Guidance Note: **Transparency in Climate Finance**

1. Introduction

This Guidance Note is one of several developed by CoST – the Infrastructure Transparency Initiative. Other CoST Guidance Notes cover multi-stakeholder working[1], publication of data (disclosure), independent review of data (assurance) and citizen engagement (social accountability).[2]

By focusing on requirements and processes for publishing data on infrastructure-related climate finance, this document is supplementary to the CoST Disclosure Guidance Note. The aim is that procuring entities publish data at key stages of the project cycle, namely identification, preparation, tender management, contract implementation and completion. Publication of data is aligned either with the CoST Infrastructure Data Standard (CoST IDS) or the more specific Open Contracting for Infrastructure Data Standard (OC4IDS) format. This helps ensure that basic information related to the purpose, scope, costs, implementation, and economic, environmental and social impact of infrastructure projects is accessible to the public and that data is published in a timely manner.

2. Background

CoST developed the CoST IDS in 2012 as a tool for promoting transparency in the planning and delivery of infrastructure. The CoST IDS identifies 67 elements recommended for publication across the various stages of an infrastructure project, so that stakeholders in government, the private sector, and civil society can better monitor such investments.

Box 1: THE COST IDS

The CoST IDS includes **40** elements to be published **proactively**:

- **Project data: 20** elements related to the identification, preparation and completion phases of projects.
- **Contract data: 20** elements related to the tender process and contract implementation phases of contracts.

The IDS also includes **27** elements that need to be made available upon request at both project and contract level. This is known as **reactive** disclosure.

[1] Typically, but not necessarily through a multi-stakeholder group comprising government, the private sector and civil society.

[2] Further Guidance Notes focus on how to join CoST, CoST's applicability in crisis settings, and promoting gender inclusion in infrastructure.

In 2019, CoST, the Open Contracting Partnership (OCP), and Open Data Services (ODS) co-developed the OC4IDS. The OC4IDS describes how to structure and publish as "open data" the systematic list of elements that is recommended in the CoST IDS. This facilitates more effective use of the published data and enhances the interoperability of government systems.

In 2023, a Multi Stakeholder Steering Committee in South Africa[3] helped shape a collaboration between CoST and GIZ, the German Agency for International Cooperation. This aimed to identify and prioritise datasets around climate finance. Alongside datasets on sustainability (related to economic, environmental, social and institutional considerations), these are now part of the CoST IDS.

In 2024, datasets on climate finance were standardised and incorporated into the OC4IDS. This facilitates the publication, in open data format, of information related to infrastructure projects that include objectives related to climate change mitigation and/or adaptation.

3. The link between climate finance and infrastructure

Climate finance investments refer to local, national or transnational financing that seeks to support mitigation and adaptation actions that will address climate change[4].

Climate finance is important for mitigation because large-scale investments are required to significantly reduce greenhouse gas emissions. Climate finance is equally important for adaptation, as significant financial resources are needed to adapt to the adverse effects and reduce the impacts of climate change.

Why infrastructure-related climate finance is particularly important

The OECD considers that, at a global level, infrastructure networks will be negatively affected by the **physical impacts** of climate change. It has concluded that a substantial transformation of existing infrastructure systems is needed in order to **build resilience** to those impacts.

[3] Georgina Ryan (National Treasury), Rudi Dix (The Presidency), Mark Rowntree (Department of Public Works), Dipak Patel (Presidential Climate Commission), Audrey Rojkoff (AFD), Anda David (AFD), Saliem Fakir (ACF), Aziz Jardine (GIZ), Anne Jellema (HIVOS), Leanne Govindsamy (Centre for Environment Rights), Kim Adonis (Adonis Consulting), Mao Amis (African Centre for the Green Economy), Len Verwey (Motsepe Foundation), Emily Tyler (Meridian Economics), Chantal Naidoo (Rabia Transitions), Akhona Xotyeni (Climate Activist), Khule Duma, Anglo American, Reyburn Hendricks (N1 Holdings)

[4] United Nations Climate Change: https://unfccc.int/topics/climate-finance/the-big-picture/climate-finance-in-the-negotiations.

The manner in which new infrastructure assets are prioritised, planned, designed, built and operated will need to take account of, and minimise any contributing drivers of, anticipated climate change. Meanwhile, some existing infrastructure will need to be retrofitted, decommissioned and replaced, or protected by additional infrastructure such as sea walls[5].

Relative relevance of infrastructure sectors in relation to mitigation and adaptation

A recent report[6] by the United Nations Office for Project Services (UNOPS) concluded that, in relation to mitigation, the largest sources of greenhouse gas emissions are associated with the energy, buildings (e.g. housing, offices and schools) and transport sectors. Emissions from the digital communication sector are also expected to rise.

In the case of adaptation, water sector costs are expected to exceed all other sectors combined. This reflects the need to reduce risks from flooding, rising sea levels, storm surges, and other climate impacts. Building protective infrastructure will play an important role in risk reduction.

Why transparency in climate finance is important

The International Monetary Fund (IMF) recently concluded that, on average, 10-30% of infrastructure investment is wasted as a result of inefficiency, mismanagement and corruption, rising to as much as 50% in low-income countries[7]. In a sector as complex as infrastructure, transparency can help reduce such losses by shining a light on what is happening, thereby strengthening accountability and ensuring the more efficient use of resources.

There is currently very limited information available on the uses and impacts of climate finance received by countries in the Global South, and on actions implemented. In addition, the aggregation of information on the mitigation and adaptation outcomes of such investments remains challenging because it is reported using different methodologies, approaches and indicators[8]. There are even inconsistencies between countries on what spending is considered as climate finance. This can result in national reports that are not comparable, complete, or reliable.

Box 2: KEY QUESTIONS FOR STAKEHOLDERS TO ASK AROUND CLIMATE FINANCE INVESTMENTS

1. Is the **amount** of climate finance available sufficient?
2. Is the **quality** of climate finance of the appropriate? This includes consideration of the financial instrument used, and the terms under which it is provided.
3. Is the climate finance sufficiently **accessible**? This concerns financing options and modalities.
4. Is the outcome of related decision-making **legitimate**? This entails consideration of the decision-making processes related to the climate finance investment, to establish whether they have been sufficiently open and transparent, with relevant stakeholders meaningfully engaged.
5. Is the intended result of the climate finance investment **sufficiently clear**? This asks whether appropriate considerations have been considered in the planning process in order to achieve this.
6. Are the intended results spelt out in terms the **positive impact on climate**? In the case of a mitigation-based investment, this should include the CO_2 emissions reduction attributable to the investment.
7. Has the planning process ensured that co-benefits related to the economic, social and governance impacts of the investment been considered to ensure that the climate finance has an optimal **positive impact on social** as well as climate metrics.

The use of infrastructure data standards (CoST IDS and OC4IDS) can help make sense of the complexity of the sector and generate meaningful and standardised information. This can then help provide different groups of stakeholders with answers to key questions they may have concerning climate finance investments. Some such questions are set out in **Box 2**.

[5] OECD 2018. Climate-resilient Infrastructure. Policy Perspectives. Environment Policy Paper No 14.

[6] Thacker S, Adshead D, Fantini C, Palmer R, Ghosal R, Adeoti T, Morgan G, Stratton-Short S. 2021. Infrastructure for climate action. UNOPS, Copenhagen, Denmark.

[7] https://blogs.worldbank.org/en/opendata/new-country-classifications-income-level-2019-2020

[8] OECD (2022), Climate Finance Provided and Mobilised by Developed Countries in 2016-2020: Insights from Disaggregated Analysis, Climate Finance and the USD 100 Billion Goal, OECD Publishing, Paris, https://doi.org/10.1787/286dae5d-en.

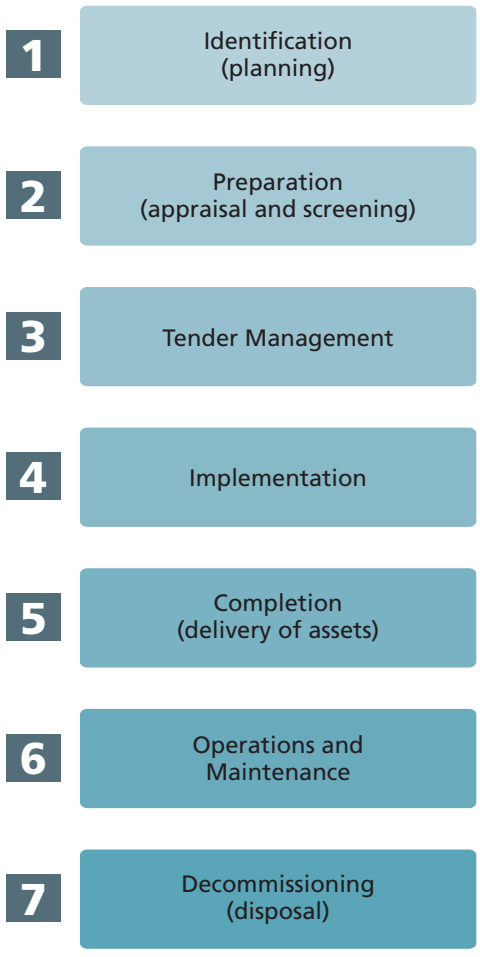
4. The climate finance module in infrastructure data standards

The use of infrastructure data standards can support the scalable publication of key infrastructure information, improving project monitoring, accountability and public scrutiny[9].

As portrayed in **Figure 1**, by adding a new module to the existing infrastructure data standards, CoST is expanding the coverage beyond project (asset) completion. It now includes two more phases: Operations and Maintenance (O&M) and Decommissioning or asset disposal.

The new climate finance data set is designed to work as an optional module of the existing infrastructure data standards (CoST IDS and OC4IDS). It can be adopted at national or sub-national level to help achieve a deeper understanding of infrastructure investments that seek to support mitigation and adaptation actions. This module includes 33 additional data points that, if published proactively and systematically, could provide responses to the key questions around climate finance investments for infrastructure.

Figure 1: **OVERVIEW OF PROJECT STAGES COVERED BY THE EXPANDED INFRASTRUCTURE DATA STANDARDS**



How to use the new module and publish climate finance data

1. Procuring entities seeking to use the new module at the national or sub-national level should be implementing infrastructure projects supported through climate finance.

2. Procuring entities should define which infrastructure data standard they consider to be most appropriate to adopt. This will entail choosing between the CoST IDS and the OC4IDS, to publish basic data on each project that they are managing, regardless of are the project stage. The Guidance Note on Disclosure is available to support decision-making related to this step.

3. Next, a mapping exercise should be conducted to check the availability of datasets on climate financed projects in the procuring entities managing infrastructure. The OC4IDS website has a template and a tutorial to support this process. Also, the OC4IDS Helpdesk is available at any time.

4. Procuring entities can then select the climate finance datasets they wish to proactively publish, ideally in an open data format to facilitate the use and analysis by interested stakeholders.

[9] https://standard.open-contracting.org/infrastructure/latest/en/

5. Further guidance

The prototype of a disclosure platform illustrates in a practical way, and for demonstration purposes only, how published datasets on climate-financed infrastructure projects could be visualised.

In addition, a detailed explanation of the content of the new modules can be found on the CoST website. Technical guidance on how to implement the datasets on local or national platforms can be found on the OC4IDS website.

Box 3: CLIMATE FINANCE MODULE (see more details in Annex 1)

- Climate objective
- Financial instrument
- Climate transformation
- Climate finance decision making
- Nationally Determined Contributions
- Paris Agreement
- Beneficiaries
- Amount of investments
- Funding source
- Green Climate Fund Accredited Entity
- Accredited entity type
- Project preparation costs
- Project preparation period
- Project approval period
- Ratio of co-finance
- Terms of climate finance
- Carbon efficiency
- Non-climate co-benefits
- Public consultations meetings
- Disbursements records
- Type of project monitoring
- Performance monitoring
- Reporting period
- Oversight reports
- Independent monitoring
- Independent evaluation
- Impact measurement
- Carbon footprint
- Infrastructure assets to be decommissioned
- Decommission period
- Decommission plan
- Carbon decommission savings
- Decommission mitigation plan

Box 4: EXAMPLE OF A DATASET IN OC4IDS

Each of the data points listed in **Box 3** has a short description and examples of how they can be published (see more on the OC4IDS website). As an illustration, we can see below what two of the data points in **Box 3** would look like when published in open data format. This example is only available in English, but there is a tool that can help to adapt data publications in any other language:

```
"environment": {
  "abatementCost": {
    "amount": 12.29,
    "currency": "USD"
  }
},
"documents": [
  {
    "id": "1",
    "documentType": "abatementCostMethodology",
    "url": "http://example.com/abatementCostMethodology.pdf"
  }
]
}
```

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Federal Ministry for Economic Cooperation and Development

Implemented by:

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Annex 1

INDICATOR	DATA POINT AND PROJECT STAGE	PUBLICATION REQUIREMENT
Project theme	Climate objective (identification)	The main climate objective that the project addresses from the list[10]: ● mitigation ● adaptation ● cross-cutting

Financial mechanism	Financial instrument (identification)	The financial instrument type from the list:
		● loan
		  ● concessional
		  ● non-concessional
		● grant
		● equity
		● guarantees

Model of change	Climate transformation (identification)	The theory of change, systemic transition or transformation that is intended.
Decision-making process	Climate finance decision making (identification)	Who approved the climate finance investment in the country.
Policy Coherence	Nationally determined contributions (identification)	How the investment is aligned with the country's nationally determined contributions.
Policy Coherence	Paris Agreement (identification)	How the investment is aligned with the country's Paris Agreement commitments.
Beneficiary population	Beneficiaries (preparation)	Who the climate finance investment is intended to benefit and the number of beneficiaries. Beneficiaries are the individuals who benefit directly or indirectly from the project; they are the target group of the infrastructure project, and their needs are addressed by the intervention.
Economic viability	Amount of investment (preparation)	The quantum of the climate finance investment.
Economic viability	Funding source (preparation)	Who is providing the finance.
Accessibility	Green Climate Fund Accredited Entity (preparation)	For projects financed by the Green Climate Fund, this is the accredited entities through which GCF resources are accessed.
Accessibility	Accredited Entity Type (preparation)	The type of accredited entity, from the list: ● private ● public ● non-governmental ● sub-national ● national ● regional ● international
Accessibility	Project preparation costs (preparation)	The amounts invested in project preparation.

[10] https://apps.ipcc.ch/glossary/

Accessibility	Project preparation period (preparation)	Dates for project preparation.
Accessibility	Project approval period (preparation)	Dates for project approval.
Economic viability	Ratio of co-finance (preparation)	The ratio of co-finance. Select from a list to specify amounts: ● domestic mobilisations ● private finance
Economic viability	Terms of climate finance (preparation)	The financial instrument and on what terms the finance is being provided. This includes several financial terms: ● maturity (years) ● grace period (years) ● annual principal repayment years (% of initial principal) ● interest (%) ● service fee (per annum) ● commitment fee (per annum)
Climate impact	Carbon efficiency (preparation)	The cost per ton of carbon dioxide equivalent reduction attributed to the project.
Non-climate impact	Non-climate co-benefits (preparation)	Details on the potential non-climate impacts that have been factored into the project planning. This can comprise, within limitation the following: ● economic ● social ● environmental ● gender empowerment ● other (explain).
Public participation	Public consultation meetings (preparation)	The occurrence of public meetings with communities and impacted groups including meeting invite, the number of the participants, dates and location of these meetings.
Efficiency	Disbursement records (implementation)	Disbursements dates according to financial agreement versus actual disbursements dates.
Key performance indicators	Type of project monitoring (implementation)	The type of monitoring from the list[11]: ● internal ● external ● mixed
Key performance indicators	Performance monitoring (implementation)	Key performance indicators adopted by the project.
Key performance indicators	Reporting period (implementation)	The project reporting period. It could be quarterly, annually, biannually.
Anti-corruption impact	Oversight reports (implementation)	Oversight reports.
Anti-corruption impact	Independent monitoring[12] (implementation)	The entities acting as independent monitors of the project.

[11] https://www.unevaluation.org/document/download/551

[12] Organization names are already in the CoST IDS and OC4IDS, what is now proposed is adding specific sub-category for independent monitoring entities.

Long-term project impact	Independent evaluation (implementation)	Technical audits produced at end of the project.
Long-term project impact	Impact measurement (operation)	The methodology or system to measure the long-term impact of the project solution.
Long-term project impact	Carbon footprint (operation)	The carbon footprint of the project, indicating the calculation, the methodology applied, and where the calculation can be found.
Stranded asset	Infrastructure assets to be decommissioned (decommission)	The asset for disposal purpose
Stranded asset	Decommission period (decommission)	Intended start and end dates of decommissioning.
Climate management	Decommission plan (decommission)	The technical plan for decommissioning
Climate management	Carbon decommission savings (decommission)	The evaluation of CO2 savings as a result of decommissioning.
Climate management	Decommission mitigation plan (decommission)	Mitigation plan for people and communities affected by decommissioning.