

OECD DAC Statistics

Aid to Climate Change Adaptation

These statistics are based on DAC members' reporting on Rio markers to the CRS. Summary statistics for mitigation- and total climate-related aid are presented in two separate flyers. These and detailed project-by-project data are available at www.oecd.org/dac/stats/rioconventions.htm. 2013 data will be published towards the end of 2014.

- **Total bilateral adaptation-related aid commitments** by members of the OECD's Development Assistance Committee (DAC) reached **USD 9.3 billion** per year in 2010-12, representing 7.1% of total official development assistance (ODA).
- **Of total adaptation-related aid commitments, 29% (USD 2.7bn) explicitly targets adaptation as a *principal* objective**, whilst 71% (USD 6.6bn) targets adaptation as a *significant* objective, indicating that adaptation is mainstreamed into activities that were primarily motivated by other development objectives. In contrast, 69% of mitigation-related aid went to activities where mitigation was the *principal* objective.
- **Total climate-related aid** per year over 2010-2012 reached **USD 21.5 billion**; 58% targets mitigation only, 25% targets adaptation only, and 18% targets mitigation and adaptation together.
- Adaptation-related aid is **concentrated in a few sectors and activity types**: environment-related capacity-building; water; agriculture, forestry, fishing and rural development; disaster risk reduction and response.
- **Least developed countries and other low-income countries** receive 25% of total adaptation-related aid, where two thirds goes to LDCs in Sub-Saharan Africa. In contrast 13% of mitigation aid goes to LDCs and other LICs.
- **Grants** comprise **69% of all adaptation-related aid commitments**, in contrast to mitigation-related aid commitments, of which 58% are loans.

Since 1998 the DAC has monitored aid targeting the objectives of the Rio Conventions through its Creditor Reporting System (CRS) using the "Rio markers". Every aid activity reported to the CRS should be screened and marked as either (i) targeting the Conventions as a "*principal* objective" or a "*significant* objective", or (ii) not targeting the objective. The adaptation marker was introduced in 2010. Markers indicate donors' policy objectives in relation to each aid activity. Activities marked as having a "*principal*" climate objective (mitigation or adaptation) would not have been funded but for that objective; activities marked "*significant*" have other prime objectives but have been formulated or adjusted to help meet climate concerns. The markers allow an approximate quantification of aid flows that target climate objectives. In marker data presentations the figures for *principal* and *significant* objectives are shown separately and the sum referred to as the "upper bound" of climate-change-related aid. **With only three years of adaptation data, caution should be taken in discerning trends.**

How much bilateral aid is going towards climate change adaptation?

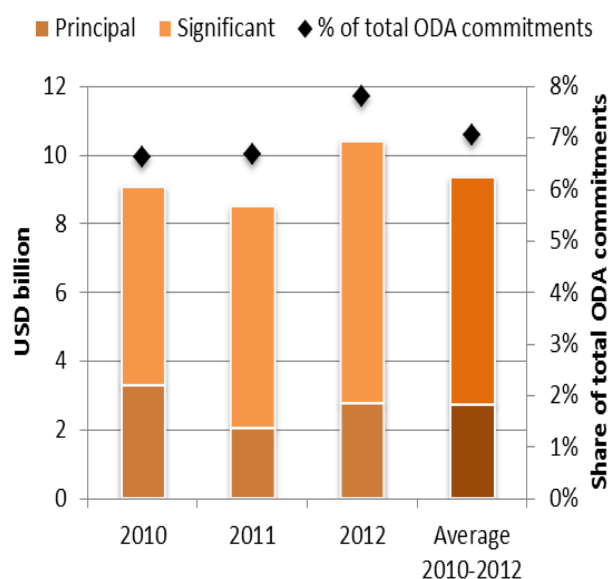
Total adaptation-related aid commitments reached USD 9.3bn on average per year in bilateral ODA in 2010-2012, representing 7.1% of total ODA commitments (Chart 1). Of this, aid targeting adaptation as a *principal* objective reached USD 2.7bn and as a *significant* objective reached USD 6.6bn. The total reflects *principal* plus *significant* bilateral ODA to adaptation.

In total, 72% of adaptation-related aid in 2010-12 is targeting adaptation as a *significant* objective, reflecting that adaptation is increasingly mainstreamed within on-going development co-operation activities that are at risk to climate change.

Over half of adaptation-related activities target multiple environmental objectives; an average of 42% of adaptation ODA also targets climate change mitigation, 31% targets biodiversity, and 20% targets desertification objectives.

Adaptation represents about 43% of total climate aid (including the portion that contributes to both mitigation and adaptation).

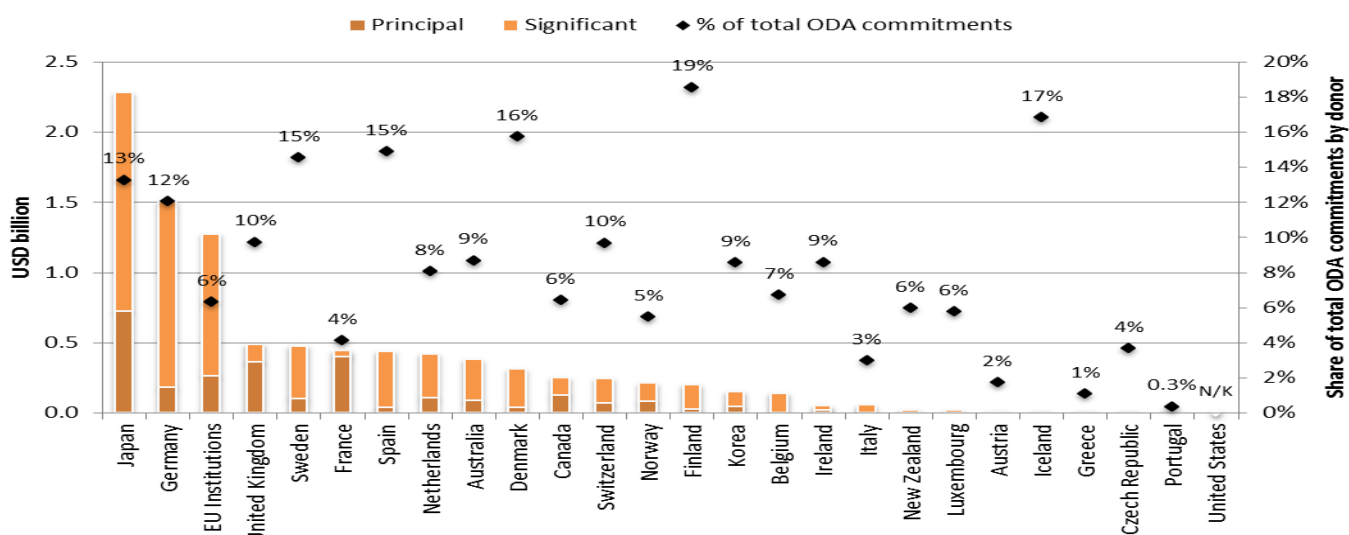
Chart 1. Total adaptation-related aid 2010-12, bilateral commitments, USD billion, constant 2011 prices, annual and 3-year annual average



Bilateral adaptation-related aid commitments by DAC members

Over half of total adaptation-related bilateral aid in 2010-12 is provided by just three DAC members (Japan, Germany, EU Institutions) (Chart 2). It is however important to note that after Japan, France and the United Kingdom commit the largest amount of aid targeting adaptation as a *principal* objective over the same period. Adaptation-related aid as a proportion of a donor's total aid portfolio gives an indication of the priority donors are giving to climate change adaptation. By this measure, Finland stands out in dedicating about 19% of its total ODA commitments to adaptation, followed by Iceland (17%).

Chart 2. Adaptation-related aid by DAC member*
Average 2010-2012, bilateral commitments, USD billion, constant 2011 prices



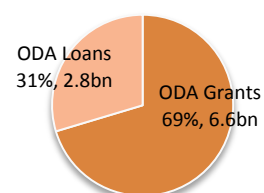
*Note: For Belgium the chart is based on 2010-11 data only. Belgium have very recently reported 2012 Rio marker data to the OECD DAC, this will be incorporated into the subsequent updates of this flyer.

For technical reasons, data collection on aid for climate change for United States is not yet available. The United States is working to review its data collection methodology and will supply data for 2011 and 2012 in the coming months.

This analysis draws on the DAC CRS database which contains detail of over 3,800 climate adaptation-related ODA activities per year. Whilst the median activity size is a little over USD 0.05 million, a small number of very large activities (above USD 100 million) dominate and account for about 25% of total adaptation-related aid commitments within the database.

The majority of bilateral adaptation-related aid is committed through grants (about 69%), whilst almost a third is composed of loans (Chart 3). This is similar to general ODA trends, and in contrast to mitigation-related aid, for which ODA loans are more prevalent (58%). This pattern relates to the focus of adaptation-related aid on least developed countries and other low-income countries (LDCs and LICs, 25% of total), and the relatively lower focus on middle-income countries (MICs, 44%) as compared to mitigation-related aid, where MICs receive a larger share (63%) (Chart 7).

Chart 3. Aid instruments
Average 2010-2012, bilateral commitments, USD billion, constant 2011 prices



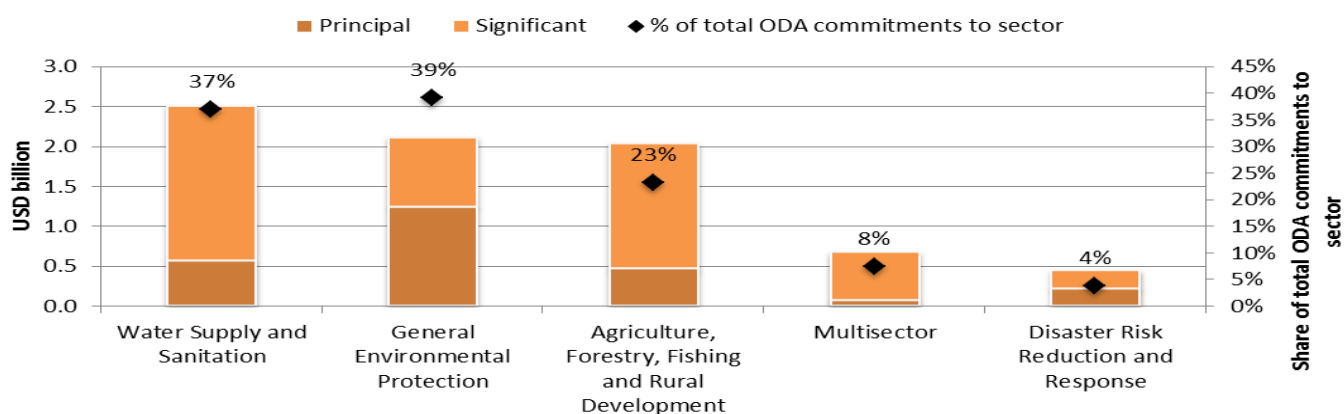
Non-aid flows

Rio markers are applicable to ODA and also to **non-export credit other official flows** (i.e. non-concessional developmental flows). Development finance institutions have started reporting on climate markers to the CRS for other official flows. Although reporting to date is incomplete, results from Finland, France and Germany alone show that non-concessional climate-related flows can be significant. Total climate-related other official flows over 2010-12 are USD 250 million per year on average, driven largely by the activities of France's AFD (USD 151 million per year) and Germany's KfW (USD 99 million per year).

Which sectors are targeted by bilateral adaptation-related aid commitments?

Water; general environment protection¹; agriculture and rural development (including forestry and fishing); multi-sector projects²; and disaster risk reduction and response activities together receive 83% of total bilateral adaptation-related aid over 2010-12 (Chart 4). General environment protection is where adaptation is the most mainstreamed, with 39% of bilateral aid to the sector focusing on adaptation. This illustrates the importance countries and donors are placing on adaptation-related policy formulation, research and education, and capacity-building. The emphasis on capacity-building is reinforced by sector-specific adaptation aid flowing to policy, management, research and education in key economic infrastructure sectors, e.g. water and energy, and to the natural resource sectors including agriculture, forestry and fishing. The focus upon agriculture, forestry and fishing reflects their importance for the livelihoods of the majority of people living in developing countries, and that these sectors are at significant risk from climate change. Reducing the risk and increasing resilience to natural disasters is also an important focus of adaptation-related aid; in 2010-12, 92% of bilateral aid targeting flood prevention and control and 37% of disaster prevention and preparedness was adaptation-related.

Chart 4. Top 5 sectors receiving 83% of adaptation-related aid^{1,2}
Average 2010-2012, bilateral commitments, USD billion, constant 2011 prices

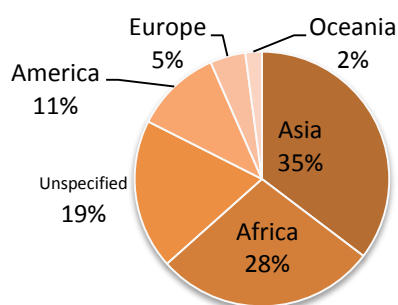


¹: General Environmental Protection includes support to environmental research, education, policy and administration management. ²: Multi-sector projects include urban development and management, and multi-sector education, training and research.

Aid to cross-sector urban adaptation issues appears notable in the adaptation aid portfolio. From a review and project screening of every adaptation-related activity in the CRS database over 2010-11, **almost one-fifth of adaptation-related commitments have been assessed to explicitly target urban areas**. Of this, over 70% is assessed as hard infrastructure, predominantly water supply and sanitation, whilst 10% targets capacity-building and policy development for infrastructure. Other sectors where adaptation to climate change could be important, but are yet to receive substantial adaptation-related aid commitments include transport infrastructure, tourism and health.

Where is bilateral adaptation-related aid flowing to?

Chart 5. Geographic regions receiving adaptation-related aid
2010-2012, bilateral commitments



In **absolute terms**, almost two thirds of adaptation-related aid is concentrated in the large continents of **Asia and Africa**. Asia is the greatest recipient, driven by the fact that Japan, which primarily focuses its aid activities in the Asian continent, is a key provider of adaptation-related aid.

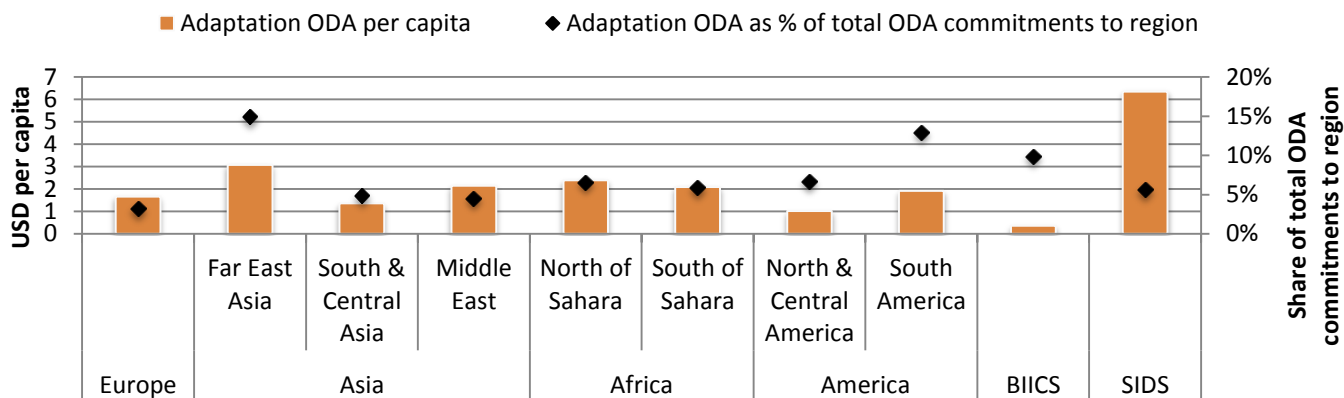
At the country level, the top ten recipients currently are India, Vietnam, Philippines, Indonesia, Kenya, Bangladesh, Ethiopia, Iraq, Morocco and Peru. Together these countries receive 30% of total adaptation-related aid.

Almost a fifth of all bilateral adaptation-related aid is not specifically targeting a country or region directly; instead, this money flows to specific funds and programmes managed by international organisations, which in turn channel aid to specific countries, or to international NGOs and research institutions working on adaptation issues in partnership with developing countries.

Looking at adaptation ODA in **relative terms**, however, tells a different story. **Per capita**, it is Small Island Developing States (SIDS) and countries in Far East Asia that receive the most adaptation-related aid. Additionally, adaptation appears to be a **high relative priority** in **Far East Asia and South America**, with almost 15% and 13% of total ODA commitments to the region, respectively, related to adaptation.

Chart 6. Sub-regional breakdown of adaptation aid per capita

Average 2010-2012, bilateral commitments, USD per capita, constant 2011 prices



Note: SIDS (as defined by the UN) and BIICS (Brazil, India, Indonesia, China, and South Africa) have been taken out of their respective regions to form these specific groups. For example, Brazil is not also included in the South America figures, and the Maldives is not included in the “South & Central Asia” figures.

Small Island Developing States (SIDS) seem to be an important target for adaptation-related aid.

It appears that adaptation to climate change is a high priority within the development planning and policy of many SIDS, with adaptation-related aid accounting for up to 45% of total bilateral ODA received in the 2010-12 period (Table 1).

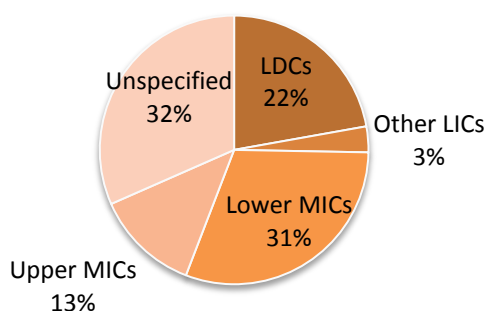
Additionally, whilst not large recipients in absolute terms, SIDS make up all of the top ten recipients of adaptation-related aid per capita, receiving at least 27 times more than the average across other recipient countries. This is in line with patterns for total ODA.

Table 1. Top 10 recipients, adaptation-related aid as a % of total ODA received

Average 2010-2012, bilateral commitments, USD per capita, constant 2011 prices

Country	Adaptation ODA as % of total ODA
St. Vincent & Grenadines	45%
Dominica	35%
Vanuatu	32%
Costa Rica	30%
Suriname	30%
Niue	26%
Gabon	26%
Cook Islands	26%
Samoa	24%
Peru	22%
Average across all ODA:	5.9%

Chart 7. Income groups receiving adaptation-related aid 2010-2012, bilateral commitments



By income group, middle-income countries receive the most adaptation-related aid in absolute terms. However, low-income countries (LDC plus other LIC) still receive a higher share of total adaptation-related aid (25%) compared to their share of total mitigation-related aid (13%). Furthermore, **adaptation-related ODA received per capita is highest in LDCs**, who receive an average of USD 2.4 per capita in adaptation ODA per year in 2010-2012. Lower MICs receive USD 1.2 per capita and Upper MICs receive USD 0.5 per capita. However, **Upper MICs on average receive the most adaptation ODA as a share of total ODA commitments to these countries.**

An activity should be classified as adaptation-related (score *principal* or *significant*) if it intends 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. For more information, please see the Handbook on the OECD-DAC Climate Markers (2011), available at www.oecd.org/dac/stats/rioconventions.htm.