Enhancing the National Capacities in Belize to Track and Report on Climate Finance

ICAT Initiative for Climate Action Transparency

Initiative for Climate Action Transparency - ICAT

Develop the methodology for the tracking of climate finance

Deliverable C.2.

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1. Introduction

Climate finance is required by most countries around the world to combat the negative effects of climate change. As defined by the Paris Agreement, developed countries, who have greatly benefited from the use of GHG emitting industries to garner their wealth, will aid developing countries facing the negative effects of climate change. Developed countries generally emit the most GHGs that significantly impact the climate on a daily basis; in turn, they seek to aid developing countries that generally act as a natural GHG sink. Due to developing countries' smaller industrial footprint, many times the GHG emitted is minimal, but the severe impacts of climate change are felt long and wide. Developing countries tend to be at a major disadvantage due to limited resources, geographic challenges, income disparities, limited access to low-interest financing, high funding requirements, and other barriers that hinder their ability to manage the adverse effects of climate change. Therefore, accessible climate finance is key for these developing countries to effectively address climate change impacts.

Belize is a developing country that has significantly benefited from climate finance over the years. Among Caribbean nations, Belize has been actively pursuing climate finance to mitigate the adverse effects of climate change. Situated along the Caribbean Sea, Belize suffers annually from hurricanes, floodings, droughts, and forest fires, largely driven by the effects of climate change. Given the level of investment made by donors in Belize, there is an expectation of transparency in reviewing disbursed funds for both ongoing and completed projects. In response, Belize has been actively developing a National Monitoring, Reviewing and Verification (MRV) system, which now aims to incorporate a Climate Finance MRV component. This component includes: (i) a Climate Finance Needs Methodology and (ii) a Climate Finance Tracking Methodology.

In this context, Belize is developing a National Integrated Online MRV Platform, which will include a Climate Finance MRV Component (Module) as the instrument for stakeholders to submit the required information on climate finance, crucial for employing both the Climate Finance Needs Methodology and Climate Finance Tracking Methodology. The present document outlines Belize's Climate Finance Tracking Methodology.

Climate finance tracking is a system designed to collect information on financial flows that support climate change mitigation and adaptation. This information ensures that climate finance provided by donors to recipients is used as prescribed, enhances transparency, and fosters trust. Donors require full transparency in all transactions, as climate finance funding is limited, yet significant amounts are required to meet the goals of the Paris Agreement.

In theory, climate finance tracking involves systematically documenting financial resources allocated to climate-related activities. This includes recording funding from various institutions, types of financial flows, and tracking how these funds are utilized to support interventions aimed at addressing climate change mitigation and adaptation.

However, no internationally agreed-upon methodology currently exists, and multiple agencies have developed and used their own approaches over the years to track climate finance flows. This enables countries to conduct deeper analyses in developing their own methodologies to make more effective use of tracked climate finance data, in accordance with the Enhanced Transparency Framework (ETF) of the Paris Agreement.

Within the national climate finance landscape of Belize, developing a climate finance tracking methodology will allow to identify funding gaps and underfinanced areas crucial for the implementation of key climate change strategies and commitments. The NDC, together with *the National Climate Change Policy, Strategy and Master Plan for the period 2021-2025*, serve as the key

frameworks that address and estimate the financial needs for both climate change mitigation and adaptation.

This Climate Finance Tracking Methodology for Belize will build on internationally recognized methodologies, such as the Climate Policy Initiative (CPI), the Climate Public Expenditure and Institutional Review (CPEIR), and the Private Sector Climate Expenditure and Review (PCEIR). It will also use the OECD DAC Rio Markers for weighting of the climate finance flows. These particular methodologies were selected for their complementarity approaches to collecting, processing, and verifying climate finance data. Belize's Climate Finance Tracking Methodology aligns with the modalities, procedures, and guidelines (MPGs) of the Enhanced Transparency Framework (ETF), ensuring that reporting meets the requirements of the UNFCCC and the Paris Agreement.

Once climate finance can be accurately tracked and reported on regularly, Belize would be in a better position to access and be considered for climate finance funding from a broader range of donors, build trust with donors, be transparent in actions, demonstrate compliance with international obligations, and build capacity among the line ministries and stakeholders in data collection, processing, and verification. This will further improve Belize's credibility with donors and creditors, increasing access to additional and more accessible funding, while closing the gap between the country's climate finance needs and the funds that are committed or disbursed. Accessing additional climate finance will ensure that the country's citizens have a fighting chance to combat the negative effects of climate change and secure their children's future.

2. Climate Finance Definition

Establishing a clear national definition of climate finance is a crucial first step in developing a national climate finance tracking framework. This definition provides a foundation for building a shared understanding among all stakeholders. In order to effectively label and record climate finance activities and further dissecting the activities by their actions (adaptation, mitigation and cross cutting), all key stakeholders in Belize must agree with the definition to facilitate a common understanding of climate finance.

In this context, Belize developed a national climate finance definition through stakeholder consultations, building on the work of the UNFCCC Standing Committee on Finance, which compiled climate finance definitions from various countries and international organizations.

The following agreed definition was derived from the responses of the stakeholders and will be used within the methodology to track climate finance flows and throughout the Climate Finance MRV System of Belize (needs, received, gaps) to serve as the basis for reporting to the UNFCCC:

"Climate finance" refers to local, national or international financing mobilized from public, private or alternative funding sources seeking to support mitigation, adaptation, and loss and damage actions that will address negative climate change impacts. These actions seek to, but are not limited to, reducing vulnerability for at-risk areas, developing resilience of human and ecological systems, enhancing our agricultural sectors, increasing renewable energy usage, improving our transport and waste management system, and upgrading the health and wellness sector to continue to support Belize's national efforts to move to a low greenhouse gas emissions pathway, enhancing greenhouse gas sinks and emphasizing on resilient development to reduce the adverse effects of climate change.

3. Alignment with the Climate Budget Tagging (CBT) Methodology of Belize

As part of the project "*Strengthening Public Expenditure Management in Belize*", implemented by the Inter-American Development Bank (IDB), a Climate Budget Tagging (CBT) has been developed to support the Ministry of Finance in the identification, classification and quantification of public spending with an impact on gender equality and climate change.

This recently developed CBT methodology, while distinct from the climate finance MRV tracking methodology developed as part of the ‘‘*Enhancing the National Capacities in Belize to Track and Report on Climate Finance*" ICAT project, presents a valuable future tool for verifying national public investment estimates. By comparing climate finance figures generated through both the CBT and climate finance tracking methodologies, stakeholders can achieve a more robust and reliable assessment of climate finance allocated to public investments.

In addition to tracking climate change-related expenditures, the Climate Budget Tagging (CBT) methodology also identifies, classifies, and estimates public investments associated with gender. This dual focus makes the CBT methodology an important tool for monitoring and estimating financing directed towards gender-related issues, thereby supporting efforts to address inequalities and promote the empowerment of women at both local and national levels. By integrating gender considerations into public investment tracking, the methodology strengthens Belize's capacity to report transparently on its commitments and enhances the robustness of its national development agenda.

Alignment between the CBT and climate finance MRV methodologies is therefore essential. A key point of alignment is the use of the national climate finance definition, outlined in Section 2 of this document. Furthermore, both methodologies also apply sectoral framework parameters consistent with Belize's NDC, facilitating comparability of results and improving the accuracy of public investment verification.

However, some discrepancies remain—particularly in the definitions used for adaptation, mitigation, and cross-cutting activities. In addition, the CBT methodology also considers negative expenditures while the climate finance tracking methodology does not account for negative climate finance flows. These differences underscore the need for further alignment and integration between the two methodologies. Addressing these inconsistencies will be critical when implementing both systems and in evaluating and comparing their respective outputs.

4. Methodology for Climate Finance Tracking

4.1 Data Collection

The first step in the methodology is collecting relevant information on financial flows in Belize that contain finance related to climate change. Determining what qualifies as climate change-relevant can be straightforward in some cases, while in others, it may require expert judgment due to the subjective nature of certain financial flows.

4.1.1. Data Collection Process

To identify financial flows that contain finance related to climate change, the established climate finance definition developed by Belize should be utilised, detailed in Section 2 of this document. Once financial data has been requested and collected, only programmes, projects, or activities that align with this definition should be recorded for further classification in the next stage of the methodology.

As previously mentioned, Belize is developing a National Integrated Online MRV Platform, which will include a Climate Finance MRV Component (Module) consisting of a Climate Finance Registration Form (Template) as the instrument for stakeholders to submit the required information on climate finance, crucial for employing Climate Finance Tracking Methodology.

Further details on the institutional arrangements and protocols, including the process for data collection, the data collection format, frequency and communication modalities are detailed in the "Report on the institutional arrangements and protocols of the climate finance MRV".

4.1.2. Coverage and Granularity

The coverage determines what type of financial flows should be collected as part of the Climate Finance Tracking Methodology of Belize. The broader the coverage, the more comprehensive the picture of climate-relevant finance will be. In this regard, the methodology will include the country of Belize as a whole, considering international and domestic public finance. Private finance sources will not be covered by this methodology, but Belize will explore options of integrating private climate finance in the future.

Furthermore, the level of granularity defines where estimations occur and the extent of information to be categorized, directly influencing the detail and quality of the data collected. A more granular analysis enables a deeper and more comprehensive assessment; however, it also demands greater effort and more resources to estimate climate-relevant financial flows and to maintain the system. Therefore, the country's financial classification processes and strategic objectives will ultimately determine the feasible level of granularity for implementation.

As part of Belize's Climate Finance Tracking Methodology, international financial flows should ideally be assessed at the component level, focusing on individual activities within larger projects or programs. However, experience from the NDC updating process has shown that this level of detail can be challenging to achieve due to limited access to detailed documentation and related financial information. In such cases, a project-based classification should be used. For on-budget financial flows, estimations should be conducted at the most detailed level available, preferably at the itemized level.

It is important to note that Belize's Climate Finance Tracking Methodology currently does not account for climate-negative financial flows—those that contribute to climate change rather than mitigate or adapt to it, thereby having a negative effect on national climate objectives. Rather than offsetting these amounts against positive climate investments, such financial flows should be reported separately to ensure transparency and accuracy. Incorporating climate-negative spending into the methodology could be considered at a later stage, once sufficient capacity building has been carried out to ensure national stakeholders have a solid understanding of the key definitions and concepts related to climate-relevant financial flows.

4.2 Framework Parameters

Once financial data is collected from relevant sources, climate-relevant financial flows must be classified according to these parameters.

This section outlines the key parameters of the climate finance tracking methodology, which serve as the basis for classifying recorded climate finance flows. Establishing these parameters ensures a consistent approach to tracking climate finance and guarantees that all financial flows are categorized appropriately.

This process involves assessing programme or project titles and descriptions—such as activities and components—against the climate finance definition to determine their relevance to mitigation, adaptation, or cross-cutting objectives. In cases where project titles and descriptions do not provide sufficient information to establish climate relevance, additional documentation should be requested from responsible institutions and stakeholders.

4.2.1. Sectors and Sub-sectors

In climate finance, sectors refer to specific areas of economic activity targeted for funding and investment to support mitigation and adaptation efforts in response to climate change. The sectoral classification will follow the one outlined in Belize's NDC. By aligning the sectoral classification with the national climate change policy priorities of Belize, the country can ensure that climate finance is effectively directed towards the most critical areas, facilitating the achievement of its climate goals and enhancing the impact of mitigation and adaptation actions. This will enable the determination of which sectors are receiving sufficient funding, and which are still lagging behind in securing sufficient resources for climate change actions.

Sectors:

Mitigation

- Land Use Change and Forestry
- Agriculture
- Energy
- Waste Management
- Transportation

Adaptation, Loss and Damage

- Coastal Zone and Marine Resources
- Agriculture
- Fisheries and Aquaculture
- Human Health

- Tourism
- Biodiversity and Forest
- Water Resources
- Land Use, Human Settlements and Infrastructure

Subsectors:

Mitigation (Subsectors)

Sector: **Land Use Change & Forestry**

- Afforestation and Reforestation
- Forest Conservation and Reduced Deforestation (REDD/REDD+)
- Sustainable Forest Management (SFM)
- Agroforestry
- Other

Sector: **Agriculture**

- Rice Cultivation
- Agricultural Soils
- Crop Production and Management
- Agroforestry and Silvopastoral Systems
- Carbon Sequestration in Agricultural Soils
- Other

Sector: **Energy**

- Energy Transmission and Distribution
- Energy Use in Industry
- Energy Use in Transport
- Renewable Energy Development
- Energy Use in Building (Residential, commercial, public)
- Energy efficiency
- Energy conservation
- Other

Sector: **Waste Management**

- Solid Waste Disposal (Landfills and Dumpsites)
- Biological Treatment of Waste (Composting and Anaerobic Digestion)
- Recycling and Resource Recovery
- Other

Sector: **Transportation**

- Road Transport (Private and Public Vehicles)
- Fuels and Energy Systems in Transport
- Hybrid and Electric Vehicles

- Transport Infrastructure and Urban Planning
- Other

Adaptation (Subsectors)

Sector: **Coastal Zone & Marine Resources**

- Coastal Erosion and Shoreline Protection
- Coral Reef and Marine Ecosystem Resilience
- Coastal Infrastructure and Settlements
- Blue Economy and Sustainable Resource Use
- Early warning systems
- Other

Sector: **Agriculture**

- Crop Production
- Livestock and Pastoral Systems
- Agroforestry
- Early warning systems
- Improve Soil & Water Management Practice
- Other

Sector: **Fisheries & Aquaculture**

- Livelihoods and Coastal Community Resilience
- Marine and Coastal Capture Fisheries
- Aquaculture (Fish Farming)
- Other

Sector: **Human Health**

- WASH
- Early warning system
- Improvement of Health infrastructure
- Capacity building and awareness
- Smart health building infrastructure
- Disease prevention & control
- Other

Sector: **Tourism**

- Coastal & Marine Tourism
- Eco-Tourism & Nature Based Tourism
- Cultural & Heritage Tourism
- Other

Sector: **Biodiversity and Forest**

- Forest Conservation and Restoration
- Ecosystem-based Adaptation (EbA)
- Protected Areas and Biodiversity Corridors
- Sustainable Forest Management (SFM)
- Indigenous and Local Community Stewardship
- Other

Sector: **Water Resources**

- Integrated Water Resources Management (IWRM)
- Water Supply and Access
- Drought and Flood Management
- Other

Sector: **Land Use, Human Settlements & Infrastructure**

- Climate Integrated Land Use Planning
- Sustainable Land Zoning and Development Control
- Integrated Territorial Planning (rural-urban linkage)
- Climate Resilient Housing and Building Materials
- Disaster Risk Reduction in Residential Areas
- Relocation/Resettlement Planning for Climate Displace Communities
- Climate Proofing Public Infrastructure (School, hospitals, etc.)
- Resilient Transportation Systems (Roads, bridges, ports)
- Sustainable and Adaptive Drainage and Sewage Systems
- Incorporating Climate Risk into Infrastructure Design and Maintenance
- Other

4.2.2. Scope of Sources

There are many sources of climate finance in a country: public or private, national or international. The Climate Finance Tracking Methodology of Belize includes all public sources of climate finance, from both national and international sources. However, private sources of climate finance are not included in the scope of the Climate Finance Tracking Methodology, but it will be further explored in the future.

Furthermore, to ensure the most accurate representation of project costs, it is recommended that both committed and disbursed funds be recorded and tracked. This approach enables the measurement of the country's effectiveness in project implementation and aligns with feedback from stakeholder engagement sessions. During these sessions, stakeholders agreed that both committed and disbursed funds are already being recorded and should continue to be tracked. Since this is a common practice in record-keeping, minimal capacity-building efforts or errors are anticipated.

Tracking both committed and disbursed funds provides a comprehensive view of financial flows and aids in climate finance reporting. By comparing committed versus disbursed funds, stakeholders can identify constraints or bottlenecks that may hinder project implementation. Promptly addressing these will help ensure the successful completion of climate finance activities and project deliverables.

Climate finance shortfalls, or delays in disbursement, can then be leveraged either through engagement with donors or through the country's annual budget revision to tackle deficiencies. Addressing financial or in-kind contributions, such as resources provided by line ministries for project implementation, shall be valued and included in the disbursed amounts to provide an accurate cost representation. When exact valuations are unavailable, an estimate of 2% of the project cost can be applied, but these estimates must originate from the documenting agency to ensure consistency.

Definitions for committed and disbursed funds:

- Committed funds: Funding that has been promised through formal agreements or contracts but has not yet been released by the donor or received by the recipient for expenditure.
- Disbursed funds: Funds that have been allocated and utilized according to project phases, reflecting actual expenditures incurred during implementation.

4.2.3. Assessing the Purpose of Climate Finance Data

It was agreed within the climate finance definition that both adaptation and mitigation actions, as well as cross-cutting activities, would be recorded. Additionally, the recently introduced category of loss and damage was approved for tracking purposes and will be explicitly labelled once it becomes operationally relevant.

During baseline engagement sessions with stakeholders, it was noted that many were already using common definitions for adaptation, mitigation, cross-cutting activities, and loss and damage. To streamline reference and usage, the UNFCCC definitions were adopted going forward:

- **Adaptation** - Adaptation refers to adjustments in ecological, social, or economic systems in response to actual or expected climatic stimuli and their effects. It encompasses changes in processes, practices, and structures to reduce potential damages or take advantage of opportunities arising from climate change. In simple terms, adaptation involves developing and implementing solutions to address current and future climate change impacts.

  Examples:

  - Building flood defenses
  - Switching to drought-resistant crops
  - Business operations and government policies

- **Mitigation** - Mitigation refers to efforts aimed at reducing greenhouse gas (GHG) emissions or enhancing carbon sinks to lower atmospheric concentrations of GHGs and limit global warming. This involves policies, incentive schemes, and investment programs targeting all sectors, including energy, transport, buildings, industry, agriculture, forestry, and waste management.

  Examples:

  - Renewable energy / energy efficient technology
  - Electric cars

  - Expanding forests and other sinks to remove greater amounts of CO2 from the atmosphere

- **Cross-Cutting** - Cross-cutting activities integrate both mitigation and adaptation actions within a single project or programme.
- **Loss and Damage** - Loss and damage refers to actions taken to address the impacts of climate change that could not, or were not, mitigated or avoided through adaptation measures. This category encompasses responses to both extreme events and slow-onset climate impacts, particularly in developing countries highly vulnerable to adverse climate effects. While it may overlap with adaptation, loss and damage focuses on addressing unavoidable consequences of climate change.

All four categories will be recorded and labelled within the Climate Finance Tracking Methodology of Belize.

4.2.4. Financial Instruments

It is important to identify the financing instruments used by financiers to support climate change mitigation and adaptation efforts. These instruments represent widely used financial tools that can fund climate-related initiatives as well as broader development activities. During the consultation process for developing this Climate Finance Tracking Methodology, stakeholders agreed to adopt a broad approach to recording financial instruments to capture as many information as possible and accurately reflect the support provided.

Currently, most recorded climate finance has been obtained through concessional loans from international donors. However, this does not account for significant in-kind contributions from the government, such as officials overseeing project implementation. Including these contributions will offer a more comprehensive view of the total funding received.

To ensure consistency and accuracy, the methodology aligns with the classification of financial instruments outlined in CTF III.7 for financial support received by developing countries. Data collectors will record and categorize these instruments in the Climate Finance MRV Component (module) for effective tracking. The financial instruments include:

- Grants
- Concessional loans
- Non-concessional loans
- Equities
- Guarantees
- Insurances
- Other instruments (to be specified)

Annex 1 provides the definition of each financial instrument.

It is important to note that loans should not be taken at face value due to the terms typically associated with them, such as interest rate, grace periods, and other conditions, which would be considered part of the recipients' contributions.

For valuing a concessional loan, the OECD Grant Equivalent Calculator[1] can be used. The discounted rate specified by the Central Bank of Belize is 20%, which can be factored into the calculator to

[1] Green Climate Fund. *Grant Equivalent Calculator*. Retrieved February 20, 2025: https://www.greenclimate.fund/document/grant-equivalent-calculator

obtain a more accurate figure. This process must be clearly communicated to data collectors, with detailed guidance provided.

Additionally, notes within the Climate Finance Registration Form (Template), in the Climate Finance MRV Component (Module), should reflect the approved loan amount alongside its terms, ensuring a more accurate representation of the financing received. The NCCO will be responsible for validating the data submitted by collectors.

Grants and other instruments are typically recorded at their full 100% value and would not require any further modifications.

4.2.5. Financial Channel

Identifying the source of climate finance, also known as the financial channel, is essential for providing clarity on the origin of funding. This classification helps track financial support sources and ensures transparency. The financial channel classification follows the framework outlined in CTF III.7 for reporting financial support received by developing countries and includes the following categories:

- Multilateral Organizations
- Bilateral Organizations
- Regional Organizations
- Others

4.2.6. Recipient Entity

Classifying climate finance flows by recipient type, referring to the entities receiving the provided climate finance offers, insight into how these funds is utilized. There is no universal best practice for recording information on recipients. Therefore, the Climate Finance Tracking Methodology adopts a balanced approach, using the following basic classification:

- Government Institutions
- Private Sector Organizations
- Non-government Organizations
- Public-Private Partnerships (PPPs)
- Academia and Research Institutes
- Others

When reporting on the financial support received, developing country Parties should also provide information on the contribution of financial support to the objectives of technology development and transfer, as well as capacity building. Together, financial support, technology transfer, and capacity-building are often referred to as the "means of implementation" needed to assist developing countries in meeting their climate change commitments and objectives.

It is crucial to differentiate between the various scales and forms of support, which include:

- Contribution to technology development and transfer objectives: This involves promoting the development, deployment, and transfer of environmentally sound technologies to developing countries. Support can take various forms, such as fostering research collaboration, facilitating access to technology licensing, or providing resources for the adaptation and implementation of new technologies.

- Contribution to capacity building objectives: This focuses on enhancing the skills, knowledge, institutional frameworks, and infrastructure required for countries to effectively tackle climate change. Examples include training programmes, workshops, and institutional development initiatives that enable countries to better understand, plan, and implement climate actions and policies.

In CTF III.7 for reporting information on financial support received by developing countries, countries must indicate whether the support contributes to technology development and transfer and/or capacity building.

4.2.7. Sustainable Development Goals (SDGs) linkages

The United Nations 2030 Agenda for Sustainable Development Goals (SDGs) offers significant potential to advance national development in Belize, particularly as climate action objectives extend beyond the reduction of greenhouse gas emissions. For a developing country like Belize, the Sustainable Development Goals present both opportunities and challenges. Their interconnected nature supports alignment with climate finance initiatives.

To provide an example, SDGs 5 (Gender Equality), 13 (Climate Action), 14 (Life Below Water), and 15 (Life on Land) are interrelated in the context of climate change responses, including the country's NDC. Integrating gender-responsive approaches into climate and water policies ensures that women's perspectives and traditional knowledge contribute to the development of more effective adaptation and resilience strategies including loss and damage. Similarly, climate change directly threatens water security, making its achievement more challenging as water sources become more scarce or polluted. By aligning climate action with water management and gender equality goals, countries can maximize co-benefits such as improved health outcomes, reduced poverty, and enhanced community resilience. Integrated policies and targeted funding that address these cross-cutting issues are essential for achieving sustainable development and ensuring that climate solutions are inclusive and equitable.

In the near future, Belize's alignment with an integrated financial approach is crucial for achieving its Sustainable Development Goals (SDGs). This approach involves linking climate finance with the necessary means of implementations, including financial resources, technology development and transfer, and capacity-building for countries to implement climate actions effectively. By prioritizing climate actions that foster inclusive and sustainable development, Belize can simultaneously strengthen its resilience to climate change impacts and progress towards the SDGs. This approach aligns with the UNFCCC's principle of Common But Differentiated Responsibilities and Respective Capabilities (CBDR-RC) and considers Belize's unique national circumstances.

In this regard, the Climate Finance Tracking Methodology of Belize adopts the incorporation of the SDGs as one of the framework parameters:

- SDG 1 – No poverty: End poverty in all its forms everywhere.
- SDG 2 – Zero hunger: End hunger, achieve food security, improve nutrition, and promote sustainable agriculture.
- SDG 3 – Good health and well-being: Ensure healthy lives and promote well-being for all at all ages.
- SDG 4 – Quality education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- SDG 5 – Gender equality: Achieve gender equality and empower all women and girls.
- SDG 6 – Clean water and sanitation: Ensure availability and sustainable management of water and sanitation for all.
- SDG 7 – Affordable and clean energy: Ensure access to affordable, reliable, sustainable, and modern energy for all.

- SDG 8 – Decent work and economic health: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.
- SDG 9 – Industry, innovation and infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.
- SDG 10 – Reduced inequalities: Reduce inequality within and among countries.
- SDG 11 – Sustainable cities and communities: Make cities and human settlements inclusive, safe, resilient, and sustainable.
- SDG 12 – Responsible consumption and production: Ensure sustainable consumption and production patterns.
- SDG 13 – Climate action: Take urgent action to combat climate change and its impacts.
- SDG 14 – Life below water: Conserve and sustainably use the oceans, seas, and marine resources.
- SDG 15 – Life on land: Protect, restore, and promote sustainable use of terrestrial ecosystems, forests, and biodiversity.
- SDG 16 – Peace, justice and strong institutions: Promote peaceful and inclusive societies, provide access to justice for all, and build effective, accountable institutions.
- SDG 17 – Partnerships for the goals: Strengthen global partnerships to support and achieve the SDGs.

4.3 Weighting Climate Finance

The last step in the methodology is to weight climate finance data to obtain the climate-specific share and calculate the total amount of climate finance.

Not all recorded programmes, projects, or activities contribute equally to climate objectives, and some may also aim to achieve non-climate-related outcomes. For certain financial flows, determining the share of climate-specific finance is straightforward. For instance, funding received from sources such as the Green Climate Fund (GCF) or the Adaptation Fund (AF) is directly targeted at climate objectives; therefore, 100% of this financing should be classified as climate finance. However, for other financial flows, such as development assistance, it may be unclear what proportion is specifically climate related. In such cases, a weighting approach should be applied.

Weighting involves assigning percentage markers to estimate the climate relevance of recorded financial flows, indicating the proportion of finance that can be classified as climate specific.

Once financial flows are classified as climate-related, their contribution to climate change mitigation or adaptation must be weighted to assess the proportion of the cost that qualifies as climate finance. Weights should be applied based on the purpose for which the financial flow has been categorized. For example, if a financial flow is classified as mitigation-related, the appropriate climate relevance score must be assigned to the mitigation component. A systematic framework for assessing or weighting climate relevance is essential to allocate the total cost of an intervention accurately. This ensures that mitigation and/or adaptation objectives are appropriately recognized.

As part of Belize's Climate Finance Tracking Methodology, the OECD DAC Rio Markers manual presented in Table 1 will serve as the reference for the weighting approach, as it is the most widely used international system for climate finance weighting.

Table 1: Rio Markers Methodology Weighting System

International methodology	Markers	Weight	Criteria and definitions for markers

OECD DAC Rio Markers[2]	Principal objective (score 2)	100%	The objective (climate change mitigation or adaptation) is explicitly stated as fundamental in the design of, or the motivation for, the activity.
	Significant objective (score 1)	50%	The objective is explicitly stated, but it is not the fundamental driver or motivation for the activity. Countries apply different percentages.
	No targeted objectives (score 0)	0%	Neither mitigation nor adaptation objectives are addressed by the activity.

Source: The OECD DAC Rio Markers manual

However, while the Rio Markers methodology is limited to categorical scores of 0, 1, and 2—corresponding to 0%, 50%, and 100% respectively—this approach can be limiting when assessing the nuanced climate relevance of specific activities. In practice, more granular financial quantification is often necessary, with weighting coefficients ranging between 0% and 50% to more accurately reflect partial climate relevance.

In this context, for a country such as Belize, it is recommended to complement and adapt the Rio Markers methodology by developing and adopting a more refined national approach to accurately estimate the climate relevance of financial flows. An additional category has been included with a 25% weighting coefficient (corresponding to a score of 0.5) to reflect situations when the objective is partially explicitly stated, but it is not the fundamental driver or motivation for the activity. Below, Table 2 presents the climate relevance weighting system as part of Belize's Climate Finance Tracking Methodology[3].

Table 2: Belize's Climate Finance Tracking Methodology Weighting System

National methodology	Markers	Weight	Criteria and definitions for markers
OECD DAC Rio Markers Methodology adjusted to the National circumstances	Principal objective (score 2)	100%	The objective (climate change mitigation or adaptation) is explicitly stated as fundamental in the design of, or the motivation for, the activity.
	Significant objective (score 1)	50%	The objective is explicitly stated, but it is not the fundamental driver or motivation for the activity. Countries apply different percentages.
	Partial objective (score 0.5)	25%	The objective is partially explicitly stated, but it is not the fundamental driver or motivation for the activity. Countries apply different percentages.

[2] OECD, n.d. "OECD DAC Rio Markers for Climate: Handbook, https://capacity4dev.europa.eu/library/rio-markers-handbook-oecd-dac-climate-markers_en

[3] This recommendation was developed and validated by stakeholders' participation during the validation workshop, taking place on March 24th and 25th, 2025.

	No targeted objectives (score 0)	0%	Neither mitigation nor adaptation objectives are addressed by the activity.

Source: The OECD DAC Rio Markers Weighting Methodology, edited by the technical lead consultant.

By including this additional marker, which results in an additional weighting option of project objectives, it is possible to assign more precise scores of the reality even when detailed financial components are unavailable.

After assigning a weight to a climate-related financial flow, the total climate finance is calculated by multiplying the total financial flow by the assigned weighting percentage. This ensures that the finance attributed to climate-related objectives accurately represents their proportional relevance within broader projects or programmes.

5. Annexes

Annex 1 – Definitions of Financial Instruments

The definitions of the financial instruments were obtained from the ICAT (Initiative for Climate Action Transparency) Climate Finance Transparency Guide.

- **Grants** refer to transfers made in cash, goods, or services for which no repayment is required. Design-stage grants or convertible grants can support enterprises in improving bankability by providing pre-commercial funding required at the initial stage while supporting proof of concept.
- **Loans** are a sum of money that is given to a borrower for a specific purpose and repaid with interest over a fixed period. A loan is considered concessional when its financial conditions (i.e., interest rate, term) are better than market conditions.
- **Equities** are ownership interest in an enterprise that represents a claim on the assets of the entity in proportion to the number and class of shares owned.
- **Guarantees** are pledges to pay an entity's debt if the borrower defaults. Essentially, a third party acting as a guarantor promises to assume responsibility for a debt should the borrower be unable to keep up on its payments to the creditor.
- **Insurances** are a protection against uncertain risk, where policyholders pay a specified premium for the promise of a payout if a claim is filed and approved. There are specific climate insurances, whose objective is to mitigate the financial and other risk associated with climate change, especially phenomena like extreme weather.
- **Bonds** are fixed-income instruments that represent a loan made by an investor to a borrower. Bonds are typically used by companies, municipalities, states, and sovereign governments to finance projects and operations. Climate bonds are a type of bond issued to raise finance for climate change solutions—for example mitigation or adaptation-related projects.