

Thematic Evaluation Series

Evaluation of FAO's support to climate action (SDG 13) and the implementation of the FAO Strategy on Climate Change (2017)

Annex 5. Climate change policy markers analysis

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1. Framework

1. Since 1998 the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) has monitored aid targeting the objectives of the Rio Conventions through the Creditor Reporting System using the so-called "Rio markers". The Rio marker on climate change mitigation was established by the DAC in close collaboration with the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC). It tracks aid flows that support the implementation of the Convention. In December 2009 the DAC approved a new marker to also track aid in support of climate change adaptation. This complements the climate change mitigation marker, and thus allows the presentation of a more complete picture of climate-change-related aid.¹
2. These markers help to measure and report on climate finance. While climate change still cannot be considered fully embedded in the Food and Agriculture Organization of the United Nations (FAO) project cycle, the introduction of OECD-DAC policy markers on climate change adaptation and mitigation enabled the classification of projects associated with climate change. Before this classification, the estimation of climate change projects was rather based on text search from the Field Programme Management Information System (FPMIS).
3. The policy marker system is a descriptive system. It is designed to measure the degree to which the FAO has put the policy objectives into practice. Since 2017 FAO introduced a coding system ("yes" or "no" in terms of climate change contribution) into the FPMIS that built on the international classification of sectors, purposes and policy markers established by the OECD-DAC, which is the de facto classification for reporting aid activities. This methodology for applying policy markers to FAO's normative work was designed by the Statistics Division (ESS) in collaboration with the Office of Strategy, Planning and Resource Management (OSP). The revision of climate change projects before assigning OECD policy markers was based on the available information Strategic Framework (Strategic Objective 5 (SO5), Strategic Objective 4 (SO4)), donor (Global Environment Facility (GEF)), qualifier (UN-REDD, GEF), responsible division (CBC (now the Office of Climate Change, Biodiversity and Environment [OCB]) as Budget Holder (BH), Lead Technical Office (LTO) or LTU).
4. Since July 2019, FAO introduced the OECD policy markers on adaptation and mitigation. It is a 3-level scoring system (0 - project is not about climate change, 1 - includes climate change components, 2 - climate change project.) to score the projects that are "significantly" or "principally" associated with climate change.

¹ OECD. 2011. Handbook on the OECD-DAC Climate Markers. (also available at: <https://www.oecd.org/dac/stats/48785310.pdf>).

Policy marker name	Assign a value = 2, 1, 0
Climate change mitigation: associated with all climate change mitigation programs and measures	Activities that contribute to: <ol style="list-style-type: none"> <li data-bbox="746 293 1398 353">i. <i>the mitigation of climate change by limiting anthropogenic greenhouse gas (GHGs) emissions;</i> <li data-bbox="746 353 1398 414">ii. <i>the protection and/or enhancement of GHG sinks and reservoirs that remove GHGs from the atmosphere;</i> <li data-bbox="746 414 1398 577">iii. <i>integration of the theme 'reduction of GHGs' into recipient countries' development objectives through institution building, capacity development, strengthening the regulatory policy framework, or research;</i> <li data-bbox="746 577 1398 674">iv. <i>developing countries' efforts to meet their obligations to reduce GHGs arising from the Framework Convention on Climate Change.</i>
Climate change adaptation: activities intending to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience.	<ol style="list-style-type: none"> <li data-bbox="746 674 1398 734">i. <i>the climate change adaptation objective is explicitly indicated in the activity documentation; and</i> <li data-bbox="746 734 1398 795">ii. <i>the activity contains specific measures targeting the definition above.</i>

5. A great majority of FAO projects (90 percent) have now been tagged retroactively against policy markers allowing identification of those associated with climate change.
6. Currently, the formal responsible for all project information is the BH/formulator of the respective project or concept note (FAO Representative (FAOR), Regional Representative, etc.) who should insert the markers on the creation of every new concept note (first step for the creation of a project) in FPMIS to fill in all the OECD policy markers, including the climate change ones. This is a mandatory process for project formulators to assign one or more policy markers to FAO projects at concept note stage using a three level scoring system. There is no mechanism defined in the system dedicated to the peer review/validation of the assigned policy markers.
7. As per FAO rules, the project formulator (at managerial level) is responsible for the quality assurance of the content included in the FPMIS concept note. The project formulator is supported by a Project Task Force (PTF), which comprises (as minimum composition) the formulator (chair); the LTO; the headquarters (HQ) technical officer and the funding liaison officer. Other officers could be added as required. The formulator would normally consult the PTF at each project cycle step, and in particular the LTO for technical clearances (of project documents (ProDoc), of reports, etc.). This is a general consulting and peer review mechanism and applies in general to the entire project cycle, though it is not specific for the OECD/DAC policy markers.
8. Currently, FAO has no mechanism in place formalized on screening of projects that are getting a climate marker assigned, even if this process is all in the pipeline. The Office of Climate Change, Biodiversity and Environment (OCB) is planning to have a final guidance note for those markers by the end of 2020 to enhance climate change in the project cycle and FPMIS (now under consultation and revision processes). This process will also include advice to support project formulators/budget holders on how to code FAO projects against new policy markers on climate change in FPMIS.

2. Analysis

2.1 Random sample

2.1.1 Methods

9. With the help of a random number generator, 50 projects were chosen and analysed. The projects were classified into four categories after reading the ProDoc stored at the FPMIS and, for some necessary cases, the final report. The categories were i) projects that were not marked with the climate markers and should not be marked (correct); ii) projects that are marked with the climate markers and that should be marked (correct); iii) projects that are not marked with the climate markers but that could be marked with the climate markers (incorrect); and iv) projects that are marked with the climate markers but should not be marked (incorrect).
10. In addition, the projects classified as *projects not marked with the climate markers and should not be marked* were analysed to see if they could be marked with the climate markers with a slight modification in the documentation or in the project design.

2.1.2 Results

11. Most of the analysed projects (68 percent) were not marked with the climate markers and did not include climate change in the project documentation.
12. 16 percent of projects analysed were marked with the climate markers, however, they did not seem to meet the criteria detailed in the OECD DAC Rio Markers for Climate Handbook. Some projects did not even mention climate change in the ProDoc. For example, project OSRO/CAF/904/CHC is marked with the mitigation marker. However, there is no mention of mitigation or climate change in the project (climate hazards are considered in the risk analysis). Another example is project TCP/RAS/3702 marked with the adaptation marker. This project aims to mitigate the antimicrobial resistance (AMR) risk from the production of key aquaculture commodities. There is no mentioning of climate change or adaptation in the ProDoc. The spread of diseases is predicted to increase with climate change; however, the specific reference to the adaptation objective needs to be spelled out and the related activities included in the document according to the OECD DAC Rio Markers for Climate Handbook.
13. 12 percent of projects analysed were marked as contributing to climate change and met the criteria to be marked as such in the OECD DAC Rio Markers for Climate Handbook.
14. 16 percent of projects were not marked as contributing to climate change, but they could have been marked as such since they seem to meet the criteria detailed in the OECD DAC Rio Markers for Climate Handbook. For example, project GCP/UGA/043/LDF aiming to increase the resilience of agropastoralists in Uganda to climate change funded by the GEF. Another example is project GCP/LEB/026/NOR aiming to set up a forest seed centre which ensures the quality and traceability of the reproductive material for reforestation/restoration projects. This project can be marked with the adaptation and mitigation markers. It meets the criteria of adaptation since the sourcing of the seeds (mother trees) considers which trees may be more adaptable to the upcoming extreme changes: the climate change adaptation objective is explicitly indicated in the project documentation and the activity

contains specific measures targeting the adaptation objective. As for the mitigation marker, the project meets the criterion of the integration of climate change concerns with the recipient countries' development objectives through institution building. This project will allow in the future the enhancement of carbon reservoirs.

15. It is worth to mention that, of those projects marked with the climate markers, we revised 14 projects of which eight were incorrectly marked. Therefore, with the ratio 8:14 ($8/14=0.57$), we could say that for every 10 projects marked with climate markers, almost six of them did not meet the criteria of the OECD Handbook to be marked as such.

Random sample	Number of markers	%
Count of projects that are not marked with the climate markers and should not be marked (correct)	34	68
Count of projects that are marked with the climate markers and that should be marked (correct)	6	12
Count of projects that are not marked with the climate markers but that could be marked with the climate markers (incorrect)	4	8
Count of projects that are marked with the climate markers but should not be marked (incorrect)	8	16
Total	52 ²	100

16. Analyzing the 34 projects that are not marked as contributing to climate change and that did not meet the eligibility criteria to be marked as such, we found that 12 percent missed the opportunity to be able to marked as such because they omitted the connection of the activities with the objective of "mitigation" or "adaptation" (they are one word away of meeting the eligibility criteria to be marked). And 21 percent could mainstream climate change with the addition of specific activities targeting adaptation or mitigation (they are one activity away for meeting the eligibility criteria to be marked).

Random sample	Number of projects	%
Count of projects that are not marked as dedicated to climate change but that could be relatively easy to mark with the mentioning of the word adaptation or mitigation in the ProDoc (opportunity)	4	12
Count of projects that are not marked as dedicated to climate change but that could be relatively easy to mainstream climate change with specifications in the ProDoc with one more activity (opportunity)	7	21
Count of projects that are not marked as dedicated to climate change and that should not be marked (correct)	34	100

17. For example, project GCP/RAS/296/JPN is not marked with the climate markers. The project aims to build the capacity of farmers enhancing the value chains of their products. One area of work is to make small on-farm investments to produce out-of-seasons products and to protect crops from the effects of climate change. The undertaken activity meets the adaptation criteria of the OECD Handbook: "Promoting diversified agricultural production to reduce climate risk (e.g. growing a mix of different crops and different varieties of each

² The number of projects analysed was 50, however, 2 projects were tagged with both climate markers (mitigation and adaptation), resulting in 52 markers analysed.

crop) (adaptation score 1 or 2).” However, the word “adaptation” is not mentioned in the ProDoc or in the terminal report. Therefore, this is a missed opportunity to mark this project. We consider that the document written as it is cannot be marked with the climate marker adaptation as it does not meet the criteria of the handbook “a) the climate change adaptation objective is explicitly indicated in the activity documentation”. However, it would have been easy to add the objective since the project is already meeting the criteria “b) the activity contains specific measures targeting the definition a).”

18. Another example is project OSRO/ERI/801/CHA, which is not marked with the climate markers. The project aims to assist farmers affected by a severe drought. FAO would provide seeds and vaccines for livestock. There is no mention of climate change and seeds are not specified to be resistant to future droughts. If the seeds that were handed were not resistant to drought, this would be a big missed opportunity to increase adaptation to climate change, and it would be relatively easy to mainstream climate change with one additional activity of handing drought-resistant seeds.
19. Another example of this is project TCP/TUR/3603 which is not marked with the climate markers. This TCP aims to assist Turkey to develop a draft national policy for sustainable use of soil resources through capacity development of relevant institutions, to establish coordination mechanisms and to develop a draft national strategy for soil data management and information. It is recognized that soils are important for mitigation and adaptation to climate change purposes. However, it does not detail plans of how climate change will be included, nor does it involve the responsible governmental agency for climate change. It could be marked with the desertification marker since it builds capacity within the agency in charge of the reporting to the United Nations Convention to Combat Desertification (UNCCD).

2.2 Non-random sample

2.2.1 Methods

20. Prior to taking a random sample, we analysed 23 projects for which we suspected they did not meet the criteria to be marked with the climate markers. We classified them into two categories: i) projects that are marked with the climate markers and that are correctly marked (correct) and ii) projects that are marked with the climate markers that are incorrectly marked (incorrect).

2.2.2 Results

21. We found a similar proportion of correctly marked vs incorrectly marked: 16 out of 25 projects, so roughly two thirds of projects were incorrectly marked.

Non-random sample	Number of projects	%
Count of projects that are marked with the climate markers that are incorrectly marked (incorrect)	16	64
Count of projects that are marked with the climate markers and that are correctly marked (correct)	9	36
Total	25	100

2.3 Conclusions

- i. Since July 2019, FAO has introduced the OECD policy markers on climate change adaptation and mitigation to track and report the finance dedicated to climate action.
- ii. A great majority of FAO projects (90 percent) have now been tagged retroactively against climate policy markers.
- iii. For every ten projects marked with climate markers, almost six of them did not meet the eligibility criteria of the OECD Handbook on climate markers.
- iv. 8 percent of the analyzed non-tagged projects had climate change related objectives and met the eligibility criteria of the OECD Handbook on climate markers.
- v. Reasons for mis-tagging were the incorrect assignment of adaptation or mitigation concepts; the wrong identification of climate change-related projects; failure to identify climate change-related projects; the omission of adaptation objectives; failure to detail activities for specific adaptation objectives; confusion of mitigation of climate change with mitigation of risks; and, in general, failure to meet the eligibility criteria of the OECD Handbook on climate markers.