Transparency of climate change assistance

- ensuring that funding for climate change programs is used as intended
Why audit climate change assistance?

Increased global and national focus on climate change
• The Paris Agreement
• Growing political focus on climate both in parliament and in society

Denmark’s strategy for development policy and humanitarian action
• Gradually increase public expenditure towards 2030, at which point 30% of Denmark’s development aid is to be aimed at climate, nature and the environment

Risk of greenwashing
• The objectives to be achieved through climate change assistance are changing but the programs are designed in the same way.
• Greenwashing humanitarian aid is a problem because it obscures our understanding of how far we have come and how far we still have to go to achieve the global climate goals
The Ministry of Foreign Affairs is responsible for Danish development aid

- Climate change assistance is part of the development aid

- The two pillars of climate change assistance: Climate change mitigation and climate change adaptation

- The aid is partly provided through the Danida* and partly through NGOs such as the Red Cross and ActionAid Denmark

*Danida is an agency under The Ministry of Foreign Affairs
What is the problem?

Transparency and best possible outcome

Denmark is providing development assistance in accordance with the Danish international development assistance act and based on principles of openness and transparency

• But is it transparent how much of the development aid that is actually spent on climate change assistance?

• And how do we achieve the best possible outcome of climate change assistance?
Audit design – how to approach the problem?

We approached the problem by asking ourselves:

• What is the baseline for measuring climate relevant projects?

• How do the ministries ensure that ”climate” projects are indeed reflecting a climate effort?

• How do the ministries ensure that their climate projects are compliant with the theory of change of the programs?

• How do the ministries ensure that the climate projects fulfil their objectives?
Audit design – the objective

The main objective
"Do the ministries support the transparency of climate change assistance provided with the objective of achieving the greatest possible outcome?"

Underlying objectives
1. Is the Ministry of Foreign Affairs supporting transparency of climate change finance? (Transparency)

2. Is the Ministry of Foreign Affairs and the Ministry of Climate, Energy and Utilities supporting focused climate change assistance? (Transparency and achieving the best possible outcome)

1. Is the Ministry of Foreign Affairs and the Ministry of Climate, Energy and Utilities supporting collection of data on the output and outcome of climate change assistance? (Achieving the best possible outcome)
Underlying audit questions 1

Is the approach of the Ministry of Foreign Affairs ensuring transparency of climate change finance?

- Is the Ministry of Foreign Affairs' method for calculating climate change assistance compliant with the OECD's guidance?

- Is the Ministry of Foreign Affairs' method for calculating climate change assistance providing an accurate picture of how much the government spends on climate change assistance?
Audit findings 1
- assessing the extent of climate aid in programs

• The Ministry of Foreign Affairs' method for assessing climate aid is in accordance with the OECD guidance on assigning climate markers.

• There are no guidelines on how to convert climate markers into climate spendings. The Ministry of Foreign Affairs has chosen a method which means that if climate is the main objective of the program, the entire program budget is labelled as climate aid, and if climate is a sub-objective of the program, half of the program budget is labelled as climate aid.

• We have estimated the actual expenditure for climate aid in 19 programs, where climate is a sub-objective, to be significantly lower than indicated by the Ministry of Foreign Affairs.

The method applied by the Ministry of Foreign Affairs has the consequence that a number of activities and projects that do not relate to climate are included in the statement on climate aid spending. This applies especially to country programs and support for Danish NGOs.

Main finding

The Ministry of Foreign Affairs' method for assessing climate aid provides an inaccurate picture of how much Denmark spends on climate aid.
Is the approach of the Ministry of Foreign Affairs and the Ministry of Climate, Energy and Utilities ensuring targeted climate change assistance?

• Do the Ministry of Foreign Affairs and the Ministry of Climate, Energy and Utilities have guidelines that ensure that targeted climate change programs?

• Do the Ministry of Foreign Affairs and the Ministry of Climate, Energy and Utilities have a basis for assessing the expected effect on the climate of the individual programs?
# Managing climate programs

## Identification and programming

### Identification
The overall themes and development goals are defined

### Programming
The program is developed and the theory of change and the results framework laid out

## Selection

### Climate marker
After the program is approved, it is assigned a climate marker if the program is assessed to contain a climate objective. The marker is set at either 50% or 100%

### Programming
The climate marker is calculated and it is then estimated how much of the program’s budget that concerns climate change assistance

## Implementation and completion

### Ongoing follow-up on output and outcome
Monitoring and review of reports on output and outcome

### Evaluation
A selection of programs is evaluated

### Reporting
Outputs and outcomes are published
Audit findings 2
- incorporating climate actions in program designs and the theory of change

• Overall, the program designs of the Ministry of Foreign Affairs comply with the ministry’s guidelines but when it comes to climate specific actions in a non-specified climate program it is rarely a part of the program’s theory of change and its framework on output and outcome.

• The Ministry of Foreign Affairs' strategy is not indicating a clear direction for the prioritisation of the climate initiatives in the developing countries.

This might explain why climate actions are not clearly stated in program designs and frameworks on output and outcome.

Main finding

Program design and the theory of change seem not to include climate actions, when climate is a sub-objective in the programs.
Underlying audit questions 3

Is the approach of the Ministry of Foreign Affairs and the Ministry of Climate, Energy and Utilities ensuring collection of data on the output and outcome of climate change assistance?

- Do the ministries gather knowledge about the results of climate change assistance through monitoring of programs and final reports?

- Has the Ministry of Foreign Affairs and the Ministry of Climate, Energy and Supply worked to ensure that relevant information about results and impact is shared with the public?
Audit findings 3
- collecting data on the output and outcome of the climate change assistance

• In the case of non-specified climate programs where climate related output and outcome are only sub-objectives, the collection of data on the climate specific output and outcome seems to be limited.

• While the audit was ongoing, the Ministry of Foreign Affairs initiated two evaluations of mitigation and adaptation but before that the ministry had not carried out any evaluations of the outcome of climate change assistance.
Audit design – obtaining evidence

Document analysis
• Laws and regulations
• International guidelines on assessing climate change programs and projects
• Internal guidelines on how to design climate change assistance programs
• 38 programs are registered as having focus on the climate change effort
• Relevant evaluation - and documentation - of climate change assistance efforts

Interviews with the entities involved and stakeholders
• Ministry of Foreign Affairs and Danida
• Ministry of Climate, Energy and Utilities
• The Red Cross
A program including climate change assistance projects
Overall audit findings

1. The transparency of spending on climate change assistance is only to a limited extent ensured by the approach of the Ministry of Foreign Affairs.

2. The approach of the Ministry of Foreign Affairs has to a limited degree ensured that climate change projects were targeted.

3. The approach of the Ministry of Foreign Affairs has only to a limited extent ensured the collection of data on the output and outcome of the climate change assistance.

ThePublicAccountsCommittee’sstatementontheaudit

“The members of the Public Accounts Committee find it unsatisfactory that the Ministry of Foreign Affairs and the Ministry of Climate, Energy and Utilities have not to an adequate degree ensured accurate calculations of how much Denmark spends on climate change assistance to the developing countries. Nor have the ministries to an adequate degree ensured that climate change projects were targeted to obtain the best possible effect.”
Questions/comments?
Thank you for your attention.

Do not hesitate to reach out.

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