bi-annual) as QC



# Guidance and support



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# Guidance on the climate and biodiversity markers

- OECD DAC Rio markers for Climate Handbook (under review)
  - Includes Indicative table to guide Rio marking by sector/sub-sector
- OECD DAC – Indicative Table for the Rio marker for Biodiversity.  
[DCD/DAC/STAT\(2018\)26/FINAL](#)
- Indicative Table for Desertification under prep



DCD/DAC/STAT(2018)26/FINAL

Unclassified

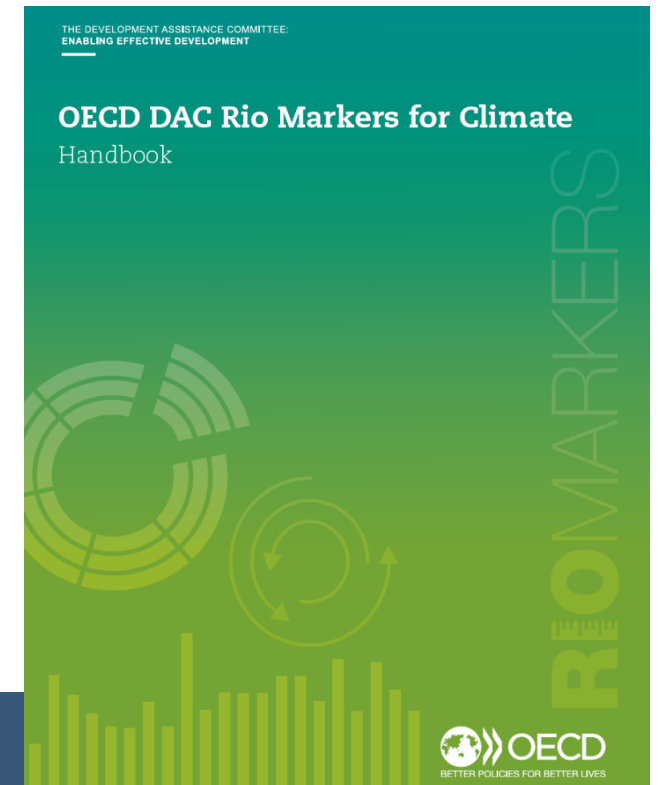
English - Or. English

28 November 2019

Development Co-operation Directorate  
Development Assistance Committee

DAC Working Party on Development Finance Statistics

INDICATIVE TABLE FOR THE RIO MARKER FOR BIODIVERSITY



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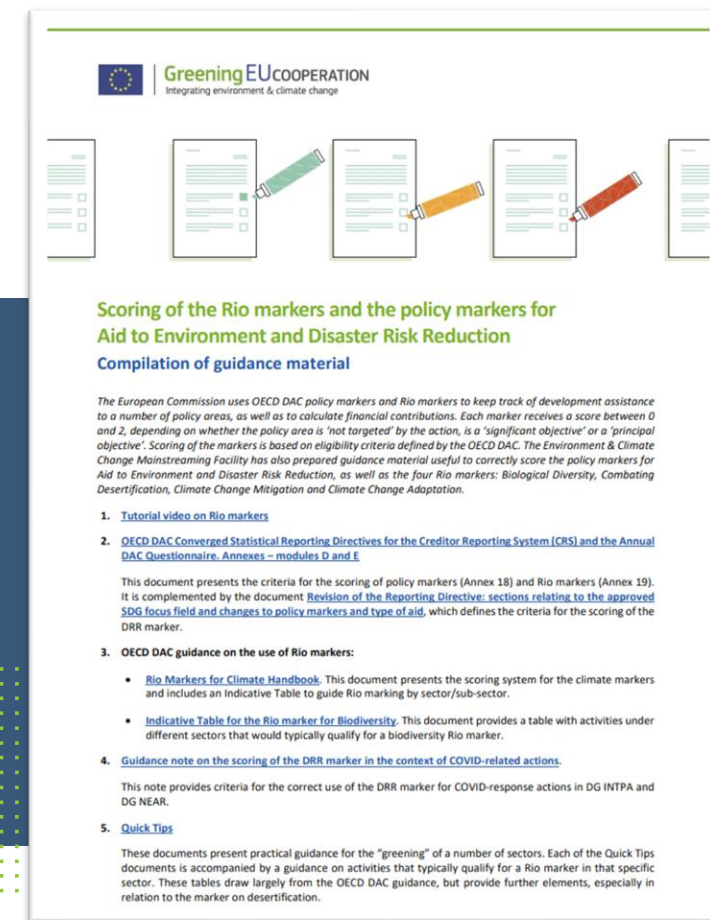
# Quick Tips for the integration of environment and climate change (by sector)

- Include an annex on indicative activities that qualify for a marker in different sectors
- Currently available for:
  - Agriculture & Food Systems
  - Digitalisation
  - Disaster Risk Reduction
  - Education
  - Energy
  - Private sector development / Trade
  - Sustainable Infrastructure
  - Transport & Mobility
  - Urban development
  - Water Resources Management
  - Water & Sanitation



# Resources on Rio markings

- Available in capacity4dev and from the Greening Facility ([link shared in the Webinar's Chat](#))







[INTPA-GREENING-FACILITY@ec.europa.eu](mailto:INTPA-GREENING-FACILITY@ec.europa.eu)

[NEAR-GREENING-FACILITY@ec.europa.eu](mailto:NEAR-GREENING-FACILITY@ec.europa.eu)



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**Guidance documents available on [capacity4dev.eu](http://capacity4dev.eu)**  
**([Group on Environment, Climate Change and Green Economy](#))**



# Q&A



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# Thank you



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