

Executive summary

The transition towards environmentally sustainable, low-emissions and climate-resilient development pathways is critical for countries' ability to achieve the 2030 Agenda for Sustainable Development. As a result, development co-operation providers recognise the need to better support developing countries in this transition. In response to commitments on environment and climate change by Members of the OECD Development Assistance Committee (DAC) taken at their High-Level Meeting (HLM) in November 2020, this report provides information on: 1) steps taken to pursue more co-ordinated approaches in supporting climate change and environmental objectives; 2) efforts to systematically integrate international environment and climate goals into development co-operation policies; 3) specific approaches to support developing countries in achieving transitions that are environmentally sustainable, low-emissions and climate-resilient; and 4) DAC Members' policies to better address the particular needs of Small Island Developing States (SIDS).

Key findings

Through a Member-driven process, the DAC has enhanced its co-ordination on environment and climate issues

In response to the commitment to enhance its co-ordination on environment and climate issues, the DAC has conducted extensive work, which resulted in the *OECD DAC Declaration on a new approach to align development co-operation with the goals of the Paris Agreement on Climate Change*. This declaration highlights key priorities for DAC Members' collective action in support of developing countries' efforts to fight climate change, biodiversity loss and environmental degradation and, through this, come closer to achieving the objectives of the 2030 Agenda.

All DAC Members report action on environment and climate change as a key objective or crosscutting priority for their development programmes. Several DAC Members have committed explicitly to aligning their development co-operation with international climate and environmental objectives, while a majority only refers to the general adherence to these agreements. A majority of DAC Members have also set international financing targets in support of ambitious action, which in practice are largely delivered through official development finance. Over the 2015-19 period, the volume of official development assistance (ODA) with climate change and environmental objectives have shown an increase, alongside overall growth in ODA flows. At the same time, it is not possible to determine a similar increasing trend in the share of ODA that includes environmental and climate objectives, which would support an enhanced integration across the DAC. Many Members, however, have recently updated or expect to announce new targets imminently.

Several Members have strategies that focus specifically on aligning with international objectives, notably those of the Paris Agreement. Moreover, dedicated mainstreaming strategies are used in some cases to support the systematic integration of climate change and environmental considerations across their entire development programmes. In addition, DAC Members report the use of thematic strategies to integrate climate and environmental objectives at a more granular level. Strategies for climate change and the environment are complemented by a variety of operational tools to enable implementation on the ground. A significant number of DAC Members have also developed strategies for supporting post-COVID-19

recoveries focused on building back greener. Finally, DAC Members often rely on reference standards developed at the international level, which have an important role in enabling common approaches.

Several Members have defined dedicated approaches to the transition

All DAC Members report that their development co-operation includes activities with a specific objective to support the transition of developing countries to environmentally sustainable, climate-resilient, low-emissions pathways. Members also recognise the need for more transformative change. Beyond this, only a few DAC Members have defined approaches and guidance for how to support transitions through their development programmes. Mostly, transition support is seen to be inherent in activities and their intended impact, without being based on clear conceptual definitions or practical approaches for their integration into development programmes. Most DAC Members frame their support to developing countries' transitions in terms of supporting the outcome of key international agreements within that country, given that their achievement de facto implies a transition. A major aspect in supporting the transition takes the form of engaging in international coalitions or initiatives. This approach reflects a recognition of the importance of mechanisms that can pool resources, channel action and ultimately catalyse broader change by influencing systems and resource flows. Strengthening strategic underpinnings for how development programmes support transitions would ensure that engagement in initiatives is embedded in broader approaches.

Energy support, multilateral providers and partnerships are key elements in approaches to the transition

DAC Members focus on different aspects of the transition, reflecting their comparative advantage and thematic priorities. At the same time, the centrality of energy systems is a shared recognition. In this regard, reporting from several Members reveals that using ODA to support energy system transitions typically goes together with commitments to not deploy ODA for further increases of fossil fuel-based energy generation. For several DAC Members, notably those with smaller programmes and tighter constraints in terms of capacity, multilateral channels play a key role for the delivery of their climate- and environment-related ODA. This is particularly relevant for the financing of infrastructure investments. In light of this, DAC Members consider their role as shareholders in multilateral development banks as an important aspect of their climate action and their support to transitions. Similarly, DAC Members show a strong focus on partnerships that support local ownership. Supporting national strategies and processes for transition is a central theme of DAC Members' approaches. This includes focusing on integrating national plans into broader development strategies and on the ability for subsequent execution. An inherent challenge exists when national plans for the transition do not reflect a realistic basis for achieving the international objectives they are meant to achieve.

DAC Members acknowledge SIDS' specific challenges but mostly do not have dedicated strategies to reflect these

Most Members acknowledged the specific challenges SIDS are facing and supported these in sectoral or geographic development co-operation strategies. While only four have specific strategies relating to SIDS, support to SIDS accounts for a large share of the ODA portfolio of several other DAC Members, and new initiatives point to the growing support of DAC Members to SIDS. An important dimension of support to SIDS relates to supporting SIDS in climate change and ocean negotiations. DAC Members' support to SIDS is centred around some of the key challenges these countries face, with a specific focus on climate investments, fostering sustainable ocean economies and resilience, promoting disaster risk reduction, and curbing fossil fuels dependence through access to renewable energy. For a few DAC Members, SIDS are outside the scope of their focus. In these cases, DAC Members mostly support SIDS via the multilateral development system, and in particular, dedicated international climate funds.



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