FONDATION POUR LES ÉTUDES ET RECHERCHES SUR LE DÉVELOPPEMENT INTERNATIONAL

Report
October 2024

Public Funding for Development and Global Public Goods: How Can They Be Measured?

Serge Tomasi, former Ambassador, former Director of Global Economy and Development Strategies at the Ministry of Europe and Foreign Affairs.

LA FERDI EST UNE FONDATION RECONNUE D'UTILITÉ PUBLIQUE.
CETTE PUBLICATION A BÉNÉFICIÉ D'UNE AIDE DE L'ÉTAT FRANÇAIS AU TITRE
DU PLAN D'INVESTISSEMENT FRANCE 2030 PORTANT LA RÉFÉRENCE ANR-16-IDEX-0001.

Contents

List of abbreviations

AFD: French Development Agency

CF: Climate finance

COP: Conference of the Parties to the UNFCCC

DAC: Development Aid Committee

FCI: International climate finance

GNI: Gross national income

GNI/h: Gross national income per capita

GPGs: Global public goods

IDFC: International Development Finance Club (club of bilateral and regional development banks)

IOs: International organisations

LICs: Low-Income Countries

LDCs: Least Developed Countries

LMICs: Lower-Middle-Income Countries

MDBs: Multilateral Development Banks

MDGs: Millennium Development Goals

MOPAN: Multilateral Organisation Performance Assessment (programme housed at the OECD and responsible for assessing the performance of multilateral agencies)

MPG: Modalities, procedures and guidelines established by the Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement (Decision 18/CMA1)

ODA: Official Development Assistance

OECD: Organisation for Economic Co-operation and Development

SDGs Sustainable Development Goals

SFC: Standing Finance Committee of UNFCCC

SIDS: Small Island Developing States

TOSSD: Total Official Support for Sustainable Development

UMICs: Upper-middle-income countries

UN: United Nations

UNFCCC: United Nations Framework Convention on Climate Change

Introduction

Rediscovering a sense of shared future. The world is currently facing a number of major crises: climate change, loss of biodiversity, an increase in armed conflicts, the world order and the universal values agreed in the aftermath of the Second World War are more and more disputed, as well as the legitimacy of the UN. Within this turbulent world, where the "international community" seems in many ways to be disintegrating, it is vital to strengthen solidarity and international cooperation in order to reduce inequalities, meet global challenges and restore confidence in our ability to design a common future. In the face of the climate crisis and the collapse of biodiversity, which threaten the future of humanity and, beyond that, the very existence of living organisms, cooperation is no longer an option, it is an imperative.

Restoring trust means, among other things, putting in place appropriate monitoring systems to measure the results achieved, assess the impact of our actions, better design the progress to be made and be accountable to our partners and our citizens.

Over the last few decades, the international solidarity agenda has become considerably more complex in terms of its objectives, institutional organisation and quantified commitments.

Economic growth is no longer the exclusive focus of development cooperation policies: human development, the fight against inequality and sustainable development have gradually come to the fore and are now at the heart of the 2030 Agenda adopted by the United Nations (UN) in 2015.

At the same time, the growing importance of the issue of global public goods has given international cooperation a new dimension: the aim is no longer simply to help the poorest countries to escape from the "poverty trap" but to better coordinate our public policies to ensure optimal production of public goods in a globalised world.

The response to this increase of strategic objectives was first and foremost the multiplication of institutional initiatives, resulting in a de facto protean and disordered multilateral system. The climate field, with its 99 dedicated funds,[i] offers an enlightening illustration of this "institutional jungle".

This increase in the complexity of objectives has also led to a proliferation of quantified financial commitments to meet specific objectives (development, climate, biodiversity, protection of the oceans, health, etc.). The new structures and commitments have not been aligned with existing ones, and even more worryingly they do not offer a precise and concerted definition of the targets identified, and lack the establishment of effective evaluation and monitoring processes. The result today is widespread mistrust between players who are unable to agree on the measurement of results, and therefore on the progress achieved and the efforts to be made.

Restoring confidence by establishing solid systems for monitoring commitments.

With the 29th Conference of the Parties (COP) on climate change due to set a new international financing target for the post-2025 period, and the fourth summit on financing for development to be held in July 2025, it would seem useful to take a look at the shortcomings of current systems for monitoring international development financing, and to try to suggest ways in which they might be improved. There are two reasons for this: (i) the efficiency of any public policy depends on the existence of a reliable statistical system that can inform decisions *ex ante* and measure their effects *ex post*; (ii) the existence of such a statistical system, producing clear, transparent and reliable data, is a prerequisite for restoring confidence in negotiations that will largely determine our ability to live together in the "global community".[ii]

The very idea of defining precisely the measurement of development finance, and today even more so that of climate finance, is sometimes disputed, both in academic literature and by those involved in international negotiations.

Some argue that defining an international financial commitment too precisely could hinder financial or technological innovation, or even progress, by discouraging new actions that do not fit neatly into the approved definition. Others point to "Goodhart's Law", according to which once a quantified objective has been established, its achievement tends to take precedence over the desired result: investors would therefore be more concerned with achieving the quantified target than with the operational result of the policies pursued.

According to this approach, when it comes to climate, for example, there is a very real risk of neglecting the objective of reducing the rise in emissions, or the average temperature, in favour of an excessive focus on the volume of financing mobilised. This dilemma is well known and should not be overlooked. In the field of development cooperation, for example, this dilemma (excessive focus on the volume of aid, the target of 0.7% of GNI to be allocated to ODA) has sometimes taken precedence over the quality of aid, its allocation or its efficiency.

France is well aware of this problem, because for too long, particularly before the 2018 reform of ODA accounting, this focus on the financial target led to a proliferation of high-volume loans in upper-middle-income countries (UMICs), at little or no budgetary cost, to the detriment of grant aid targeted at the poorest countries, or to the benefit of priority sectors such as basic educatioor primary healthcare. The geography of French aid has been turned upside down, leading, among other things, to a sharp drop in France's ranking as a donor to Sahelian countries. This is one of the most perverse potential effects of the "volume fetish", i.e. an allocation that is ultimately determined by the nature of the instrument (in favour of those that can generate large volumes of funding at lower cost), and not by development and/or geopolitical priorities.

However, it is possible to guard against the risks identified by Goodhart in various ways: (i) the first is to adopt definitions that are sufficiently inclusive so as not to exclude beneficial actions/projects or disincentivise innovative projects or instruments; (ii) the second is to adopt targets that are sufficiently precise to monitor the "core resources" of development finance or climate finance, while also identifying projects that, although not focused on the main objective, are useful for achieving it (the Rio Climate Markers principle); (iii) last but not least, a general objective can be broken down into categorical sub-objectives to ensure that the "core targets" are not neglected: for example, climate financing objectives are generally broken down into specific sub-objectives for adaptation. In the same vein, development financing, beyond the emblematic target of 0.7% of GNI devoted to ODA, includes the monitoring of more precise objectives deemed to be priorities (the 0.15% ODA target allocated to LDCs, for example).

For the sake of clarity, the first part of this paper will deal with international development finance and the financing of global public goods (GPGs), according to a categorisation that is now widely accepted. Then, in the second part, we will focus more specifically on international climate finance, bearing in mind that the discussions on this topic are perfectly transferable to other GPGs, in particular biodiversity, which is so essential for the future of living organisms.

Jean-Michel Severino and Sylviane Guillaumont-Jeanneney[iii] proposed going further by distinguishing three categories of development financing: financing economic growth, financing the fight against poverty and financing SDGs. While this is an interesting approach, particularly in terms of highlighting the importance of supporting the economic development of recipient countries, it could nevertheless overcomplicate the system for monitoring international fundings, which needs to be simple and easy for everyone to understand. Such a choice could also lead to lengthy debates between those who believe that development is first and foremost a matter of economic growth, and those who consider building human capital to be an integral part of economic development, in line with the logic of the Sustainable Development Goals (SDGs). It should also be pointed out that, at national level, a donor can always decide to subdivide the monitoring of its development funding into two distinct subcategories (economic development and the fight against poverty) in order to better manage the allocation of its funding.

But from a multilateral point of view, and in view of the commitments already made in terms of aid effectiveness (principle of alignment established by the Paris Declaration on Aid Effectiveness), it seems to us more relevant not to multiply the categorical subdivisions in order to be able to adapt as best as possible to the priorities defined by the beneficiary countries.

On the other hand, we feel it is imperative to distinguish between international funding allocated to development and that targeted at GPGs in the context of monitoring the MDGs: the justification for this is that funding for GPGs is not disbursed for the exclusive benefit of developing countries, but for the benefit of the "international community" as a whole.

Our proposals, which aim to improve the monitoring of international flows of development finance and GPGs, by no means claim to be perfect. The best is sometimes the enemy of the good. They will therefore endeavour to adopt a pragmatic approach, which we hope will generate consensus at international level.

Ultimately, the aim is to come up with consistent definitions and measurement tools that are as precise as possible, enable objective analysis over time and space, and act as an incentive to encourage the mobilisation of additional resources.

To do this, we will endeavour to respect a few simple criteria:

- Synthetic monitoring indicators must be measurable, which means that they must be based on available and reliable statistics. This will sometimes require investment to strengthen statistical systems, particularly in developing countries, if we are to give substance to the idea that donor declarations must be counterbalanced by declarations from recipient countries.

- They must be as clear and simple as possible, i.e., easily readable and interpretable by both politicians and the general public, as they are essential elements of public accountability.

- Finally, they must be organised, with a clearly designated institution to steer the accountability process, defining precise and detailed guidelines for the preparation of standardised and normalised declarations by the State Parties. On this point, we will see that the current system for monitoring climate finance can still be improved.

For the sake of clarity, this study will first look at the issue of measuring development finance (Chapter 1), then move on to climate finance (Chapter 2). In each case, we will endeavour to present the most up-to-date data, and then make a diagnosis of the existing system, explaining its strengths and weaknesses. Suggestions for improvement will then be made. Finally (Chapter 3), we will conclude with the institutional question: how and where should this monitoring be organised?

Chapter 1:
Monitoring development financing

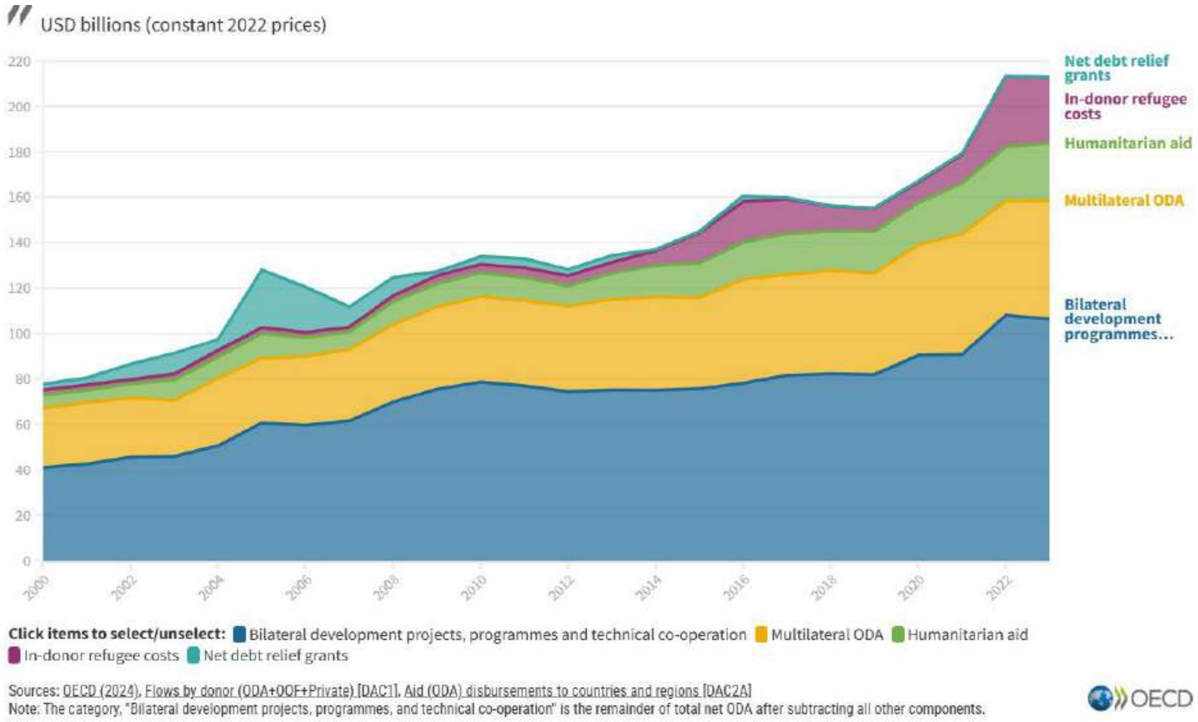
At the start of the last decade, the traditional way of monitoring development funding had clearly identified limitations: it mainly concerned the most concessional aid, official development assistance (ODA), mobilised by Development Assistance Committee (DAC) donors, excluding de facto the market instruments mobilised by public agencies, but also emerging donors and South-South cooperation. Finally, it only very partially took into account the sustainable development dimension and the issue of GPGs. As a result, the system appeared to be incomplete and was therefore unable to provide analysts and decision-makers with exhaustive and relevant information. The reform, initiated in 2014 and implemented from 2018, with the new method of accounting for ODA and the concomitant creation of "Total official support for Sustainable Development" (TOSSD),[iv] represents a significant improvement on all these points, as we shall see below. However, there is still room for improvement.

I. An indicator for measuring donor efforts: ODA

In 2023, global ODA amounted to USD 223.7 billion, representing an average effort of 0.37% of the GNI of DAC countries. This is an all-time record in nominal terms for the fifth year running, and an increase of 1.8% on the level reached in 2022. The main increases are in aid to Ukraine (up to 20 billion), humanitarian aid (up to 25.9 billion, or 11.5% of total ODA) and contributions to international organisations. It should be noted that the cost of receiving refugees in donor countries is declining (31 billion or 13.8% of total ODA). Finally, ODA to LDCs reached 37 billion (16.5% of the total).

Graph 1. Composition of net official development assistance from Development Assistance Committee (DAC)

Data for 2023 are preliminary



1.1. Origin and definition of ODA

The same applies to ODA as to GNI, with the success of certain indicators sometimes leading to excesses in their use, and ultimately in their understanding. It was Kuznets, the father of national accounting and GNI, who in a famous article in the *American Economic Review* in 1954 warned against the temptation to use this indicator to measure a nation's progress. He pointed out that its sole purpose was to construct an aggregate of the wealth created annually by a country, based on the value added generated at national level, enabling international comparisons to be made. Seventy years on, despite the efforts of the UNDP with its Human Development Index (HDI) and the OECD with its "Better Life Index", most governments are still unfortunately focused on GNI as the basis for steering and assessing their economic policy. As if the simple fact that a nation is growing richer overall could automatically lead to an improvement in the well-being of its inhabitants. As if a certain type of growth, through the inequalities it generates or its consequences for the environment, doesnot, on the contrary, lead to a decline in the well-being of the population.

In the same vein, the concept of ODA has too often been used in debates on the measurement of development financing, even **though it was not initiated to measure flows of international development finance**. Indeed, the purpose was to measure donor's effort.

It was in fact in 1969, at the request of the United Nations General Assembly (UNGA), which was considering setting a quantified development aid effort target for developed countries, that the DAC established a definition that has hardly changed over time, since its first revision in 1972.

ODA is therefore defined as "*all resource flows provided to countries and territories on the list of ODA recipient countries, or to multilateral institutions, which meet the following criteria:*

- *Official aid, i.e., aid from public bodies, including governments and their local authorities, or bodies acting on their behalf;*

- *Financing operations which must also (1) have as their primary purpose the promotion of economic development and the improvement of the standard of living in developing countries and (2) be on favourable terms with a grant element of at least 25% (based on a discount rate of 10%)*".

The rationality of the approach of entrusting a body of experts on the subject, bringing together the donors called upon to commit to a quantified target, with the task of precisely defining a measurement indicator, even before setting the overall target, i.e., that of 0.7% of GNI to be devoted to ODA, finally adopted by the UNGA in 1971, should be emphasised. Those involved in the climate and biodiversity COP negotiations would be well advised to adopt this approach, rather than setting commitments that are insufficiently defined and have no agreed monitoring mechanism.

This definition has never been called into question, allowing long-term historical monitoring of ODA. Over the years, however, the scope of aid has been clarified:

- *By excluding military aid*, including counter-terrorism activities, with the exception of the cost of using donors' armed forces to deliver humanitarian aid, training or advice for security forces on respect for human rights, training for internal security or civil protection forces, mine clearance or maritime safety operations; the same applies to expenditure on peacekeeping operations, which is only partially taken into account (the share of donor-financed PKO expenditure taken into account in ODA was increased to 15% by the latest ODA reform). This reform confirms these developments by once again clearly giving precedence to the purpose of the mission over the status of the personnel involved.
- *By including expenditure on civil nuclear energy and cultural development* (on condition that it contributes to strengthening the cultural capacities of the beneficiary countries).
- *By including expenditure that does not, by exception, result in a financial transfer to a developing country*, such as the cost of receiving refugees or students from a developing country in the donor country, or the administrative costs of managing aid.
- *Finally, by including debt cancellation operations*.

The system is also supplemented by a limited list of countries eligible for ODA, defined by reference to a ceiling of gross national income (GNI) per capita (currently USD 12,695). It provides for a graduation system (exclusion from the list) if per capita income exceeds this ceiling for three successive years.

Since the list of countries was drawn up in the early 1970s, a large number of them (around 60) have graduated from the list following their economic take-off and the sharp rise in their per capita income. Similarly, the list of low-income countries (LICs) has shrunk considerably, with around 20 moving from the LIC category to the middle-income country (MIC) category since the early 1990s. In 2023, the DAC list included 141 countries eligible for ODA, of which 46 were LDCs, two were LICs and 93 were MICs, with 57 of these being upper-middle-income countries (UMICs) (see Annex 1).

1.2. The methodological limitations of ODA at the root of the 2018 reform

As an indicator for measuring the efforts of donor countries, ODA had de facto a number of drawbacks that led to its revision:

- By mixing into its composition budgetary grants and loans (including capital) sometimes provided with virtually no budgetary cost, given an excessively generous discount rate and the downward trend in market rates, it made comparisons between donors misleading or even biased, to the detriment of the most virtuous who provided exclusively grants; it was therefore very favourable to donors providing large volumes of loans.

- By being calculated on a net basis (gross loan disbursements in a given year being reduced by the capital repaid on previous loans), it made ODA inapprehensible As a result, the ODA produced in year N by a major loan-providing country such as France was highly dependent on loans decided in the past, sometimes a long time ago given the grace periods. As a result, it completely distorted the measurement of the annual effort made by governments by making them accountable for decisions taken years earlier by their predecessors.

- As in the case of France, it created a growing distortion in the sectoral and geographical allocation of ODA, with a preference for loans (due to the AFD's ability to generate ODA at low budgetary cost in a period of low interest rates) to the detriment of grants. The objective of increasing the volume of ODA at a time of falling interest rates on the financial markets, combined with the DAC's use of a very favourable discount rate (10% regardless of the category of the recipient country), provided a de facto incentive to generate massive loans to MICs’to the detriment of grants to LDCs and LICs.

- As a result, it became a real disincentive for political authorities, who were systematically tempted to make budgetary choices in favour of subsidising loans, to the detriment of grants, because of a supposed "leverage effect".

In fact, because it was calculated as a net flow over the life of a loan, there was no leverage effect, since the capital was repaid by the recipients. However, in the short term, it made it possible to generate ODA at little or no budgetary cost.

- *Finally*, this system, which favoured an increase in the volume of loans in French ODA, gradually created a major danger for the long-term development of the volume of ODA, as the accumulation of massive loans committed to UMICs’ particularly in the period 2000-2010 paved the way for equally massive capital repayments, which would destroy ODA in future years. The budgetary effort required to limit the impact of repayments and thus maintain positive net ODA risked becoming unbearable in the long term, unless debt cancellations were welcomed or the volume of loans committed by the AFD continued to grow exponentially.

Consequently, in the eyes of certain players, reform of the way in which ODA is accounted for has become essential, firstly to restore rigour to the monitoring of donors' efforts, and secondly to provide the international community, alongside ODA, with a genuine indicator for monitoring public fundings for development, namely the TOSSD.

1.3. Recurring but less relevant criticisms

The broad scope of ODA has periodically been contested, particularly the exceptions to the financial transfer rule, the method of accounting for contributions in kind and, finally, the use of uniform and generous discount rates for donors.[v] These recurring criticisms are partly justified.

On the first point, the eligibility of expenditure on hosting students or refugees (almost 14% of total ODA) from developing countries, or even the operating costs of aid management organisations, may be questioned because there is no cross boarder flows to a developing country ; But there is also a certain rationality that explains why they have remained within the scope of ODA for decades,[vi] because in the final analysis this expenditure does indeed "help to improve people's living conditions", even if it is not carried out in the national territory of the recipient country. The formation of a country's human capital is vital for many of the poorest countries. The same applies to the reception of refugees, which helps particularly vulnerable populations in developing countries and promotes their social development by enabling them to enter the world of work and obtain housing and/or means of subsistence. Regarding the operating costs of aid agencies, the most contested choice, it should be emphasised that their cost is directly linked to the willingness to disburse aid flows: if there were no development cooperation, these agencies would have no reason to exist and donors would therefore have no reason to bear these costs.

It has to be emphasized that every time this subject has been debated, the choice has been made to give priority to the purpose of the expenditure over its territoriality.

These choices are also consistent with the statistical objective of measuring donor effort rather than the volume of aid received by recipient countries.

The way in which donations in kind are accounted for is a criticism that is regularly raised, due to the choice of valuation method used. For example, there are several possible options for counting the provision of an expert from a donor country to the administration of a recipient country as ODA: we can choose to value the expert at the real cost to the donor, i.e. the aid effort made, or at the local replacement value of the expert's expertise, which is closer to the contribution actually received by the beneficiary. A similar question arises for all other aid in kind: food, vaccinations, etc. From the outset, the option adopted was that of the effort made, i.e. valuation based on the full costs borne by the donor. Given that the very essence of ODA is to measure the effort made by donors, through an assessment of the budgetary cost, this choice seems logical and has therefore not been called into question by the 2018 reform.

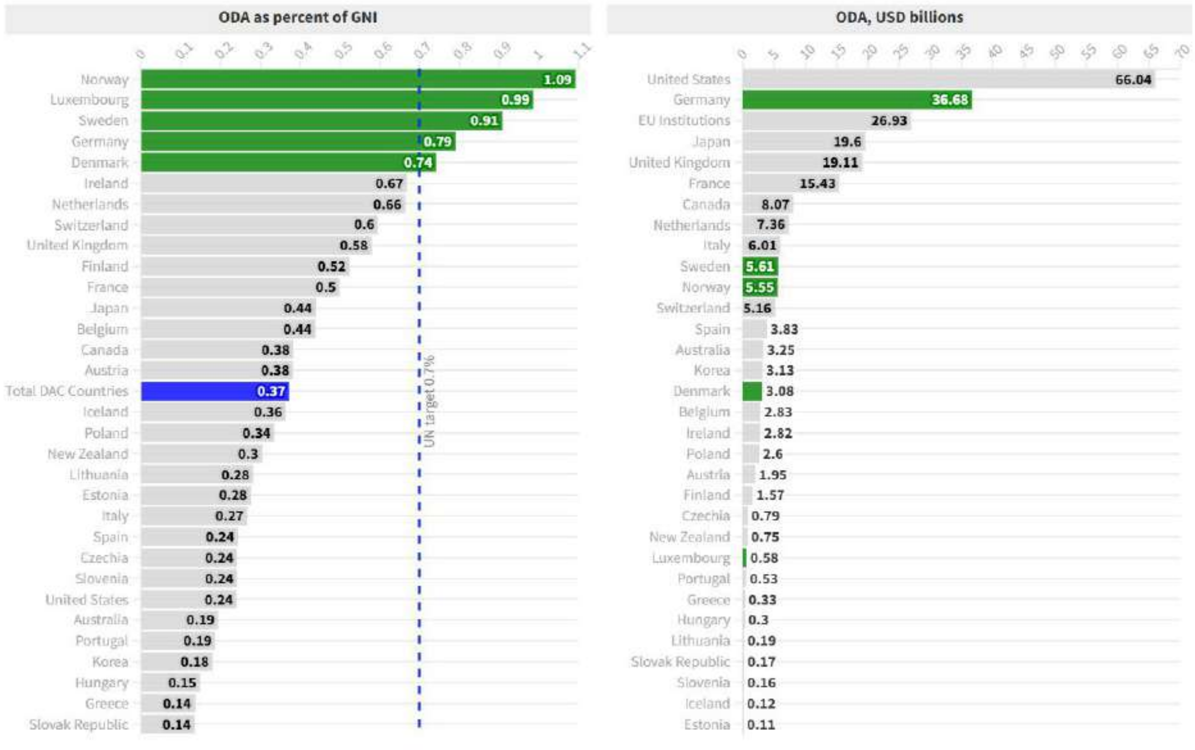
On the last point, the criticism seems more well founded. Analysts and civil society periodically criticised the far-too-generous and standardised discount rates (the same for all developing countries). The sharp fall in market rates, which made it excessively easy for certain loans to qualify for ODA, meant that the rules had to be revised. This was one of the advances made by the 2018 reform, which nevertheless remained in the middle of the road.

1.4. The objectives of the 2018 reform: refocusing ODA accounting on the grant element to measure donors' budgetary efforts more accurately and refocus the most concessional aid on poor countries

From 2018, a major reform of ODA was initiated, with which the author of this report was associated in its conception.[vii] The reform had four fundamental objectives: (1) to increase the reliability of the measurement of each donor country's national effort by refocusing ODA on the grant equivalent, as close as possible to the donors' budgetary effort; (2) to refocus the overall allocation of ODA on poor countries facing structural development handicaps and largely excluded from financial markets ; (3) to add to the measurement of concessional ODA a more global indicator to measure all public funding provided by donor countries, whatever their level of denominationalism ; and (4) alongside ODA in the strict sense of the term, to promote market instruments that are useful for development (loans, guarantees, equity, etc.) and thus encourage their development, particularly for MICs and/or "bankable" sectors. The development of other sources of financing, alongside traditional ODA, is desirable in order to increase volumes, take better account of the diversity of developing countries' economic trajectories and refocus the most concessional aid on the poorest countries.

Graph 2. Official development assistance in 2023, on a grant-equivalent basis

Data for 2023 are preliminary



Sources: OECD (2024), Flows by donor (ODA+OOF+Private) [DAC1]
Note: Green bars represent providers that met or exceeded the UN target of 0.7% ODA/GNI in 2023. (Left-hand chart): ODA on a grant equivalent measure by members of OECD Development Assistance Committee (DAC) as percent of gross national income (GNI). (Right-hand chart): ODA on a grant equivalent measure by members of OECD Development Assistance Committee (DAC).

From 2018 data onwards, the ODA measure for loans has therefore been modified:

- *For loans, only the grant element is now taken into account in the calculation of ODA for the year of disbursement*. Conversely, when the principal of the loan is repaid by the recipient country, this flow is no longer deducted from the net ODA of the donor country.

- *The grant element is now assessed differently depending on the level of development of the recipient country.* The grant element must now be at least 45% for bilateral loans to LDCs and LICs (with a discount rate of 9%), 15% for LMICs's (with a discount rate of 7%) and 10% for UMICs' (with a discount rate of 6%). Finally, for loans to multilateral institutions, the grant effort must be at least 10% with a discount rate of 5%.

The gift element of a loan is calculated as the difference between the face value of the loan (i.e. its nominal value on the day it is disbursed) and the sum of all future payments to be made by the borrower, discounted to the value on the day it is disbursed.

This choice of discount rate is now being challenged, not without reason, by bilateral development banks on the grounds that the valuation of loans in the calculation of ODA has stopped halfway, as it were, by retaining the reference to a fixed cost of the resource in order to evaluate the grant element, which is common to all donors although they do not borrow at the same rate. As a result, this valuation loses its relevance by moving away from a real measure of effort. From 2018 to 2021, a period of low interest rates, development banks were able to declare all their loan operations as ODA, including those carried out at the market rate, with a large grant element. Since 2022, the real cost of the resource has risen sharply and the eligibility of loans as ODA requires an increasing subsidy and therefore generates significant budgetary costs that are poorly valued in ODA. This dependence of ODA valuation on the market rate of the resource creates statistical noise that distorts its interpretation in terms of solidarity effort. We therefore propose to return to a measure of donor effort calculated by taking into account the interest rate actually paid by the country of origin and not a fixed rate standardised for all donor countries.

⇨ **P1:** A change in the valuation of ODA loans by indexing the reference cost of the resource on the basis of an effective market rate paid by the donor country would enable a better assessment of the effort made by the donor.

The reliability of ODA data

The reliability of the ODA indicator and the data produced by the DAC is sometimes called into question. These criticisms seem to be unfounded in view of the quality control of donor declarations that has been put in place.

Although published under the auspices of the DAC, ODA statistics are first and foremost published under the responsibility of the OECD Secretary-General, who is the guarantor of their integrity, as is the case for all other statistics published by the Organisation. They must therefore meet very high-quality standards.

The integrity of the data is firstly ensured by the development and periodic revision of prescriptive guidelines, approved by the DAC, which each donor or observer, when agreeing to publish its ODA data, undertakes to respect scrupulously. These guidelines are precise, defined at the activity level, with almost 60 items of information required for each activity declared: status of the donor and recipient, type of flow (financial flow, contribution in kind, etc.), nature of the financial instrument used (grant, loan, guarantee, etc.), sector and purpose of the activity, its eligibility for ODA, measurement of the grant element, implementation methods, method of accounting for debt relief. These guidelines are revised periodically to take better account of new development cooperation objectives and priorities, as well as financial innovations.

DAC donors therefore prepare their ODA declarations within a harmonised and standardised framework, leaving little room for improvisation or interpretation. The declarations are very detailed, as they are defined at activity (project) level and administratively very cumbersome: for France, for example, over 15,000 lines of Excel tables are filled in each year. Each declaration is then subject to quality control by the DCD/OECD, which may ask for additional information on a project, request modifications or even refuse to include an activity if necessary.

Finally, in recent years the DAC has initiated peer reviews of the ODA statistical systems of its Member States, conducted by the DCD/OECD. This is an opportunity to assess the reliability and quality of the statistical system across seven dimensions (relevance of the statistical policy, quality of the data collection system, reliability of the reporting system, quality of the DAC recommendations taken into account, transparency and accessibility of the data and publication, etc.). As with all OECD peer reviews, an essential dimension of these reviews is verifying the implementation of the latest DAC recommendations and encouraging a learning process through the dissemination of best experiences. Finally, it should be noted that these reviews are also an opportunity to assess the quality of aid allocation (both sectoral and geographical) and its alignment with the priorities of recipient countries or the GPGs (climate, biodiversity, etc.).

Since their launch in 2019, 12 reviews of DAC member countries' ODA statistical systems have already been carried out.

II. An indicator for measuring public development funding (Total Official Support for Sustainable Development)

As we have seen above, for too long, the monitoring of external financing allocated to the development of poor countries has been limited to the measurement of ODA, neglecting other financing instruments that are useful for development and growth, and leading to a regrettable confusion between the measurement of donor efforts, through ODA, and the measurement of development financing.

In addition to depriving the international community of an exhaustive measure of development financing, this exclusion of non-concessional instruments did not encourage their development, de facto limiting the overall volumes of financing available and hindering the optimal allocation of concessional resources to "non-bankable" sectors or countries.

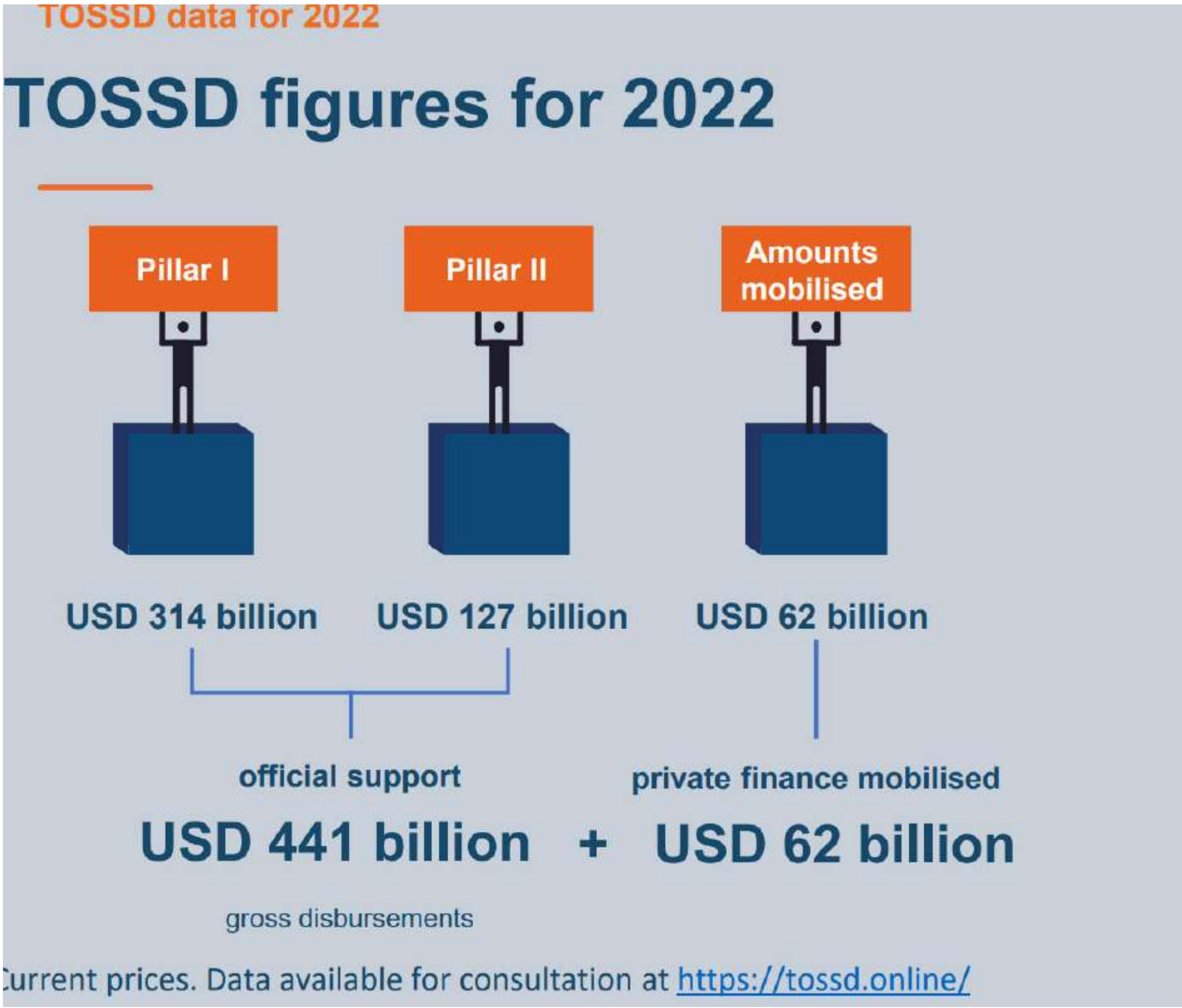
Two figures illustrate the scale of the problem posed by this exclusive focus on ODA:

-In France, ODA generated by the AFD Group in 2023 was €3 billion, while commitments to climate finance (declared to the OECD and the EU) reached €6 billion and total commitments to development exceeded €11 billion (including non-concessional fundings)

-At global level, global ODA had reached USD 211 billion by 2022, while total public funding (TOSSD) had reached USD 503 billion.

One of the major objectives of the 2018 reform was therefore to propose, alongside ODA, another measurement indicator that would make it possible to account for and monitor the non-concessional market instruments mobilised by certain donor countries or international organisations for the benefit of developing countries, in order to provide a more comprehensive indicator of official development finance.

2.1. Presentation of the TOSSD



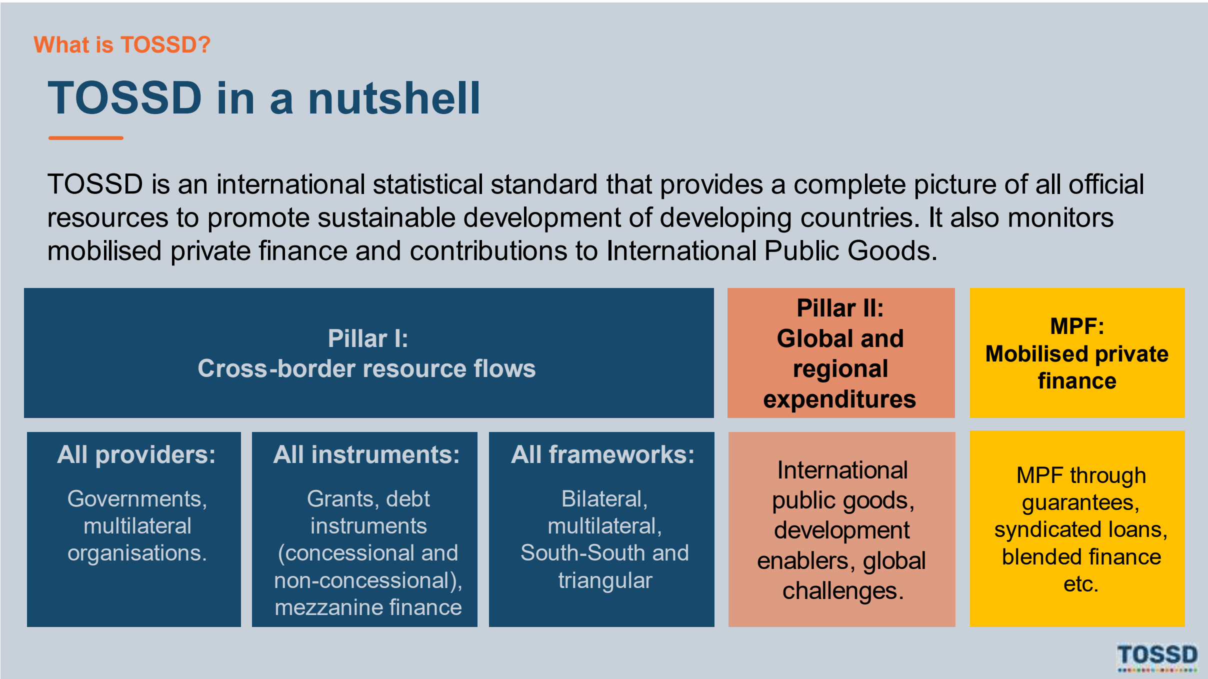
In 2022 (the latest figures published by the secretariat of the International Forum for TOSSD (IFT)), the total declared public funding amounted to USD 503 billion, including USD 314.4 billion for pillar 1 (cross-border flows to developing countries), USD 126.5 billion for pillar 2 (funding for global public goods (GPGs) and regional public goods (RPGs) bringing substantial benefits to developing countries) and USD 62.3 billion in private funding mobilised thanks to public support.

A total of 121 public entities declared contributions, including 65 international organisations, multilateral development banks and vertical funds, and 56 countries and territories. The latter included 16 non-DAC member countries.

The aim of the TOSSD is to provide a broad, if not exhaustive, measure of development finance, through three elements:

- ✓ Extending the measurement of commitment to development to all the SDGs, and in particular to global public goods.
- ✓ Taking into account all public financing flows, even those without favourable conditions.
- ✓ Including funding from emerging countries, in particular South-South and triangular cooperation.

To this end, the TOSSD is broken down into two pillars, separating cross-border flows in favour of the development of developing countries on the one hand, and expenditure to finance GPGs on the other. Private funds are taken into account, but only to the extent that public support determines their mobilisation. For the sake of transparency, it has been decided to value this private funding in a specific category, separate from pillars 1 and 2 (as shown in the figure below).



The aim of the TOSSD is therefore to present a more exhaustive view of development financing by accounting for and valuing, alongside ODA, all other public sector contributions made by countries or their public bodies to developing economies, or in support of the financing of global public goods, although their terms do not meet the conditions for ODA eligibility. These are mainly non-concessional loans, guarantee mechanisms or equity contributions. Trade aids (export subsidies) may also be included, provided they do not distort competition.

These flows are mainly tracked in terms of gross disbursements, as the central objective is to evaluate all disbursements in a given calendar year that offset the shortfall in domestic resources for development. However, for the sake of transparency and full analysis, the data are also available in commitments and net disbursements. The latter category is important because in 2021, the scale of repayments made by developing countries (up 25% on 2020), particularly to multilateral development banks (MDBs), led to a fall in total net disbursements to developing countries (-6%).

Total Official Support for Sustainable Development (TOSSD) was developed to measure the international community's efforts to finance the Sustainable Development Goals (SDGs) and implement the financing strategy adopted in the Addis Ababa Action Agenda. One of the eligibility criteria for declared activities is that they should contribute directly to achieving at least one of the SDGs.

This new indicator therefore features logically in the Addis Ababa Action Plan (para 55) and in the 2030 Agenda for Sustainable Development (objective 17.3 of the SDGs).

However, the negotiations conducted by the task force responsible for defining this new indicator have resulted in the TOSSD evolving from its original idea. Indeed, in order to be as consistent as possible with the 2030 Agenda and to eventually reconcile development and GPG financing within a single, homogeneous framework, it has gradually been divided into two distinct pillars: (1) pillar 1 lists all cross-border development flows allocated to developing countries, whether concessional or not, whether financial flows or contributions in kind ; and (2) pillar 2 brings together funding for GPGs , including climate, which cannot therefore be allocated to a particular developing country, or which are not the subject of cross-border flows (hosting students or refugees in a donor country, for example). Expenditure incurred in the national territory of the donor country may therefore be counted if it has a global or regional benefit and therefore "a substantial benefit for developing countries": this is the case, for example, with research and development for a medical treatment whose development makes it possible to curb a pandemic, or subsidies granted for the purchase of electric vehicles that reduce greenhouse gas emissions[viii]. Indeed, they are part of an overall effort to mitigate global warming.

Pillar 2 is now subdivided into two sub-pillars: on the one hand, sub-pillar 2A, which targets regional or global funding that specifically targets developing countries (e.g. research into tropical agriculture, the reception of refugees and students, peacekeeping operations (PKOs)); and on the other hand, pillar 2B, which targets spending at national level, the benefits of which are not solely attributable to developing countries: these include spending on mitigating global warming, funding research and development to help finance a GPG, and contributions to international organisations that are not earmarked for the development of the poorest countries.

The ultimate aim is therefore to have as complete a picture as possible, both globally and by country, of all official resources (or those receiving official support) allocated to sustainable development. The aim here is to be inclusive (all countries) and exhaustive (all funding).

2.2. A measurement tool under development with undeniable strengths but also limitations

It may seem presumptuous to claim to make a definitive judgement on a new measurement indicator that is still in the on-going phase. However, on the basis of the first four reports published, we can already highlight its strengths as well as its limitations:

2.2.1. Real progress in measuring development financing

- A standardised accountability process that takes into account the perspective of recipient countries:

As part of the implementation of the TOSSD, the participants agreed on a series of measures to ensure the reliability of the data published: some of these measures are traditional and already exist at the OECD for DAC data.

One example is compliance with the principles of the United Nations Statistical Commission in terms of data collection and quality control. Another example is the establishment of precise and detailed guidelines (the methodological framework is 58 pages long) for the preparation of annual declarations, right down to the level of activities. Finally, there is the role of the TOSSD secretariat, which, like the DAC secretariat for ODA, can check the data provided, request additional explanations or suggest corrections. In particular, the secretariat has a key role to play in avoiding double counting.

Some measures are more innovative and deserve to be applauded:

➔ Firstly, the decision taken at the last IFT meeting in Oslo (May 2024) to introduce a "system for declaring aid received at recipient country level", based on the TOSSD methodology. This system, which should be tested in three pilot recipient countries, would eventually make it possible to reconcile the data collated at recipient country level with the data declared by the supplier countries, with the secretariat being responsible for ensuring that they are consistent and for investigating any discrepancies. Lastly, it would make it possible to move beyond a supplier-only approach to give full consideration to the role of recipients, and ultimately make it possible to reconcile the data published by the two categories of player.

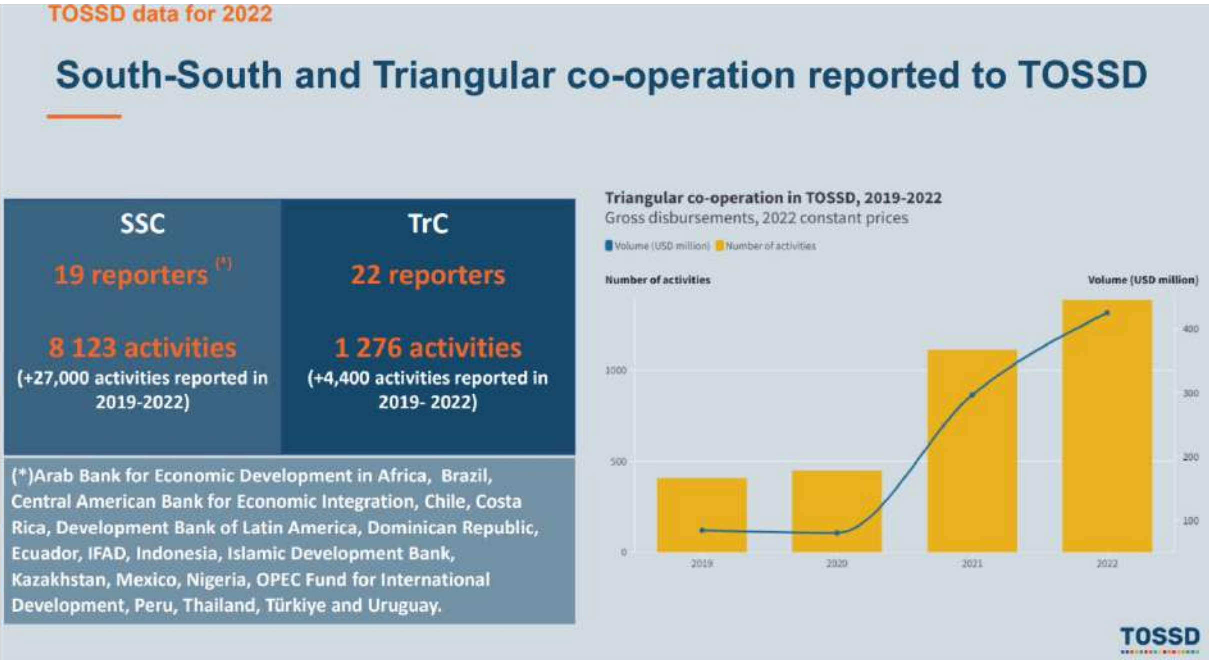
➔ Secondly, tracking flows primarily in terms of gross disbursements, rather than net disbursements, gives substance to the perspective of recipient countries by tracing the volume of financing received.

➔Finally, the valuation of in-kind contributions at the price of the recipient country (and not, as in ODA, at the real cost borne by the donor) or the measurement of multilateral contributions through multilateral payments to recipient countries (and not, as in ODA, through donor contributions to these organisations), from a destination perspective (and not from a source perspective as with ODA). In our view, these methodological choices should be emphasised, as they clearly place the approach in a recipient country perspective.

- *A more inclusive and exhaustive process:*

In addition to its ambition to list all public development funding, the TOSSD aims to go beyond the traditional ODA donor club (32 DAC members). The 2022 Report (2021 data) brought together data provided by 106 suppliers (56 countries and territories and 65 international or regional organisations), including many emerging countries such as Brazil, Indonesia, Chile, Costa Rica, Mexico, Peru and Thailand (see Appendix 2).

TOSSD data will therefore also be used to identify funding channelled via South-South cooperation and triangular cooperation (involving a traditional donor + an emerging donor + a recipient country).



- A list of eligible countries to make room for vulnerability?

Any system of accountability for development financing must list the beneficiary countries precisely, on an objective criteria that is relevant to the objective being pursued.

In the early years of its development, the choice was naturally made to use for pillar 1 the list drawn up by the DAC of countries eligible for ODA, defined on the basis of per capita income, possibly supplemented by countries that had triggered the TOSSD registration or deregistration procedure. In the long term, however, this choice is unsustainable given that the objective of the TOSSD is to go beyond ODA to provide a more exhaustive picture of the financing of sustainable development.

Once again, therefore, we can only welcome the IFT's decision, taken at its Oslo meeting in May 2024, **to set up a working group responsible for drawing up a list of eligible beneficiary countries, dedicated to the TOSSD**. Logically, EU and DAC member countries would be excluded a priori from the list. For the rest, the working group must define a methodology for the eligibility of recipient countries, and a system of graduation. While per capita income should remain a determining factor, it could be supplemented **by a multidimensional vulnerability index, which would represent significant progress**.

The idea of introducing a vulnerability indicator seems highly desirable given that the TOSSD is intended to be an instrument for measuring financing for the SDGs, and even more so for the GPGs, which fully includes the issue of sustainability beyond the sole objective of reducing poverty.

For pillar 2, a list of eligible international organisations has been drawn up by IFT members.

2.2.2. But an indicator that also has weaknesses

a/ Even if the number of participating supplier countries is increasing, well beyond the traditional DAC donor countries, the exhaustiveness sought is reaching its limits:

For political reasons, certain emerging countries (China, India, etc.) remain outside the process. This is where we reach the limits of efforts to build an international accountability system, whatever the technical solutions envisaged: in fact, since these are countries that have no culture of accountability to their own citizens, and which also intend to challenge the "international order", it seems illusory to hope, at least in the short term, for cooperation to participate in an accountability system on a multilateral scale. This difficulty, which goes beyond development finance, is also a key issue in climate finance and is likely to weigh heavily on the international community's ability to agree a new quantified target for climate finance beyond 2025, given the difficulty of China's participation (as a contributor to the overall international effort and therefore called to account for its efforts).

For technical reasons, some donor countries (e.g. Germany, the Netherlands) remain sceptical or even reserved about the new indicator, particularly its pillar 2, which raises a number of questions. Germany in particular has decided to provide data for the first pillar only. The Netherlands and Luxembourg did not provide data for the first few years, mainly for technical reasons. Above all, the World Bank Group (WB) has still not joined the system, which poses a real problem given its weight in the financing of developing countries. However, the secretariat is trying to compensate for these absences by publishing aggregated data for these countries and the WB, through an estimate of their contributions to the TOSSD based on their declarations to the DAC.

b/ Some elements of pillar 2, particularly pillar 2B, are disputed:

This second pillar is intended to measure spending by GPGs that does not always result in a cross-border flow to developing countries and that does not benefit a particular country. In addition to the traditional expenditure taken into account in ODA (hosting foreign students and refugees, administrative costs, contributions to international organisations (IOs) active in the field of development), it currently adds the domestic expenditure of donor countries and developing countries in favour of GPGs (in a 2B pillar). In the case of climate change, this 2B pillar includes funding for "activities in national territory that help limit global anthropogenic greenhouse gas emissions", as part of the contribution of this expenditure to the global mitigation effort. This brings us to the limits of the exercise, as it raises questions about the real existence of "substantial benefits for developing countries" from this type of activity. It is no longer a question of financing the development of poor countries, but of financing actions that benefit the entire world population, including that of developed countries. This choice introduces a conceptual and statistical fragility into pillar 2B, and consequentially into the TOSSD, which incorporates this domestic expenditure, thus undermining the integrity of the system originally intended as an exhaustive system for monitoring **development fundings**. This choice also seems likely to compromise confidence in the system, which, as mentioned at the beginning of this report, must be based on reliable data, with a clearly defined scope that is available and easy to understand.

In addition to the technical difficulties involved in collecting this type of data, how can such expenditure be delimited? How can a precise and objective perimeter be established? Are the data available in the countries' national accounts? Can we seriously believe that a subsidy paid by the French government to its citizens to encourage them to buy electric vehicles or install solar panels benefits the inhabitants of LDCs such as Senegal or Burkina Faso? Answering these questions in the affirmative would run the risk of permanently undermining stakeholders' confidence in the monitoring system, since it is clear that the objective in this case is in no way to promote the economic development of developing countries, or even to improve the living conditions of their populations, but first and foremost to facilitate the ecological transition in France and to improve the living conditions of the French population, and certainly beyond that the living conditions of all populations. It remains true, however, that monitoring and promoting this type of domestic expenditure to help reduce greenhouse gas emissions creates a positive incentive for the increase of these actions This is also important for a number of emerging countries (e.g. Brazil) or developing countries (e.g. Congo Basin countries) whose national spending can contribute to the preservation of forests, which play a fundamental role in carbon sequestration.

In the same vein, we can also question the classification as development financing of all mitigation expenditure, including when it concerns a mitigation project located in the territory of a developing country. Admittedly, there is a cross-border financial flow from a donor country to a developing country, **but the purpose of the project is often not primarily the development of the country in question but, on the contrary, the reduction of global greenhouse gas emissions and ultimately the slowing of global warming**. Our proposal would therefore aim to remove this category of projects targeting the mitigation of climate change from development financing and insert them into the generic category of "financing global public goods", in this case the fight against global warming. The TOSSD would then be reorganised into two clearly distinct pillars, regardless the existence of cross-border flows:

- The first pillar would concern development financing, the aim of which is the development of the beneficiary country and "improving the living conditions of its population", as set out in the DAC list of beneficiary countries, with a distinction between two subcategories: concessional financing and non-concessional financing (loans, guarantees, equity investments, etc.); the reception of refugees or students would be included in this pillar.

- The second pillar would exclusively concern the financing of global public goods, regardless of the actual location of the expenditure (contributor territory or territory of a developing country). Thus, in the case of climate change, all mitigation projects would be classified under this second pillar. This approach would also have the immense advantage of giving substance to the commitment made in the UNFCCC that climate financing must be additional to ODA. While it seems difficult to do this for climate finance as a whole, since it is difficult to distinguish an adaptation project from a development project, it would seem logical to do so for mitigation projects. This choice would be all the more rational given that the search for maximum marginal efficiency in this funding means that it is mainly directed towards emerging countries and middle-income countries, which are among the biggest emitters of greenhouse gases, unlike low-income countries, which mainly benefit from adaptation projects. In the first case, the rationale is one ofGPGs since large emitting countries are targeted in order to maximise the impact of the project in terms of emissions reductions (or future emissions avoided), whereas in the second case the rationale is one of development, by strengthening the resilience and reducing the vulnerability of the beneficiary country.

  According to the latest OECD report on climate finance, published in spring 2024, a significant proportion of these mitigation projects in MICs are financed by concessional loans: over the period 2016–2022, 79% of loans granted for climate finance by bilateral development banks, mainly for mitigation projects, were concessional loans, with this percentage falling to 23% for multilateral development banks (and 43% for vertical funds). So there is indeed a "diversion" of part of ODA (measurable by the grant equivalent of these concessional loans) to climate finance, to finance mitigation programmes that are not disbursed for the exclusive or main benefit of developing countries.

We believe that this distinction (mitigation projects classified as financing for the climate GPG and adaptation projects accounted for as development financing) is now necessary to reassure developing countries, particularly the poorest, and to strengthen their commitment to the fight against global warming, through the assurance that this will not be at the expense of mobilising resources for development.

According to our approach, the system would therefore distinguish more clearly between:

a/ A first pillar 1 to monitor public financing for development, divided into two categories:

➔Concessional public financing (roughly equivalent to ODA but with a recipient perspective)

➔Non-concessional public financing (loans, guarantees, equity investments, etc.);

b/ A pillar 2 for monitoring public financing of GPGs and BPRs. This second pillar would include **all funding for mitigation expenditure** regardless of where it is located, whether in the national territory of the donor country or in the territory of a developing country, distinguishing between concessional and non-concessional funding as in the first pillar. This choice would have the advantage of clarity, by distinguishing two categories of expenditure according to their purpose: the development of poor countries or the promotion of GPGs.

⇨ **P2:** Reorganise the TOSSD pillars with a pillar 1 focused on development financing in the strict sense of the term, i.e., focused on economic development and improving the living conditions of people in beneficiary countries, and a pillar 2 bringing together financing allocated to GPGs wherever they are located, including climate mitigation expenditure.

2.3. South-South cooperation still needs to be monitored

For some 30 years, South-South cooperation has been highlighted in all UN resolutions, from tri-annual reviews of operational activities for development to meetings of the Development Cooperation Forum. For the G77 countries seeking cohesion, despite their increasingly divergent political and economic trajectories, the aim is to distinguish themselves from traditional donors by highlighting the specific characteristics of this type of partnership. The fact remains that, in 2024, while the political rhetoric is well honed, its practical scope seems quite mysterious, given that there is no annual or biannual report on the content and effects of this form of international cooperation, and above all no system of accountability for its financial reality.

With this lack of data becoming a problem for monitoring the implementation of the SDGs, a working group was finally set up at a joint meeting of the UN Statistical Commission and the SDG Monitoring Group, through a partnership involving UNCTAD, the UN Statistics Division and the four UN Regional Commissions. At its meeting in July 2023 in Brazil, the group, chaired by India and made up of 16 players in this South-South cooperation, with the OECD invited as an observer, decided to draw up a conceptual framework with the ultimate aim of setting up a financial reporting system. An initial pilot phase has been launched in eight developing countries. The aim is to attempt to collate data on South-South Cooperation (SSC) in a comprehensive way, i.e., for all the instruments used: donations, loans, market instruments and contributions in kind, the latter representing an important modality of this form of cooperation. Initially, the system should be based on a south-south cooperation supplier perspective, which could be supplemented at a later stage by a recipient perspective. Moreover, this categorisation into supplier and recipient countries is rather random, as many countries can be both suppliers and recipients of this type of cooperation. Finally, the development of this reporting system requires the implementation of capacity-building programmes, which have not been financed to date, as many participating countries do not have adequate statistical equipment.

It is to be hoped that this work will lead to a methodology consistent with that of the TOSSD, making it possible to have an overall view of public funding allocated to development, whatever its origin. This objective seems to have been taken into account, since the TOSSD secretariat is invited as an observer to the meetings of the UN working group, and UNCTAD also participates in TOSSD meetings.

Finally, it should be noted that the data published via the TOSSD are increasingly focused on South-South cooperation, as many emerging countries publish their cooperation data via the TOSSD, including Brazil, Chile, Costa Rica, Indonesia, Mexico and Peru.

The TOSSD, although not exhaustive due to the refusal or inability of certain emerging countries to contribute to this international transparency effort, is de facto the only indicator today providing data on the financial contributions of emerging countries to developing ones. In this respect, it should be noted that according to the Action Aid report,[ix] the total public funding mobilised and declared to the TOSSD by emerging countries will represent 8% of total TOSSD in 2021.

2.4. Monitoring private financing for development

At this stage, both the DAC and the IFT are limited to monitoring private finance to developing countries mobilised through public intervention.

However, the various international forums on development, which provide an opportunity to monitor commitments and set targets, regularly draw attention to the urgency and scale of the need for global investment, an impatience that has been reflected since 2015 in the slogan "from millions to billions".

The document *The Triple Agenda* (G20 2023), for example, prepared by a group of independent experts for the G20 summit in India, **puts the annual investment needed to achieve the MDGs in developing countries (excluding China) at USD 3,000 billion, including USD 1,000 billion in international investment, of which USD 500 billion will come from public sources**. This shows the importance of private finance, particularly foreign direct investment (FDI), but also migrant remittances (contributions from the diaspora) in the long-term financing of economic growth and social services in developing countries faced with a shortage of domestic savings. According to the latest figures from the World Bank (WB), financial flows from migrants to their countries of origin represented USD 624 billion in 2022, almost three times the amount of ODA.

However, recent trends are worrying, with a significant fall in net financing flows to developing countries in recent years. By 2022, these flows had reached their lowest level since the 2009 financial crisis, falling from a peak of 225 billion in 2014 to 51 billion in 2022, and even becoming negative in many UMICs

As this is not the subject of this report, we will not develop this point further, but **we feel it is necessary to emphasise the usefulness of considering the monitoring of private flows**: while governments do not have full control over the development of these flows, either in terms of their amount or their allocation, they can nevertheless contribute to their direction through a whole series of measures ranging from the definition of prudential rules imposed on financial investors, through the business environment, to the tax policy applied to FDI or migrant transfers. **It would therefore be desirable if, in time, the issue of financing for development also included this monitoring of private finance, which is set to play an eminent role in economic growth and the ecological transition.**

Chapter 2:
Monitoring climate finance

The climate, or more precisely the fight against climate change, is an emblematic global public good : firstly, because it meets all the criteria of economic theory,[x] in particular that of non-rivalrous consumption (consumption by one individual does not reduce the consumption capacity of others) and non-excludability (it is impossible to exclude anyone from consuming the good because it cannot be "appropriated", supply being indivisible, so there can be no fair price for its consumption and so the market is inoperative) ; secondly, because by definition it knows no borders, and only coordinated international action can limit the deleterious effects of global warming. With the climate, it's "all for one and one for all" ; there are no individual or national solutions, even if economic theory warns against stowaway behaviour.[xi] Lastly, it is probably the greatest battle of all, the fate of which will determine not only the future of humanity but also that of all living things. Faced with the scale of the challenge, and even if much remains to be done, we should welcome the growing mobilisation of the international community, marked by the intensification of negotiations, particularly since the Paris Agreement (2015), the multiplication of initiatives and finally the increase of "climate finance".

Even if the TOSSD will eventually be very useful for obtaining global information on international development financing, including monitoring of GPGs, it does not seem possible to avoid a specific mechanism for monitoring international climate financing, and probably biodiversity protection as well, for three main reasons:

<u>- a geopolitical dimension</u>: the climate issue is at the top of the international agenda, mobilising intense negotiations through a specific process, the UNFCCC. Specific objectives for financial transfers (USD 100 billion per year from 2020) from industrialised countries to developing countries have been agreed as part of these negotiations. This commitment to financial support for the ecological transition in developing countries was a precondition for developing countries' accession to the Climate Convention and therefore requires specific monitoring that cannot be "buried" in the monitoring of development funding, especially as it is supposed to be additional to the latter.

<u>- a major conceptual difference</u>: while development financing is largely based on the idea that rich countries should help poor countries out of solidarity, climate finance has from the outset emphasised **the principle of common but differentiated responsibility**, which logically leads to the "polluter pays principle" becoming the central axis of climate finance. The target of mobilising 100 billion a year in climate finance for developing countries for the period 2020–2024 is therefore not based primarily on the level of income of rich countries, but on their responsibility for greenhouse gas emissions.

The countries committed to delivering the USD 100 billion are therefore included in the list set out in Annex 1 of the UNFCCC, and not in the list of DAC or OECD member countries.

- a different scope of application: as a consequence of the previous point, the list of countries contributing to, and benefiting from, climate finance only imperfectly overlaps with that of development finance. The aim is to identify contributor countries on the basis of their role in the overall amount of emissions, and recipient countries on the basis of their vulnerability to climate change, and not just because of their low per capita income. The situation of small island states, often upper-middle-income countries, is a perfect illustration of this dichotomy: they are seen as priority targets for climate commitments because they are particularly threatened by the consequences of climate disruption, especially rising sea levels and the intensity of violent weather phenomena (tornadoes), and not because of their level of poverty.

I. A sharp increase in the resources mobilised by industrialised countries to combat climate change in developing countries

1.1. The emblematic commitment for developed countries to allocate USD 100 billion per year to developing countries

It was in 1992, at the UNFCCC in Rio, that the developed countries (Article 4.3) undertook to provide financing for the additional costs incurred by the ecological transition in developing countries, i.e., the costs of transformation and transition from fossil fuel-based growth to a low-emissions development path. In 2009, at COP 15 in Copenhagen, this commitment was quantified for the first time: the developed countries (DCs) undertook to mobilise USD 30 billion a year from 2010 to 2012 under a fast-track procedure, and then to progress towards the target of mobilising USD 100 billion a year by 2020. **This funding should be additional to ODA**, although the methods for measuring this additionality have not been specified.

The 2015 Paris Agreement (COP 21) confirmed (Article 2.1) the commitment of 100 billion per year by 2020 and provides that a new target will have to be drawn up for the post-2025 period. Since then, COP 26 in Glasgow has confirmed this horizon, with a new collective quantified financing target (NOCQ) to be set at the next COP 29 in Baku at the end of 2024.

The Paris Agreement also includes a commitment by developed countries to publish the results of their efforts in relation to this commitment every two years. This is an essential component of the final agreement, to ensure that developing countries are committed to the agreement and mobilised in the global fight against global warming.

These global commitments are complemented by twomore targeted commitments: (i) in favour of adaptation, with the commitment to **double the volume of financing mobilised to support adaptation in developing countries by 2025 (compared with the level reached in**

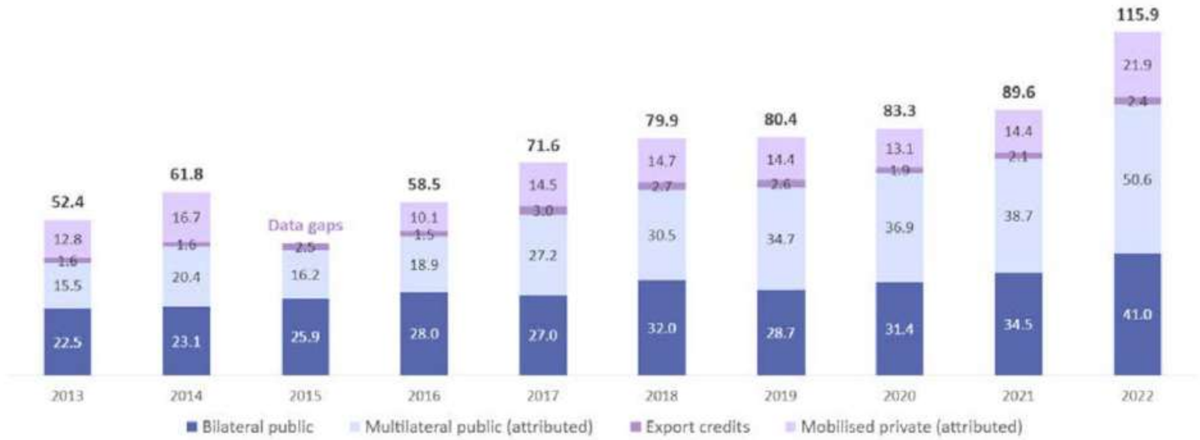
2019); and (ii) in favour of loss and damage, **with the creation decided at COP 28 of a fund dedicated to the prevention and repair of damage caused by climatic events.**

1.2. A commitment reached, or even exceeded, in 2022 with almost 116 billion mobilised

Since 2015, developed countries have asked the OECD (Environment Directorate) to publish an annual report on the mobilisation of climate finance for developing countries, based on the annual declarations of member countries. This is therefore a specific annual monitoring of climate finance allocated to developing countries to support their transition efforts, and not, as in the case of monitoring by the UNFCCC's Standing Committee on Financing, a monitoring of all the finance mobilised for the fight against climate change (including domestic spending) and of all the commitments made under the Climate Convention, particularly emission reductions.

The seventh report published by the OECD indicates that this commitment would have been reached in 2022 with 115.9 billion mobilised. Of this total, 50.6 billion would have been mobilised via public multilateral channels (MDBs and vertical funds), 41 billion via bilateral agencies, 21.9 billion would have been private funds raised through public intervention and finally 2.4 billion would have been mobilised through export credits. Lastly, we note that the increase in 2022 was mainly due to the sharp rise in climate finance mobilised by the multilateral development banks, particularly as a result of a significant increase in the size of the projects financed. Loans account for the vast majority of public climate finance, 69% of the total, compared with 28% for grants and around 1% for equity investments. The proportion of loans is as high as 92% in high-income countries, 87% in UMICs and 85% in LMICs. Climate finance is therefore largely made up of loans, with low-income countries being the exception (64% of external official climate finance is in the form of grants).

Graph 3. Climate finance provided and mobilised in 2013-2022 (USD billion)



Note: The sum of components may not add up to totals due to rounding. The gap in time series in 2015 for mobilised private finance results from the implementation of enhanced measurement methods. As a result, grand totals in 2016-22 and in 2013-14 are not directly comparable.
Source: Based on Biennial Reports to the UNFCCC, OECD DAC and Export Credit Group statistics, complementary reporting to the OECD.

An analysis of the thematic breakdown of this climate financing shows that mitigation projects predominate, although there has been a steady increase in the number of projects allocated to adaptation in the LDCs and SIDS. By 2022, 60% of funding had been allocated to mitigation, and 28% to adaptation programmes (the balance being made up mainly of mixed funding). In terms of volume, climate finance allocated to adaptation tripled in six years, rising from 10.1 billion in 2016 to 32.4 billion in 2022, mainly in the form of public funding (28.9 billion versus 3.5 billion in private resources mobilised with public support). There was also a real increase in the total percentage of climate finance, with adaptation accounting for 28% of total financing in 2022, compared with 17% in 2016.

Finally, in terms of sectoral allocation, mitigation programmes are highly concentrated (62% of resources mobilised in two sectors, energy and transport), unlike adaptation projects, which are more fragmented (the two main sectors, water/sanitation and agriculture/fishing, only account for 19% and 18% of funding, respectively).

In terms of allocation by income category, we note the strong preponderance of middle-income countries in public climate finance (70% of the total, including 40% for LMICs and 30% for UMICs, with low-income countries mobilising only 10% of the total (the balance corresponding to non-attributable CF allocated to regional or global programmes). However, the analysis must be weighted by the fact that climate finance allocated to LICs in absolute terms (volume) is increasing sharply (rising fivefold between 2016 and 2022), is more concessional and concerns a smaller population.

In 2022, the LDCs received 20 billion and the small island states (SIDS) 3.2 billion. On a per capita basis, the SIDS were by far the biggest beneficiaries, receiving USD 96 per inhabitant, compared with USD 16 for the LDCs and an average of USD 25 for all developing countries. Lastly, it should be noted that adaptation is highly favoured in the LDCs and SIDS, where it accounts for half of the climate finance mobilised by donors, compared with only a quarter for developing countries as a whole.

1.3. Financing mobilised through a multilateral system marked by extreme dispersion despite the predominant role of the multilateral development banks

The sources of climate finance are highly fragmented. In addition to the many bilateral donors, the multilateral system, which over the long term has provided more than 55% of total public climate finance, is particularly fragmented. Climate finance has developed anarchically and prolifically since the creation in 1991 of the Global Environment Facility (GEF), the first multilateral fund dedicated to climate finance and biodiversity protection. There has been a marked acceleration over the last decade, with up to seven multilateral climate funds being created each year, leading to a dispersal of multilateral bodies for channelling climate finance.

According to the most recent estimates,[xii] a 2015 OECD report had already counted 99 funds, while listing precisely 91 that were still active. A recent article by P. Le Houérou estimates that 84 funds are still active today. More than half of these funds are hosted by MDBs or UN agencies (62), while 12 are autonomous (including the Green Fund) ; 73 are financed by public resources, while 12 are financed exclusively by the private sector. These figures are somewhat dizzying and illustrate the difficulty of ensuring exhaustive monitoring of their disbursements, not to mention the hidden costs incurred by both donors and beneficiaries (Le Houérou rightly refers to this as a "capacity tax" on beneficiary countries, which are forced to comply with multiple procedures and standards).

While it is easy to understand the reasons behind this proliferation of multilateral funds (to show political commitment, to ensure that the fund is consistent with new orientations, a desire for innovation, etc.), the fact remains that it raises serious doubts about the overall effectiveness of the system and makes it difficult to monitor commitments.

These multilateral funds represent a very modest share of total multilateral climate funding, with the Green Fund and the Global Environment Facility alone accounting for two-thirds of the resources disbursed by the dedicated vertical funds.

However, the bulk of multilateral climate finance is mobilised through multilateral banks, which, according to the OECD, in 2022 disbursed USD 46.9 billion, or 93% of multilateral public climate finance, with disbursements via vertical funds amounting to only USD 3.4 billion.[xiii]

While some vertical funds, over and above their volume, respond to specific needs (e.g. the loss and damage fund created at COP 28) and specific niches (funds for adaptation, which can initiate pilot projects that can then be duplicated on a large scale with other funding), it is nonetheless true that the harmful effects pointed out by P. Le Houérou (multiplication of administrative costs, prohibitive costs for recipient countries due to the multiplication of windows, lack of coordination, risks of redundancy, difficulty of overall governance of the system and monitoring of the system) are still present. Finally, international action in the area of climate change appears to be highly fragmented and disorganised, leading to additional costs that reduce overall effectiveness.

II. A monitoring system with many shortcomings

2.1. Two monitoring reports for the same objective

Currently, there are two official mechanisms for monitoring climate finance, and in particular the 100 billion commitment, in addition to monitoring mechanisms initiated by private initiatives such as the Climate Funds Update.

The first mechanism comes under the United Nations Framework Convention on Climate Change (UNFCCC), via a report published every two years on the monitoring of the implementation of the climate commitments of the States parties to the Convention. This global report, which is published late (data relating to years N-2 and N-3), is part of an overall monitoring of the commitments of the parties to the Paris Agreement, going beyond the monitoring of the 100 billion (data on all climate finance, including monitoring of domestic resources mobilised, and above all on efforts to reduce emissions and/or increase carbon sequestration).

The second is produced by the OECD (the Environment Directorate, independent of the DAC and the IFT), at the request of its member states since 2015, and is aimed specifically at monitoring the 100 billion commitments. It is published annually and provides information on the year N-2. It should also be noted that the European States must also report data on year N-1 to Brussels each year, and France conducts specific annual monitoring of the commitment made by the President of the Republic to devote €6 billion per year to climate finance (year N-1). The figures used in this report are based mainly on the most recent OECD data (2022 data).

The OECD report takes due account of the guidelines established by the UNFCCC (Decision 18/CMA1), which was drawn up by the States Parties as part of the follow-up to the Paris Agreement. In particular, it breaks down international climate finance into four components: (i) bilateral and regional public climate finance; (ii) multilateral public climate finance; (iii) publicly supported climate-related export credits; and (iv) private finance mobilised through public intervention.

The sole purpose of this report is to monitor the financial commitment of developed countries to support programmes to combat climate change in developing countries (the 100 billion target); it is therefore not exhaustive, since by definition it excludes domestic resources mobilised by developing countries, transnational public funding mobilised through South-South cooperation, the share of multilateral funding allocated to developing countries and of course private funding mobilised outside of any public intervention by donor countries. It is therefore a mechanism for measuring the efforts made by industrialised countries to support the ecological transition in developing countries, in the light of the commitments made under the UNFCCC (objective of mobilising 100 billion per year from 2020), and in no way a monitoring of the total funding allocated to the fight against climate change in these countries.

2.2. Reports that do not detail either the individual efforts of climate finance providers or the resources received individually by beneficiary countries, thereby reducing the scope for accountability

This OECD report, which is useful for monitoring the global commitment to devote 100 billion a year to climate finance in developing countries, does not, however, provide detailed information by supplier or recipient country. It can therefore only measure the overall effort, i.e., the aggregate effort, of developed countries, and the distribution of resources by major category of developing country (MIC, LIC, LDC, SIDS) and by major sector of activity. Unlike the existing ODA and TOSSD reports on development financing, there is no report on climate finance that presents the individual efforts of the various developed countries and the allocation of this financing by developing country in a harmonised way. The accountability exercise is therefore very patchy, making it impossible to compare the reciprocal efforts of developed countries, or to estimate their efforts in relation to their individual contribution capacities.

2.3. Questionable and disputed lists of contributor and beneficiary countries

The two reports are also built on slightly different foundations:

- The UNFCC report is, of course, drawn up on the basis of the UNFCCC categories, i.e., by targeting "non-Annex I" countries as beneficiary countries (see Annex 4). This means that countries such as Ukraine and Turkey are excluded from the beneficiaries although they are including in the DAC list of developing countries[xiv]

- The OECD report is based on a classic distinction between developed and developing countries but combines the DAC list with the UNFCCC rules. The list of developing countries benefiting from climate finance is thus defined firstly by using the list of developing countries eligible for ODA, supplemented by countries not on the list of parties to Annex 1 of the UNFCCC (when they are not on the DAC list). In the absence of any real guidelines for this reporting work, countries sometimes make different choices. For example, for the sake of consistency, France has chosen to exclude its contributions to "Annex I" countries such as Ukraine and Turkey from its declarations to the OECD, while others include them in their declarations on the grounds that these countries are on the DAC list of countries eligible for ODA.

The effect is not neutral, since for the French development agency, this exclusion reduced its climate effort by almost €1 billion in 2023.

This is an important question, since an effective system for monitoring international financial commitments presupposes the prior definition of precise lists of contributor and recipient countries. When it comes to climate finance, however, we are periodically torn between the "commitment by developed countries to support developing countries in their efforts to combat climate change" (Article 4.3 of the UNFCCC 1992), the DAC lists, and the differentiation between "Annex I countries" and "non-Annex I countries" of the UNFCCC.

This latter list, originally drawn up in line with the "polluter pays" principle (the countries listed in Annex 1 being considered the main contributors to cumulative greenhouse gas emissions since the industrial revolution and the massive use of fossil fuels), is now highly questionable and contested, particularly by the USA, because it has been frozen since 1992 without being updated for purely geopolitical reasons. For example, China, which is now one of the main contributors to cumulative greenhouse gas emissions, as well as the Gulf States, are still not viewed as contributing countries, despite their respective contributions to emissions (overall or per capita). This failure to update the two lists is a major stumbling block in the current negotiations. It also seriously undermines the credibility of the system, and therefore confidence between players.

2.4. The absence of genuine guidelines for standardising declarations

For the most part, the two reports refer to " the modalities, procedures and guidelines" (MPG) established by the Conference of the Parties serving as the Meeting of the Parties in charge of the follow-up of the Paris Agreement (Decision 18/CMA1), a revised version of which came into force in 2024 (*Enhanced Transparency Framework*); these are in fact the guidelines to be followed by the States Parties to the Convention when reporting on their commitments.[xv]

A reading of this document is enlightening: apart from the fact that it presents a whole series of guidelines that go well beyond the issues of financial transfers (including the measurement of emissions reductions), the paragraphs devoted to financial transfers (paragraphs 118 to 129) are in no way prescriptive: they are essentially intended to ensure the transparency of the data provided, but in no way to establish a precise and standardised methodology for collecting and publishing data.

So, unlike ODA or TOSSD for development finance, there is no precise, standardised framework for reporting on climate finance, leading de facto to divergent methodological choices and potentially major discrepancies between the declarations of one party and another.

In view of this "methodological weakness", the MDBs and the IDFC (an association of bilateral and regional development banks) have recently worked to harmonise their respective practices for collecting climate finance.[xvi] This work is to be commended, as it has led to the establishment of standardised guidelines, followed by all the development banks, specifying in particular the lists of eligible activities and the methods of accounting for the declarable portion of this financing, distinguishing between mitigation programmes and those devoted to adaptation.

For each category of programme, three types of activity are precisely defined and set out in tables listing eligible activities. Once a decision has been taken on eligibility, the development bank departments assign a climate finance contribution coefficient to the projects, depending on whether they are totally or partially dedicated to this objective. To the best of our knowledge, this is the most advanced operational definition of international climate finance to date. However, it is not exhaustive, as it does not bring together all the players, and it is the work of the operators, who are both judge and judged.

2.5. The lack of an agreed definition of international climate finance

The most critical aspect of the current system is the lack of an agreed definition of international climate finance, similar to that which has existed since 1972 for ODA.

Thirty-two years after the 1992 UNFCCC, which stipulated the commitment of developed countries to provide financial support to developing countries, the situation is distressing.

While the difficulty of the task cannot be minimised, particularly in view of the political considerations involved, and the persistence of a high level of conflict in the negotiations, still structured around an outdated North/South divide, artificially maintained by certain players in the "Global South", the situation today is no longer sustainable. **When the future of humanity, and indeed of life itself, is at stake, the inability to agree on a reasonable definition of what climate finance encompasses becomes irresponsible, not to say indecent. It is time for tactical considerations to give way to the need to establish a solid system for monitoring the parties' commitments**.

France would be honoured, and with European Union, if it were to put forward a strong proposal aimed at obtaining at the next COP an agreed definition enabling the implementation of an effective monitoring system for a new financial commitment. We should not decide on a new long-term financial commitment without at the same time establishing an operational and standardised monitoring system, which presupposes agreement on an agreed definition of international climate finance.

If it proves impossible to reach an agreement within the UNFCCC framework, then it would be appropriate to do so within the OECD framework, as was the case 60 years ago for ODA, bearing in mind that the countries providing international climate finance, which are ultimately responsible for meeting this commitment, are the first to be affected.

2.6. The question of the additionality of climate finance (the unbearable lightness of being)

<u>a/ A challenge made all the more difficult by the adoption of the SDGs:</u>

According to the well-known rhetoric of UN negotiations, any negotiation at the UNFCCC must repeat the "agreed language" since 1992, according to which international climate finance is "additional" to ODA.

But the parties to the UNFCCC have never been able to specify how the additional nature of climate finance is assessed and measured: in relation to the ODA mobilised on a given date? But in this case, which date should be chosen: 1992, 2009, 2015? In relation to the 0.7% GNI target, which has so far been reached by only five donor countries? Finally, what objective methodology can be used to distinguish between development financing and climate finance, particularly when the latter supports adaptation or mitigation projects in a low-income country that coincide perfectly with ODA eligibility criteria?

The international community's inability to define this notion of additionality is such that the UNFCCC guidelines (MPGs) merely ask climate finance registrants to "specify the elements that lead it to consider that the financing of a project is additional".

The Climate funds Update, cited above, sets out a series of principles that climate finance should respect (polluter pays principle, equitable burden sharing, etc.), citing, among other things, additionality, which means that climate finance should not be included in ODA disbursements. In our view, this position is excessive, particularly in the case of adaptation programmes, which strengthen countries' resilience and meet all the criteria for ODA eligibility. Furthermore, it is hard to see the point of such an exclusive logic, as international cooperation, like any public policy, is often led to promote action that can and should pursue a plurality of objectives.

The challenge of giving substance to this principle of additionality was further strengthened by the adoption in 2015 of the Sustainable Development Agenda and the SDGs, which in a way merge the development agenda and the environmental protection agenda, to promote "sustainable development" with a central focus on limiting global warming and preserving biodiversity. Today, any project to develop energy, or manufacturing production capacity, transport infrastructure or agricultural production must incorporate environmental standards and objectives if it is to be approved and implemented in a developing country with donor funding.

b/ Giving substance to the principle of additionality:

In our view, therefore, there are two possible ways of restoring confidence and giving substance to this commitment to additionality, and they are not mutually exclusive:

- The first way is that official climate finance is largely concentrated in middle-income countries (70% of the total, including 40% for LMICs and 30% for UMICs, with low-income countries accounting for only 10% of the total (see section1.2 above). This observation is compounded by the fact that, according to the OECD report, a substantial part of this climate finance, including for mitigation projects in MICs is made up of concessional resources. There is therefore a very real risk that, given a constant envelope, part of the development financing will be diverted to climate finance in MICs, to the detriment of low-income countries, and in particular the LDCs. **In our view, this observation should lead the international community to substantially raise the specific ODA mobilisation target for LDCs, which has been set for decades at 0.15% of donor countries' GNI.** This seems all the more justified given that, in addition to their low share of climate finance, most of these countries are largely excluded from financial markets and receive only a very small share of the private foreign direct investment allocated to developing countries. It is therefore in these countries that ODA has the highest marginal effectiveness. An initial proposal to ensure compliance with this commitment to the additionality of climate finance would therefore be to increase the percentage of ODA allocated to LDCs from 0.15% to 0.25% of donors' GNI. This objective could be achieved with an additional effort or by concentrating traditional ODA on LDCs, taking into account that MICs also benefit from climate finance.

⇨ **P3:** Raise the funding target for LDCs as a percentage of donor countries' GNI to 0.25%.

In the same vein, the additional nature of climate finance could be ensured **by establishing a financial commitment for pillar 1 of the TOSSD, i.e., development finance**. A global objective for the TOSSD, including pillars 1 and 2, does not seem essential insofar as climate finance and the finance allocated to biodiversity are the subject of their own objectives defined within the framework of the COPs. A global target for the TOSSD would therefore be superfluous. On the other hand, it would be essential to establish a quantified target for this specific category (pillar 1) in order to preserve the additional nature of climate finance and prevent it from diverting development funding.

⇨ **P4:** Within the framework of the TOSSD, set a development financing target (pillar 1).

- The second way to secure additionality of climate finance is to distinguish between adaptation projects, which would continue to be included in development financing, and mitigation projects, which would henceforth be viewed as "GPG financing" and therefore monitored through this specific categorisation, particularly in the TOSSD. It seems to us (seesubsection2.2.2b above) that the purpose of the programmes (to help slow global warming) and the quality of the final beneficiaries of these mitigation programmes (the world's population) justify this distinction. Establishing a distinction between adaptation and mitigation, with the latter being excluded from the development finance measure, would make it possible to achieve this objective of additionality in climate finance, with mitigation finance having to be additional, and therefore tracked in a specific category, because it is primarily motivated by the climate agenda (see proposal 2 above, Section 2 Chapter 1).

III. Proposals for setting up a system to monitor international funding to combat climate change in developing countries

The transparency of public climate flows to developing countries is a necessary precondition for easing tensions and restoring confidence in climate negotiations. We cannot define a new international financing target and open a new round of commitments to combat climate change in developing countries without at the same time establishing the conditions for such transparency and accountability

The diagnosis set out in point 2 above leads us to put forward a set of proposals to create an operational system for monitoring financial commitments for the climate.

3.1 Establishing a clear, operational and agreed definition of international climate finance

It does not seem possible to hope to restore confidence in the monitoring of financial commitments without first agreeing on a clear, operational and accepted definition of international climate finance.

The UNFCCC Standing Committee on Finance has undertaken a review of the main definitions used by the States Parties. At this stage, more than 21 States Parties to the Climate Convention and five non-Parties have submitted definitions, which shows the diversity of approaches used in the declarations. However, we can deduce from this analysis points of convergence and elements to be decided. We can also usefully refer to the definitions used in various reference documents (UNFCCC texts, guidelines already mentioned, definition used by the SFC, etc.).

- The first point to be decided concerns the official nature of the financing, and the question of the eligibility of private finance mobilised by public intervention. Given its strong growth in recent years, and the major role it can play in financing certain activities (clean transport, renewable energies, etc.), it would be very wrong to exclude it, as some people are advocating. It would also be paradoxical to include it in the monitoring of development finance and not in the monitoring of climate finance. Finally, it should be noted that since 2015 the guidelines adopted by decision 18CMA/1 distinguish three financing channels: bilateral and regional public resources, multilateral resources and private finance mobilised by public interventions. It therefore seems necessary to continue along these lines.

- The second, and essential, point concerns defining the types of programmes and activities that are eligible according to their objectives: adaptation, mitigation, cross-cutting, and prevention and repair of loss and damage. This point is particularly sensitive in that part of the debate that revolves around the question of whether funding should have as its sole objective the reduction of GHG emissions or the strengthening of countries' resilience, or whether it can simply make a significant or even substantial contribution to these objectives, even if they are not exclusive.

On this point, it should be noted that many OECD countries, when preparing their declarations, use the Rio markers to identify eligible activities a priori and then use coefficients to determine the proportion of funding that must be declared (for example, they declare 100% of funding when a project is considered to have a **primary** climate objective, whereas they will assign a lower coefficient if the project is considered to make merely a **significant** contribution). It should also be pointed out that in their document on the "*common principles for monitoring climate finance*" cited above, the MDBs and the IDFC define eligible mitigation projects as those that "*promote activities that* ***contribute substantially to*** *the stabilisation of greenhouse gases in the atmosphere... consistent with the Paris Agreement's objective of limiting long-term average temperature increase... by avoiding or reducing emissions or increasing carbon dioxide sequestration*". These eligible activities are then classified into three categories: (i) those that are totally neutral or allow very low emissions; (ii) those that contribute to the transition towards an emission-neutral economy even if they involve activities that use fossil fuels (actions aimed at improving energy efficiency); and finally (iii) those that promote the development of activities that will ultimately reduce emissions (the development of low-emission technological innovations, for example).

The definition must necessarily be sufficiently broad and inclusive and leave it to the operational guidelines to specify eligibility according to the nature of the activities, the type of financial instruments, the different sources of funding and finally the accounting methodology to be used for programmes pursuing multiple objectives, including climate change. It could, however, be usefully specified by sub-objectives to ensure that certain objectives are not neglected: this is the case in particular with the establishment of a specific financing objective for adaptation.

Others could be imagined, particularly for targeting (geographically and/or sectorally) the most concessional resources.

At this stage, we will limit ourselves to recalling the operational definition currently used by the UNFCCC Standing Committee on Finance (SCF), to which we will add a complementary definition with certain possible additions identified by the Committee itself in bold:

Operational definition used to date: "Climate Finance aims to reduce emissions and enhance the capture of greenhouse gases, reduce the vulnerability or strengthen the resilience of ecological and human systems to the impact of climate change."

Options for updating identified (changes proposed by the SCF in bold): "[T]he Climate Finance aims to reduce emissions and enhance the capture of greenhouse gases, reduce vulnerability, **strengthen adaptive capacity**, increase the resilience of ecological and human systems to the impact of climate change, **and includes the financing of activities likely to produce measurable results for the achievement of the goals of the Paris Agreement and the objective of the Convention.**"

⇨ **P5:** France and the EU suggest that a working group be set up to propose an agreed definition of climate finance. They make any agreement on a new financial commitment (NOCQ) for the post-2025 period conditional on the establishment of such a working group.

3.2. Revising the lists of countries called upon to contribute to the international effort to finance the fight against climate change in developing countries and of beneficiary countries in line with the objectives of the UNFCCC

While development financing is based on a logic of international solidarity, founded on the need for rich countries to provide support to developing countries, with an effort proportional to their GNI, the logic of international climate finance is based on the responsibility of industrialised countries for the GHG emissions leading to global warming. This logic should therefore guide the criteria for defining contributor and beneficiary countries, alongside wealth as expressed by GNI per capita.

The 1992 UNFCCC had already laid down important markers by stating that "the Parties shall take the necessary actions to limit climate change, including financing, on **an equitable basis and in accordance with their common but differentiated responsibilities and respective capabilities**...". Article 4.3 of the same Convention adds that "such financing shall be adequate and predictable, **with adequate burden sharing among developed countries**". The conclusions of the 1992 UNFCCC therefore contain important principles: **the polluter pays principle, the principle of differentiated responsibilities and the principle of adequate burden sharing among developed countries according to their respective capabilities**.

It should be emphasised at this point that the "polluter pays" principle and the principle of common but differentiated responsibility are particularly important, as they introduce a clear distinction between climate finance and development finance, the latter being fundamentally based on the idea of solidarity founded on contributory capacity (rich countries contribute in proportion to their GDP to development finance through the commitment of 0.7% of GNI devoted to ODA).

It poses an initial methodological difficulty, but one that is not insurmountable: how do we define the differentiated responsibility of each country in order to determine an appropriate burden sharing? The facts of the problem are known: we can choose to use the volumes of emissions accumulated over a long period (pre-industrial revolution?), over a shorter period (evolution over the last 10 or 20 years, making it possible to value the efforts made to reduce emissions) or a mixture (accumulated emissions weighted by the rate of reduction recorded over the last decade or decades). While it seems ambitious to reach an agreement that would allow each developed country to be assigned the precise level of contribution expected, **this type of method could make it possible to define an objective criterion for updating the lists of contributor and beneficiary countries**, and to get away from the "fetishism" of Annex 1 of the UNFCCC by gradually moving certain countries from the category of beneficiary countries to the category of net contributor countries: we are thinking in particular of China and the Gulf States, and even Turkey. Here again, the aim would be to establish objective thresholds that would allow countries to be graduated according to their responsibility for global emissions. These thresholds could be defined on the basis of emission levels alone, or by cross-referencing these data with the level of GNI/h.

The question of which countries are eligible for financing must also be raised, as the notion of "developing countries" seems too broad and no longer suitable for climate financing. A first step in drawing up this list would therefore be to review the Annex 1 list on the basis of the above responsibility criterion (level of cumulative emissions). Non-Annex 1countries, i.e. those not included in the revised Annex 1, would then be eligible a priori. Here again, we need to consider whether or not an additional income criterion should also be used, so that countries with a certain level of per capita income can be removed from the list of beneficiary countries.

In a second stage, we could establish two subcategories of eligible countries within this list, depending on the objectives pursued:

- For mitigation programmes, which are most often financed by non-concessional or slightly concessional loans and market instruments, a GPG approach should dominate: the allocation of resources should target as a priority the countries that have emitted the most in recent years, as accelerating their ecological transition is in everyone's interest and will maximise the impact of the financing mobilised. This part of climate financing could logically be separate from development financing, since the primary objective is not the economic and social development of developing countries but the preservation of the climate, the GPG par excellence.

However, another priority target could be countries undertaking high-impact preventive actions that could prevent emissions or maintain/increase carbon sequestration capacity (e.g., actions to preserve the Amazon Rainforest and/or the Congo Basin Forest).

- For adaptation programmes, priority should be given to equity, i.e., a criterion of low per capita income combined with a criterion of vulnerability. At this stage, the aim is no longer to reduce the overall volume of emissions in order to reduce the rate of climate change but rather to help resource-poor countries cope with the consequences of global climate change by strengthening their capacity for adaptation and resilience. LMICs and especially LICs should be targeted as a priority, particularly for the allocation of the most concessional resources. Given the specific nature of climate finance, the use of a multidimensional vulnerability criterion (including economic, social and environmental dimensions) in addition to the per capita income criterion seems unavoidable. This second criterion seems particularly relevant for SIDS. At this stage, we will leave open the question of applying such criteria to the financing of "loss and damage", as the nature of the interventions to be financed seems to be closer to adaptation programmes than to mitigation ones.

⇨ **P6:** France and the EU propose to set up a working group to review the lists annexed to the UNFCCC in order to establish on the basis of objective criteria (1) the list of countries called upon to contribute to international climate finance, (2) the list of countries benefiting from the international climate finance and (3) a process of graduation of the latter. Any agreement on a new international climate finance target should be conditional on an agreement on the establishment of such a working group.

3.3 Establishing normative guidelines for drawing up climate finance declarations and, in particular, for monitoring international financial commitments in support of developing countries

In order to ensure the necessary transparency and accountability of the commitments made, as well as meaningful international comparisons, it seems essential that the declarations of contributing countries be standardised on the basis of prescriptive guidelines that are as precise as possible. These guidelines could be drawn up by the UNFCCC bodies responsible for monitoring the Paris Agreement and eventually replace the MPGs (guidelines drawn up by the UNFCCC), or could be entrusted to the OECD, which already produces an annual report on monitoring the 100 billion.

They could usefully draw on the MPGs and guidelines drawn up by the multilateral development banks and the IDFC.

In any case, the final report should be more detailed and present the results by donor and recipient country, as is the case for ODA and TOSSD. This information would be necessary in order to be able to analyse each country's contribution in terms of its capacity to contribute and/or its responsibilities in terms of emissions. It would also provide important information for assessing the quality of the allocation in terms of effectiveness (mitigation component) and vulnerability (adaptation programme).

⇨ **P7:** France and the EU propose that a working group be set up to specify the guidelines to be followed by contributing States in their declarations on international climate finance (follow-up to the 100 billion) in order to arrive at standardised declarations.

⇨ **P8:** France and the EU propose that the annual report on the monitoring of the 100 billion target (and in the future on the NCQG) should include data by country making it possible to measure the effort of each contributor country and their geographical (by recipient country) and thematic (adaptation/mitigation/damage) allocation.

⇨ **P9:** In addition to the global commitment, a working group should look into the definition of targets for each contributor country according to their income levels (capacity to contribute) and their differentiated responsibilities (level of emissions).

Chapter 3:
The institutional dimension of monitoring international financing

After examining the main methodological difficulties raised by the monitoring of development finance and climate finance in the first two chapters, and proposing ways of improving each of them (ODA, TOSSD and climate finance), this chapter examines the institutional dimension of the subject. It has to be said that the legitimacy of the institutions responsible for monitoring international financial commitments is sometimes contested, which undermines trust between the players and adversely affects the serenity of the negotiations. Here again, therefore, it seems important to try to diagnose the existing situation as objectively as possible and to identify ways of improving it, while excluding a priori the creation of new institutions in a multilateral system that is already very congested.

I. DAC monitoring of ODA: a more inclusive DAC is necessary

The DAC (Development Assistance Committee) is an old institution, born in 1960 a few months before the OECD out of the desire of donor countries to pool their experience and establish shared mechanisms for monitoring and evaluating their emerging cooperation policies.

In addition to the annual publication of official ODA data, the DAC carries out analyses of development cooperation and conducts periodic reviews (approximately every four to five years) of the development cooperation policies of its members. It is also behind several major international initiatives, in particular MOPAN (the Multilateral Organisations' Independent Evaluation Process) and the International Partnership for Aid Effectiveness.

The DAC's track record in this area, the experience it has acquired and its composition (it brings together all the donors committed to implementing certain good practices and to pursuing the commitment to reach 0.7% of GNI devoted to ODA) fully justify the DAC retaining its competence in the area of monitoring and publishing ODA data, a competence that is not seriously called into question.

However, the composition of the DAC is periodically criticised because it is limited to 32 donor countries (formal members) and a cohort of observers (international organisations as well as 14 non-member countries that make declarations via the DAC, including countries such as Turkey and Saudi Arabia that are already above the target of 0.7% of GNI).

At the same time, the credibility of its analyses and methodological choices is also being challenged on the grounds that they reflect the vision of donors only, without taking into account the aspirations and constraints of recipient countries.

The recurring criticism of the DAC's lack of inclusiveness had already seemed to be well founded, given the comparison with the Board of Directors of the OECD Development Centre, which traditionally includes developing countries (China, Brazil, India, Niger, Ghana and Senegal), and in light of the lack of consistency with the DAC's own precepts on aid effectiveness (Paris Declaration), which advocate a partnership approach, alignment with the priorities of developing countries, and a role for developing countries in defining and steering their development strategies. This composition now seems increasingly anachronistic, at a time when the OECD itself has embarked on a sustained enlargement process, marked recently by the accession of new countries (the OECD now has 38 members) and the opening of accession processes for many emerging countries (Argentina, Brazil, Peru, Indonesia, Thailand, etc.), and at a time when the TOSSD is characterised by a high degree of inclusiveness (see point 3.2).

If the DAC does not reform its membership, it will become obsolete. It cannot hide behind logistical arguments (the DAC is a standing committee, which means that the embassies of member countries must have permanent representatives on the spot) or delaying tactics (developing countries are regularly invited to high-level meetings), as those in favour of the status quo all too often do.

In the twenty-first century, it is time for the DAC to undergo a transformation and accept full members representing new donors as well as developing countries on the list of recipient countries, with balanced representation of the different categories of countries (LDCs, LICs and MICs). It is in fact no longer tenable to claim to have a definition of ODA, or a monitoring method, defined by donor countries alone. The DAC must move away from this paternalistic approach and outdated North/South divide and promote a truly partnership-based approach to ODA.

⇨ **P10:** France should take the initiative of proposing to open a debate at a forthcoming high-level meeting on the issue of a more modern and inclusive composition of the DAC, allowing for the representation of beneficiary countries.

II. TOSSD monitoring system consolidating the institutional architecture of the IFT (International Forum on TOSSD)

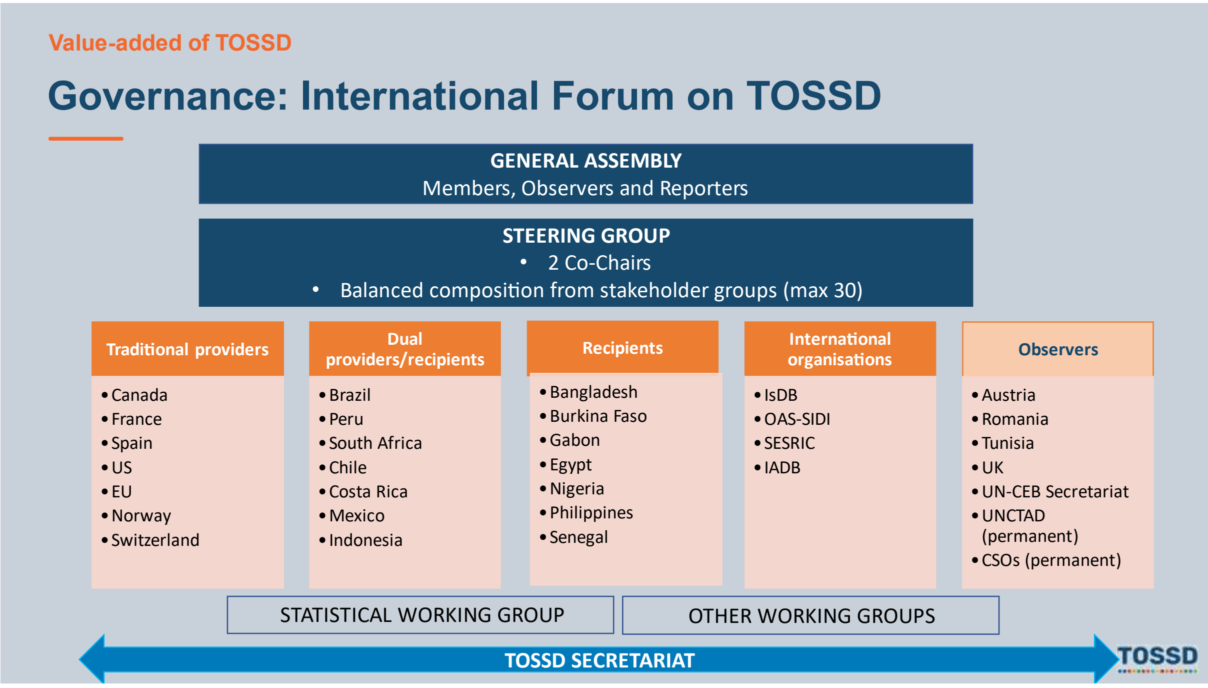
The year 2024 marks the first year of implementation of the permanent institutional organisation of the TOSSD, which since its launch has operated on a transitional basis, with a Task Force representing particularly committed member states (supplier and beneficiary countries), as well as associated international organisations, and a technical secretariat provided by the OECD.

A new ad hoc autonomous organisation is now in place, featuring:

- an Annual General Meeting (the Forum), which brings together all the members and observers to define the main policy directions ;

- a 30-member steering committee, with equitable representation of the various components (supplier countries, beneficiaries, IOs' etc.);

- a technical secretariat, housed at the OECD on the basis of an agreement signed with the organisation, enabling the IFT to benefit from the OECD's technical expertise and experience in statistics and monitoring development financing. The secretariat is currently funded by a narrow circle of countries (France, Canada, Spain, USA) and will need to broaden its contributor base.



This inclusive organisation, which its founders wanted to be independent of the DAC, does not call for any particular comment and deserves to be consolidated.

One important element is to ensure that it is properly coordinated with UNCTAD to create a reliable system of financial data on South-South cooperation and to ensure that it is fully recognised by the UN Financing for Development Forum and the working group on the follow-up to the MDGs.

III. Monitoring climate finance: streamlining the system through a rational division of labour

Current monitoring of climate financing is split between two institutions: the OECD (Environment Directorate), which publishes an annual report on progress towards the global objective of mobilising 100 billion per year for climate action financing in developing countries, and the UNFCCC through the biannual report of the Standing Committee on Financing (SCF) as part of the monitoring of the Paris Agreement. As the OECD report is published on an annual basis with a shorter deadline (year N-2 data), it is tending to become the reference document for monitoring the 100 billion commitment, while the UNFCCC report is published every two years, with N-3 and N-4 data, with a much broader scope (data on the implementation by all the States Parties of all the commitments made in the Paris Agreement).

Even if it is possible to continue to have two channels for reporting data (via the OECD and via the UNFCCC), it seems to us that the setting of a new financing target for the period starting in 2025 could be an opportunity to introduce a rational division of labour that would avoid duplication and the associated additional administrative burden. For example, the OECD, which through the DAC was entrusted by the UNGA with the task of defining the concept of ODA and its monitoring, could be given the task of monitoring **international** climate financing, i.e., the contributions allocated by developed countries, which are the main contributors to GHG emissions, to financing the fight against global warming in developing countries.

The OECD could also be tasked with setting up a working group that, in partnership with the SFC of the UNFCCC, would propose an agreed definition of international climate finance and draw up clear, precise and prescriptive guidelines for the preparation of annual declarations by the States Parties concerned. This work, which is not in line with development finance but with the commitments made in the UNFCCC negotiations, should be carried out not by the DAC but by the OECD's Environment Directorate. The working group should of course be inclusive, ensuring equitable representation of countries benefiting from climate finance, well beyond the formal members of the OECD. If attachment to the OECD posed a problem, given that its membership is not universal, another option could be, based on the model of the TOSSD IFT, to house a secretariat at the OECD responsible for technical work, under the direction of a General Assembly and a steering committee extended to non-OECD countries.

> ⇨ **P11:** Institutionalise the OECD's role in monitoring international climate finance or create an ad hoc mechanism based on the IFT model (secretariat housed at the OECD and inclusive governance body including developing countries).

The UNFCCC, through the SFC, would be more specifically responsible for monitoring the NDCs, or nationally determined contributions. These NDCs are one of the main instruments used to achieve the objectives of the Paris Agreement. They represent the national commitments that each Party is required to draw up, and specify how the States will contribute to reducing greenhouse gas (GHG) emissions and adapting to the effects of climate change.

NDCs represent short- or medium-term objectives that generally include adaptation and mitigation measures; they must be updated every five years. Data collection and analysis must go well beyond international funding alone, in order to help recipient countries implement their climate action plans, and reflect all the national efforts made by the States Parties to contribute to the objectives of the Paris Agreement.

In any event, institutional responsibilities must be clarified and a rational division of labour achieved, making maximum use of existing structures and avoiding the creation of new organisations.

CONCLUSION

At the end of this analysis, we can conclude that the mechanisms for monitoring development financing are largely in place. They could be subject to the adjustments proposed above: (i) broadening the composition of the DAC to establish its legitimacy in the definition and monitoring of ODA; (ii) clarifying pillar 2 of the TOSSD to guarantee the credibility of the metric by better distinguishing between the monitoring of international development financing and the monitoring of domestic resources contributing to the financing of global public goods.

In contrast, the metric for international climate financing remains largely to be constructed, with the current system appearing to be highly fragmented and insufficiently standardised. The forthcoming COP, which is due to set a new financing target to succeed the 100 billion target, **is an opportunity that should not be missed**: agreement on this new target must be conditional on the establishment of an effective and agreed system for monitoring its achievement. The stakes in the climate battle are such that we cannot continue to prevaricate and favour "constructive ambiguities", which in this case will end up permanently undermining confidence in the climate negotiations. The time has come for us to spring into action, and this will also require greater rigour in the mechanisms for monitoring the commitments made.

APPENDICES

APPENDIX 1: DAC list of countries eligible for ODA

Liste des bénéficiaires d'APD établie par le CAD pour la notification des apports d'APD de 2024 et 2025

Révisions de la liste

PAYS LES MOINS AVANCÉS	PAYS À FAIBLE REVENU QUI NE SONT PAS DES PMA	PAYS ET TERRITOIRES À REVENU INTERMÉDIAIRE DE LA TRANCHE INFÉRIEURE QUI NE SONT PAS DES PMA	PAYS ET TERRITOIRES À REVENU INTERMÉDIAIRE DE LA TRANCHE SUPÉRIEURE QUI NE SONT PAS DES PMA
	RNB par habitant ≤ 1 135 USD en 2022	*RNB par habitant compris entre 1 136 USD et 4 465 USD en 2022*	*RNB par habitant compris entre 4 466 USD et 13 845 USD en 2022*
Afghanistan (PFR) Angola (PRITI) Bangladesh (PRITI) Bénin (PRITI) Burkina Faso (PFR) Burundi (PFR) Cambodge (PRITI) République centrafricaine (PFR) Tchad (PFR) Comores (PRITI) République démocratique du Congo (PFR) Djibouti (PRITI) Érythrée (PFR) Éthiopie (PFR) Gambie (PFR) Guinée (PRITI) Guinée-Bissau (PFR) Haïti (PRITI) Kiribati (PRITI) République démocratique populaire lao (PRITI) Lesotho (PRITI) Libéria (PFR) Madagascar (PFR) Malawi (PFR) Mali (PFR) Mauritanie (PRITI) Mozambique (PFR) Myanmar (PRITI) Népal (PRITI) Niger (PFR) Rwanda (PFR) Sao Tomé-et-Principe 1 (PRITI) Sénégal (PRITI) Sierra Leone (PFR) Îles Salomon 1 (PRITI) Somalie (PFR) Soudan du Sud (PFR) Soudan (PFR) Tanzanie (PRITI) Timor-Leste (PRITI) Togo (PFR) Tuvalu (PRITS) Ouganda (PFR)	République populaire démocratique de Corée République arabe syrienne	Algérie Bhoutan Bolivie Cabo Verde Cameroun Congo Côte d'Ivoire Égypte Eswatini Ghana Honduras Inde Iran Jordanie Kenya Kirghizistan Liban Micronésie Mongolie Maroc Nicaragua Nigéria Pakistan Papouasie-Nouvelle-Guinée Philippines Samoa Sri Lanka Tadjikistan Tokélaou * Tunisie Ukraine Ouzbékistan Vanuatu Viet Nam Zimbabwe	Albanie Argentine Arménie Azerbaïdjan Bélarus Belize Bosnie-Herzégovine Botswana Brésil Chine (République populaire de) Colombie Costa Rica Cuba Dominique République dominicaine Équateur El Salvador Guinée équatoriale Fidji Gabon Géorgie Grenade Guatemala Guyane 2 (PRE) Indonésie Iraq Jamaïque Kazakhstan Kosovo Libye Malaisie Maldives Îles Marshall Maurice Mexique Moldova Monténégro Montserrat 3 (PRE) Namibie Nauru 4 (PRE) Niue * Macédoine du Nord Palaos Panama 2 (PRE) Sainte-Lucie Saint-Vincent-et-les-Grenadines Serbie Afrique du Sud Suriname Thaïlande Tonga Türkiye Turkménistan Venezuela 5 Wallis-et-Futuna * Cisjordanie et bande de Gaza

Disponible en: English français

APPENDIX 2: CAD: members, observers and participants

Membres et partenaires

Membres

Le CAD compte actuellement 32 membres. Les pays candidats sont évalués en fonction des critères suivants : l'existence de stratégies, politiques publiques et cadres institutionnels qui garantissent la capacité de mettre en œuvre un programme de coopération au développement ; une mesure d'effort reconnue en la matière ; et l'existence d'un système de suivi et d'évaluation des performances dans le secteur.

- Allemagne
- Australie
- Autriche
- Belgique
- Canada
- Corée
- Danemark
- Espagne
- Estonie
- États-unis
- Finlande
- France
- Grèce
- Hongrie
- Irlande
- Islande
- Italie
- Japon
- Lituanie
- Luxembourg
- Norvège
- Nouvelle-Zélande
- Pays-bas
- Pologne
- Portugal
- République slovaque
- Royaume-uni
- Slovénie
- Suède
- Suisse
- Tchéquie
- Union européenne

Observateurs

- Banque asiatique de développement
- Banque africaine de développement
- Banque européenne d'investissement
- Banque interaméricaine de développement
- Fonds monétaire international
- Programme de développement des Nations Unies
- Banque mondiale

Participants

- Arabie saoudite
- Azerbaïdjan
- Bulgarie
- Émirats arabes unis
- Koweït
- Qatar
- Roumanie

APPENDIX 3: TOSSD governance architecture

Forum's vision and mission

- **Our vision:** The Forum aims to improve the measurement and monitoring of the financing for sustainable development of recipient countries through TOSSD.
- **Our mission:** The Forum, working in an open, inclusive and transparent manner, promotes and supports the global implementation of TOSSD.

Forum bodies

- **The General Assembly**, where all **IFT members, observers and all TOSSD data reporters** can offer insights to shape TOSSD, and access a knowledge-sharing hub on transparency for development support.
- **The Steering Group** ensures the implementation of the vision, mission and strategic priorities of the Forum. The Steering Group approves the refinements to the TOSSD methodology.
- **The Secretariat** leads the day-to-day implementation of TOSSD. It collects and publishes TOSSD data and works to enhance data reporting and use. The Secretariat operates under the guidance of the Steering Group.

APPENDIX 4: List of countries in Annex I of the UNCAC 1992 Convention

Australia Austria Belarus (a) Belgium Bulgaria (a) Canada, European Economic Community Denmark Estonia (a) Finland France Germany Greece Hungary (a) Iceland Ireland Italy Japan Latvia (a) Lithuania (a) Luxembourg Netherlands New Zealand Norway Poland (a) Portugal Romania (a) Russian Federation (a) Spain Sweden Switzerland Czechoslovakia (a) Turkey Ukraine (a) United Kingdom of Great Britain and Northern Ireland (a) United States of America (a)

a/ Countries in transition to a market economy

APPENDIX 5: The 11 Commandments (proposals for strengthening the monitoring of development and climate finance)

- ⇨ **Proposal 1:** A change in the valuation of ODA loans by using the effective market rate paid by the donor country as the reference cost of the resource, in order to better assess the effort made by each donor.

- ⇨ **Proposal 2:** Reorganise the pillars of the TOSSD with a pillar 1 targeted at development financing in the strict sense of the term, i.e., targeted at economic development and improving the living conditions of people in beneficiary countries, and a pillar 2 bringing together financing allocated to GPGs wherever they are located, including climate mitigation expenditure.

- ⇨ **Proposal 3:** Raise the funding target for LDCs as a percentage of the GNI of donor countries to 0.25%.

- ⇨ **Proposal 4:** Within the framework of the TOSSD, set a development funding target (pillar 1).

- ⇨ **Proposal 5:** France and the EU suggest that a working group be set up to propose an agreed definition of international climate finance. They make any agreement on a new financial commitment (NOCQ) for the post-2025 period conditional on the establishment of such a working group.

- ⇨ **Proposal 6:** France and the EU propose to set up a working group to review the lists annexed to the UNFCCC in order to establish on the basis of objective criteria (1) the list of countries called upon to contribute to international climate finance, (2) the list of countries benefiting from the CFI and (3) a graduation process for the latter. Any agreement on a new international climate finance target should be conditional on an agreement on the establishment of such a working group.

- ⇨ **Proposal 7:** France and the EU propose that a working group be set up to specify the guidelines to be followed by contributing States in their declarations on international climate finance (follow-up to the 100 billion) in order to arrive at standardised declarations.

- ⇨ **Proposal 8:** France and the EU propose that the annual report on the monitoring of the 100 billion target (and in the future on the NCQG) should include data by country making it possible to measure the effort of each contributor country and their geographical allocation (by recipient country) and thematic allocation (adaptation/mitigation/damage).

- ⇨ **Proposal 9:** In addition to the global commitment, a working group should examine the definition of targets for each contributing country according to their level of income (capacity to contribute) and their differentiated responsibilities (level of emissions).

- ⇨ **Proposal 10:** France should take the initiative of proposing to open a debate at a future high-level meeting on the issue of a more modern and inclusive composition of the DAC, allowing for the representation of beneficiary countries.

- ⇨ **Proposal 11:** Institutionalise the OECD's role in monitoring international climate finance or create an ad hoc mechanism based on the IFT model (secretariat housed at the OECD and inclusive governance body including developing countries).

Notes

---

[i] See: Le Houérou(2023) "Fonds climatiques, l'heure du grand ménage a sonné", *Revue d'économie financière* 2023/3, No. 151.

[ii] Achille Mbembé (2023) *La communauté terrestre*, Editions la Découverte.

[iii] Sylvianne Guillaumont Jeanneney, Jean-Michel Severino (2023) "Financing global policies, but why?", FERDI *Working Paper* P317.

[iv] Total Official Support for Sustainable Development. In the remainder of this report, we will use this acronym, which has now entered common parlance.

[v] Stéphane Madaule (2023) "Le clair-obscur des statistiques de l'aide publique au développement", FERDI *Policy Brief* B257.

[vi] Expenditure on students from developing countries helps to strengthen that country's human capital if the student returns to his or her country of origin or contributes to its development. Conversely, expenditure to support the strengthening of higher education systems in developing countries does not guarantee that young graduates will remain in the country or contribute to its development once they have completed their training.

[vii] Serge Tomas (2015) "Moderniser et dynamiser la mesure du financement du développement", in *Financer le développement durable,* collective work edited by Patrick Guillaumont and Matthieu Boussichas, Economica.

[viii] Another example is the funding of vaccine research in a country whose benefits may extend far beyond the country where the research laboratory is located.

[ix] Briefing note published jointly by OXFAM International and AidWatch Canada, presenting an analysis of the data published by the TOSSD for the period 2019–2021.

[x] Paul Samuelson (1954) *The Pure Theory of Public Expenditure.*

[xi] Marcus Olson: free riding.

[xii] OECD report 2015. Cf. Le Houérou, note published in the *Journal of Financial Economics* 2023, number 153 ("Fonds climatique, l'heure du grand ménage a sonné") and reports in the Climate Funds Update published by the ODI.

[xiii] This is the share of multilateral financing allocated to developed countries as part of the follow-up to the commitment of 100 billion per year. If we look at all multilateral financing, including the share allocated to developing countries, the MDBs contributed 66.1 billion and the vertical funds 3.8 billion.

[xiv] Since 1992, Annex 1 to the Climate Convention has set out the list of developed countries responsible for the majority of emissions, and therefore obliged to provide financial support to offset the ecological transition in developing countries.

[xv] More specifically: Article 9, paragraph 7, of the Paris Agreement states that developed countries shall provide quantitative and qualitative information every two years on the financial support provided to developing countries for adaptation to and mitigation of climate change. Article 13 of the Agreement also provides for "enhancing mutual confidence and providing for the effective implementation of commitments through the establishment of an enhanced transparency framework", and then refers to the Conference of the Parties (serving as the Meeting of the Parties to this agreement, at its first session (CMA1)) the task of defining these guidelines in detail.

[xvi] Two documents for mitigation and adaptation, respectively entitled: "Common Principles for Climate Mitigation Finance Tracking" and "Common Principles for Climate Change Adaptation Finance Tracking".

"Sur quoi la fondera-t-il l'économie du monde qu'il veut gouverner ? Sera-ce sur le caprice de chaque particulier ? Quelle confusion ! Sera-ce sur la justice ? Il l'ignore."

Pascal

FERDi

Créée en 2003, la **Fondation pour les études et recherches sur le développement international** vise à favoriser la compréhension du développement économique international et des politiques qui l'influencent.

Contact
www.ferdi.fr
contact@ferdi.fr
+33 (0)4 43 97 64 60