

OECD DAC Statistics

Climate-related Aid to Latin America and the Caribbean

These statistics are based on DAC members' reporting on Rio markers to the Creditor Reporting System. See methodology box on last page. 2013 data will be published towards the end of 2014. Summary statistics for global climate-related aid flows are presented in a separate flyer. All flyers and detailed project-level data are available at <http://oe.cd/RM>

Bilateral climate change commitments to Latin America and the Caribbean reached USD 2.9 billion per year in 2010-12

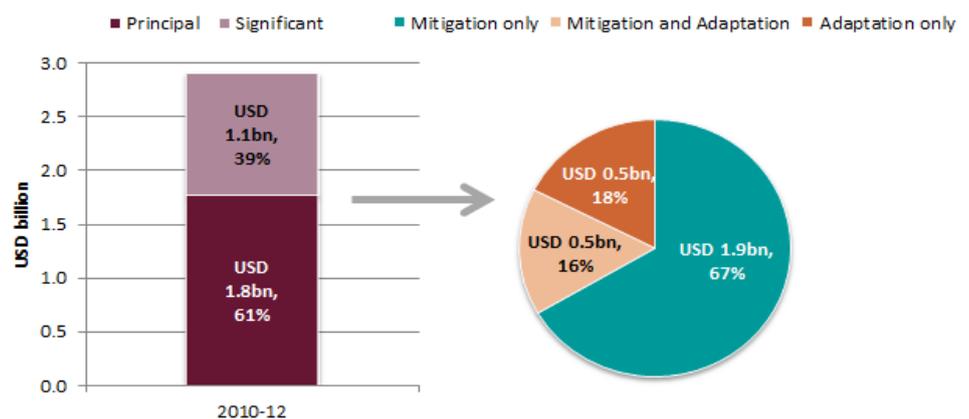
67% addresses mitigation only, 18% adaptation only and 16% targets both policy objectives

Almost 40% of climate-related aid to Latin America and the Caribbean is estimated to support capacity building

- **Bilateral climate change commitments** to Latin America and the Caribbean (LAC) from members of the OECD's Development Assistance Committee reached **USD 2.9 billion per year in 2010-12**, representing **25% of total bilateral aid commitments** over this period.
- **Of these, 61% (USD 1.8 billion) targets climate change as a *principal objective***, reflecting aid activities that explicitly focus on climate change (Chart 1). The remaining **39% (USD 1.1 billion)** has climate change as a ***significant objective***, indicating the mainstreaming of climate considerations into development co-operation portfolios.
- Climate-related aid is **highly concentrated, with Brazil and Mexico alone receiving 42% of total climate-related aid to the region** over 2010-12.
- The majority of climate-related aid to LAC targets mitigation-related objectives. However finance to adaptation is also notable, together with a share of **climate-related aid which exploits the synergies between both mitigation and adaptation** (see Chart 1 below). These are mainly in the general environmental protection (e.g. environment-related policy and capacity building), agriculture, forestry, fishing, rural development, and water sectors.

Chart 1. Climate-related aid to LAC in 2010-12

Annual average 2010-12, bilateral commitments, USD billion, constant 2012 prices



- Beyond capacity building, mitigation-related aid flows largely to the transport (rail) and energy (power generation from renewable resources) sectors. Adaptation-related aid mainly flows to the water and agriculture sectors.
- Over half of mitigation-related aid commitments are delivered through loans (56%), which is substantially higher than the average share of loans in total ODA to LAC (23% over 2010-12).
- Adaptation-related aid commitments flow to LAC largely as grants (77% of total adaptation). This is in line with the share of grants in total aid commitments to LAC and in global aid commitments.

HOW MUCH CLIMATE-RELATED BILATERAL AID IS FLOWING TO LATIN AMERICA AND THE CARIBBEAN?

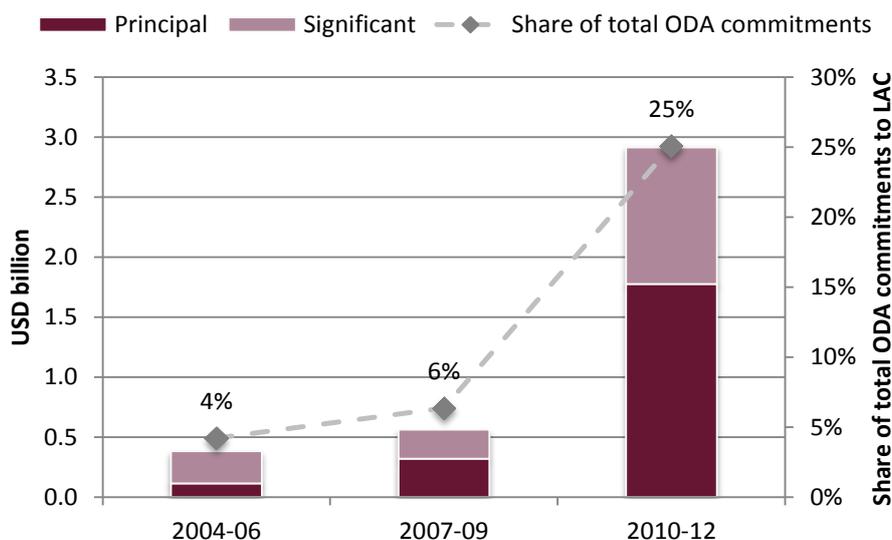
Total bilateral climate-related aid commitments to Latin America and the Caribbean (LAC) reported by members of the OECD's Development Assistance Committee (DAC) increased from USD 382 million in 2004-06 to **USD 2.9 billion in 2010-12, representing 25% of total bilateral aid for LAC over 2010-12** (Chart 2). This is higher than the share of global bilateral aid targeting climate-related policy objectives (16%).

The rate of increase in bilateral climate-related aid to LAC has been notable, and is significantly above global trends; between 2007-09 and 2010-12, bilateral climate-related aid to LAC increased more than five-fold, whereas globally it increased by 2.5 times. This is driven by substantial increases in mitigation-related loans to Brazil, Mexico and Colombia, primarily from France, in 2010-12. In particular, these loans from France have provided support for the development of Mexico's Special Climate Change Program, for Mexico's Federal Energy Commission to invest in clean energy, for clean public transport in Rio de Janeiro (Brazil), and for financing an integrated urban project focusing on clean public transport contributing to social inclusion in Medellin (Colombia).

Over 2010-12, **61% of all climate-related aid to LAC targets climate change mitigation and/or adaptation as a *principal objective*** (USD 1.8 billion), where aid activities would not have been undertaken without climate change being an explicit objective. This is in line with global trends for climate-related aid.

For the remaining 39% (USD 1.1 billion), climate change considerations are a *significant objective*: activities have other primary objectives but have been formulated or adjusted to meet climate concerns. The level of **climate-significant aid is indicative of the level of mainstreaming of climate change considerations** into development co-operation portfolios.

Chart 2. Trends in climate-related aid to LAC, 3-year annual averages
2004-12, bilateral commitments, USD billion, constant 2012 prices



Notes: 1) Chart 2 presents a trend based on averages over three years, so as to smooth fluctuations from large multi-year projects committed in a given year. 2) Reporting against the mitigation marker became mandatory from 2006 flows onwards. 3) The adaptation marker was introduced in 2010. Data on total climate-related aid for earlier years mainly relates to mitigation and may underestimate bilateral aid flows to climate change.

This analysis draws on the DAC Creditor Reporting System (CRS) database which contains details of over 1,400 climate-related Official Development Assistance (ODA) activities in LAC on average per year over 2010-12. The average size of climate-related activities is USD 2 million. Large activities dominate the mitigation portfolio: 19 activities over USD 100 million in size represent 59% of the USD volume of mitigation-related aid over 2010-12. In comparison the adaptation portfolio is more balanced between small and large activities.

The Rio markers are descriptive rather than strictly quantitative.

*They allow for an **approximate quantification** of financial flows targeting the objectives of the Rio conventions.*

Climate finance as reported by Parties to the UNFCCC is often based on, but may not be directly comparable to, Rio marker data.

HOW MUCH AID IS FLOWING TO MITIGATION AND ADAPTATION?

Finance may target more than one policy objective. A key feature of the OECD DAC Rio marker system is that it records activities that target both mitigation and adaptation objectives simultaneously, allowing multiple objectives to be tracked, while identifying these overlaps to ensure finance is not counted twice.

Of total climate-related aid committed to LAC over 2010-12, 16% (USD 462 million) addresses both adaptation and mitigation (Chart 3). This “overlap” reflects the multiple co-benefits and synergies from targeting mitigation and adaptation simultaneously. The overlap is most frequent in the general environmental protection sector, but also in the agriculture, forestry, fishing and rural development and water sectors (Chart 8).

Total bilateral adaptation-related aid commitments to LAC reached USD 1 billion per year on average over 2010-12 (Chart 4). Of this, 28% targets adaptation as a *principal* objective (USD 276 million) and 72% targets adaptation as a *significant* objective (USD 697 million). The latter reflects high levels of mainstreaming of adaptation within development co-operation activities, typically being delivered as relatively small (under USD 0.5 million) capacity building activities in policy, administration and management for general environmental protection, forestry, agriculture and education.

Chart 3. Illustration of the overlap between adaptation and mitigation objectives

2010-12 annual average, bilateral commitments, USD billion, constant 2012 prices

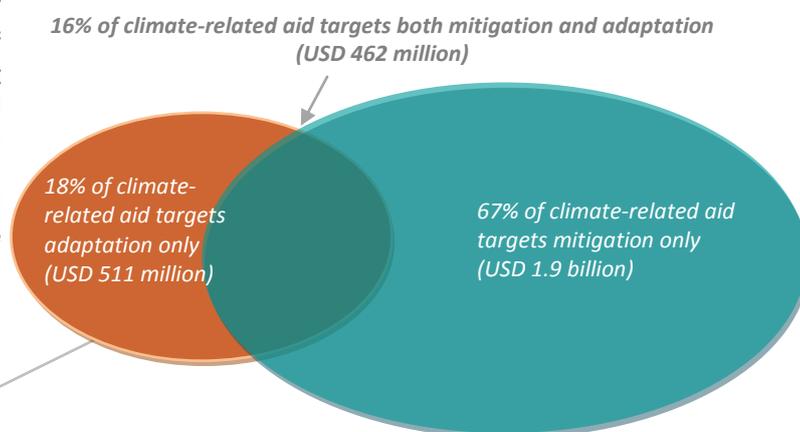


Chart 4. Adaptation-related aid to LAC

2010-12 annual average, bilateral commitments, USD billion, constant 2012 prices

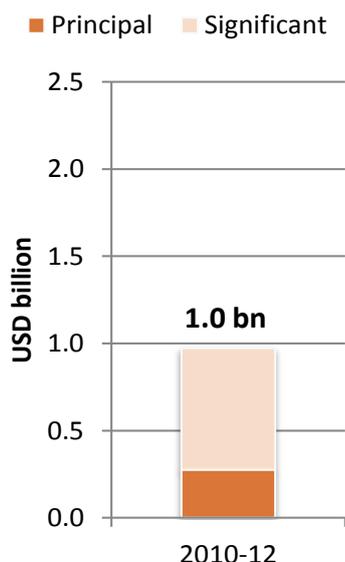
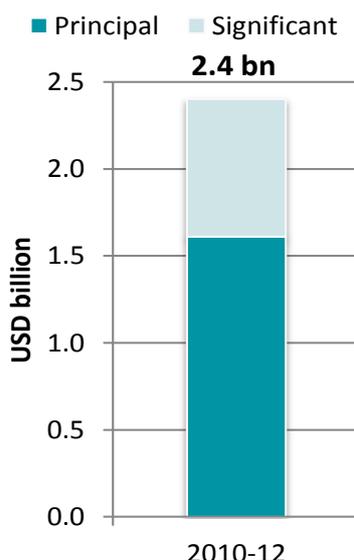


Chart 5. Mitigation-related aid to LAC

2010-12 annual average, bilateral commitments, USD billion, constant 2012 prices



Bilateral mitigation-related aid commitments to LAC reached USD 2.4 billion per year over 2010-12 (Chart 5), quadrupling from USD 561 million in 2007-09. The share of aid targeting mitigation as a *principal* objective has been growing over time, representing 67% of mitigation-related aid over 2010-12, indicating that aid is becoming more targeted. This reflects a growing number of large investment projects delivered through loans to activities in rail transport, power generation from renewable sources, and large water sanitation systems in Upper MICs.

WHICH COUNTRIES ARE RECEIVING CLIMATE-RELATED AID?

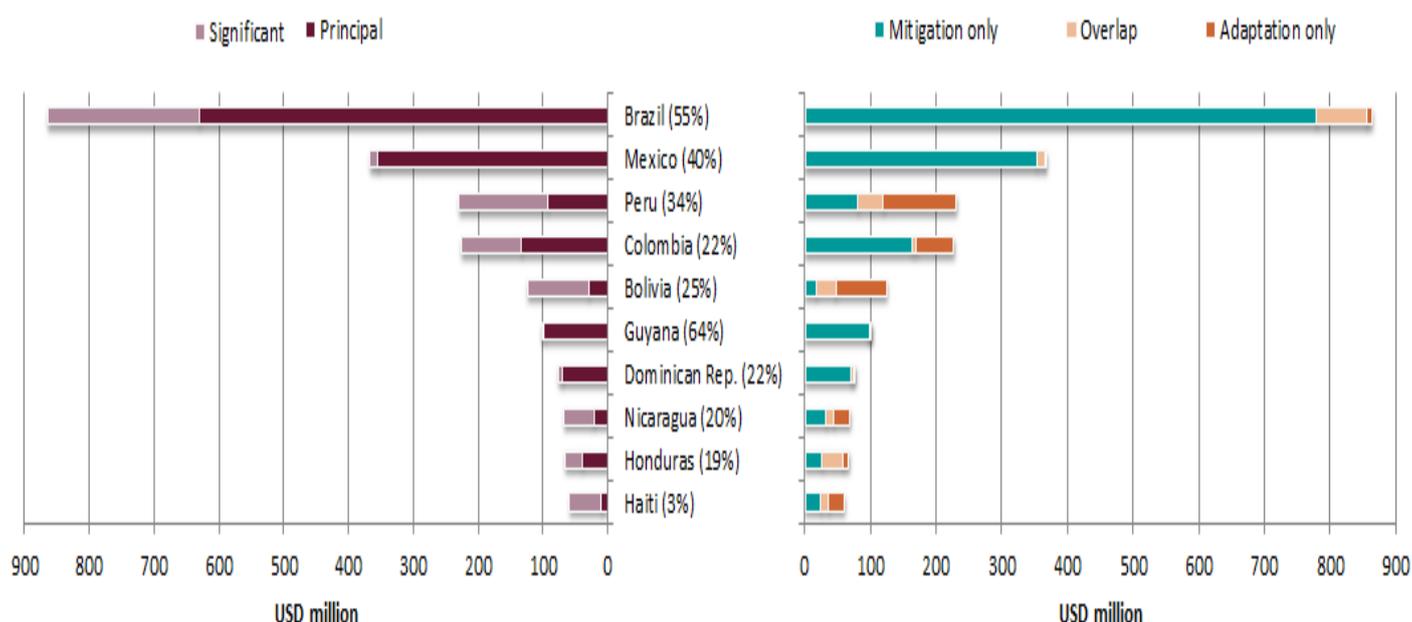
Climate-related aid to Latin America and the Caribbean is highly concentrated in a few countries: the top ten recipients receive 75% of total climate-related aid to the region (Chart 6), and Brazil and Mexico alone receive 42%.

This is driven by the large volume of mitigation-related flows to Brazil and Mexico; together, they account for half of total mitigation flows to LAC and 8% of global mitigation flows over 2010-12. Completing the top ten recipients of mitigation-related aid are Colombia, Peru, Guyana, Dominican Republic, Honduras, the Plurinational State of Bolivia (Bolivia), Nicaragua and Haiti.

Adaptation-related aid flows are also fairly concentrated - 59% of bilateral adaptation-related commitments flow to the top 10 recipients. In absolute terms, **Peru, Bolivia, Brazil and Colombia are the top recipients of total adaptation-related aid**, together accounting for 42% of flows, followed by Honduras, Nicaragua, Haiti, Costa Rica, El Salvador, and Ecuador. While mitigation-related aid is higher than adaptation-related aid in the majority of countries, there are some countries in LAC where over 90% of climate-related aid targets adaptation (either on its own or jointly with mitigation); Barbados, Dominica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Belize, Suriname, Jamaica, Paraguay and the Bolivarian Republic of Venezuela (Venezuela).

Chart 6. Top 10 recipients accounting for 75% of total climate-related aid to LAC

Annual averages 2010-12, bilateral commitments, USD million, constant 2012 prices



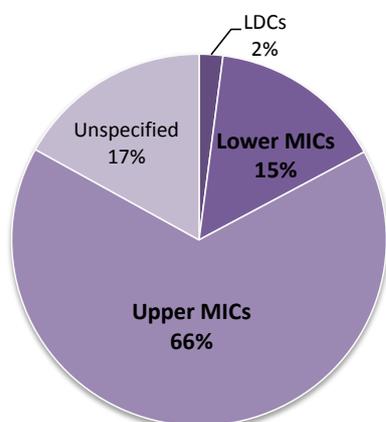
Note: Percentages next to country labels represent shares of total climate-related aid relative to total bilateral aid flows to the country.

The priority placed on climate change and the mainstreaming of climate change considerations into development co-operation is higher than the global average in over half of LAC partner countries. Climate-related aid represents 25% of total bilateral commitments to LAC in 2010-12, compared to the global average of 16%. The countries where climate-related aid contributes as a high share of total ODA commitments are Guyana (climate-related aid represents 64% of total ODA), Brazil (55%), Saint Vincent and the Grenadines (46%), Costa Rica (42%) and Mexico (40%). This is an indication that climate change is a particularly high priority in these countries and in the development assistance that they receive. These five countries are also within the top ten countries globally for mainstreaming climate change into bilateral ODA.

WHICH INCOME GROUPS ARE RECEIVING CLIMATE-RELATED AID?

Chart 7. Income group breakdown of climate-related aid to LAC

2010-12, bilateral commitments



Upper Middle Income Countries (MICs) are allocated the majority of total bilateral climate-related aid to LAC over 2010-12 (66%, USD 1.9 billion) (Chart 7). This reflects that almost half of the countries in the region are Upper MICs. **This distribution is broadly in line with the distribution of total ODA to the region,** with the exception of aid for emergency response to Haiti.

As with global trends, the distribution of bilateral aid by income group does vary between mitigation and adaptation. Half of mitigation-related aid is delivered through loans to Upper MICs. This is strongly driven by Brazil and Mexico, possibly reflecting their high potential to reduce greenhouse gas emissions. In contrast, adaptation-related aid is relatively more targeted at Lower MICs.

HOW MUCH AID FLOWS TO MULTI-COUNTRY AND REGIONAL ACTIVITIES IN LATIN AMERICA AND THE CARIBBEAN?

The proportion of bilateral climate-related aid that targets multi-country and regional activities is higher in Latin America and the Caribbean (17%) than in Africa (11%) and Asia (4%).

Climate-related multi-country and regional activities are valuable to manage trans-boundary natural resources, and to facilitate the sharing of knowledge and experience between countries. Transboundary natural resource management in particular relates to the management of forests (such as the Amazon and the Trifinio biosphere reserve), marine areas (particularly in the Caribbean) and water resources. The sharing of knowledge and experience between countries is supported both at the national level, such as exchanging information on national mitigation plans, and at the sub-national level, for example on how individuals and businesses can improve energy efficiency or employ more resilient agriculture techniques.

The largest multi-country and regional initiatives target infrastructure and the private sector. The biggest bilateral regional climate-related activity is the Canadian Climate Fund for the Private Sector in the Americas (USD 229 million), which is followed by the European Union's Latin America Investment Facility and Caribbean Investment Facility. There are also a number of smaller multi-country and regional aid activities targeting the private sector, providing support for, *inter alia*, corporate governance, micro-insurance and energy efficiency practices.

These statistics reflect bilateral aid commitments from OECD DAC members. Countries may also receive climate-related aid through multilateral channels, as well as other official flows (i.e., non-concessional loans). As such these statistics provide only a partial picture of total mitigation- and adaptation-related finance flows to Latin America and the Caribbean.

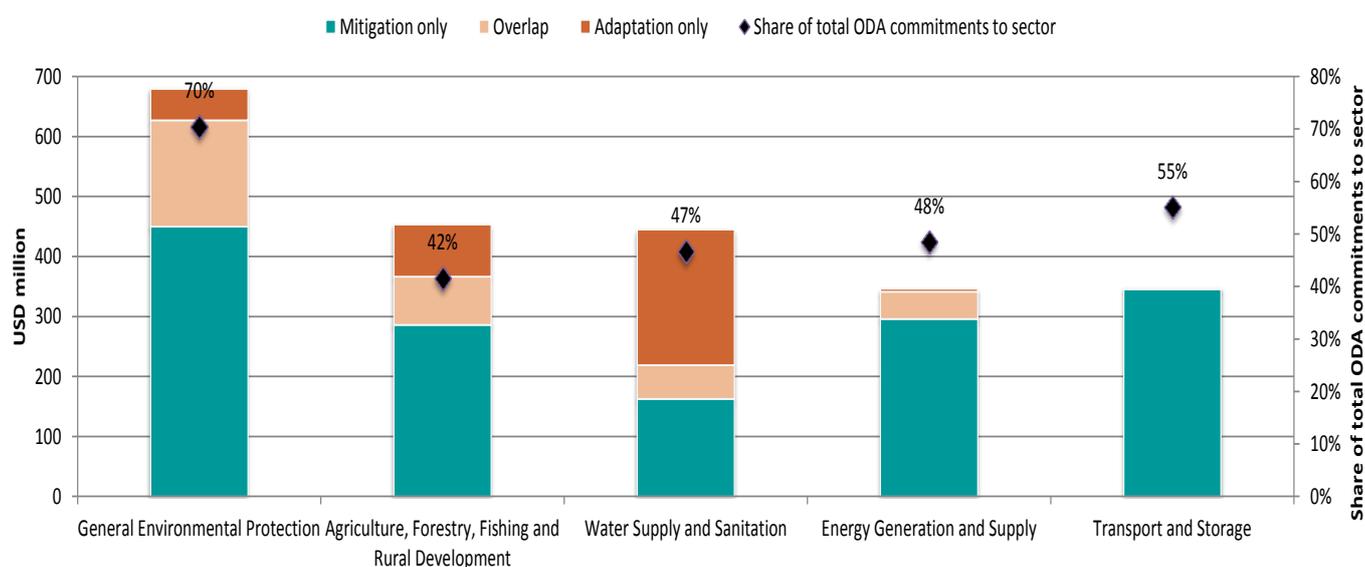
WHICH SECTORS AND ACTIVITIES ARE TARGETED BY CLIMATE-RELATED AID?

Five sectors account for 78% of total climate-related aid to Latin America and the Caribbean over 2010-12 (Chart 8). “General environmental protection”, which covers activities concerned with conservation, protection or amelioration of the physical environment, accounts for almost a quarter, followed by agriculture, forestry, fishing and rural development (16%), water (15%), energy (12%) and transport (12%). Flows to the energy and transport sectors are driven by mitigation concerns as a *principal* objective, while aid to the water sector predominantly targets adaptation concerns as a *significant* objective.

The mainstreaming of climate change objectives into development co-operation is most evident in the general environmental protection sector, where 70% of total aid to this sector is climate-related; this is followed by the transport (55%), energy (48%) and water (47%) sectors. This is consistent with global patterns, with the exception of transport, into which climate change is considerably more mainstreamed in LAC than globally.

Chart 8. Top 5 sectors receiving 78% of climate-related aid in LAC

2010-12, bilateral commitments, USD million, constant 2012 prices



Note: General Environmental Protection covers activities concerned with conservation, protection or amelioration of the physical environment. This includes support to environmental research, education, policy, administration and management.

Climate-related capacity building is estimated to account for almost 40% of climate-related aid commitments to LAC over 2010-12, above the estimated global average (29%). Capacity building activities support policy and administrative management, research, education, training, institutions and financial services.

Environmental policy and administrative management, which is the largest component of the general environmental protection sector, accounts for 41% of estimated climate-related capacity building in LAC. Over 70% of this is accounted for by France’s support for Mexico’s National Climate Change Strategy, Norway’s support for the Guyana REDD+ Investment Fund, and Japan’s Energy Renovation Infrastructure Assistance Program supporting renewable energy and energy efficiency in Peru. Policy and administrative management in the forestry and transport sectors receives a further 33% of estimated capacity building support. Many forestry projects relate to reducing emissions from deforestation and forest degradation (REDD+), but the largest volume of support flows from Norway to the Brazilian Development Bank to manage the Amazonas Fund, accounting for 78% of climate-related aid to forest policy and administrative management. Policy assistance to the transport sector is almost entirely accounted for by France’s support to Brazil’s State of Rio de Janeiro to implement public transport networks. Climate-related research, education and training only received an annual average of USD 58 million, or 5% of estimated support for capacity building, over 2010-12.

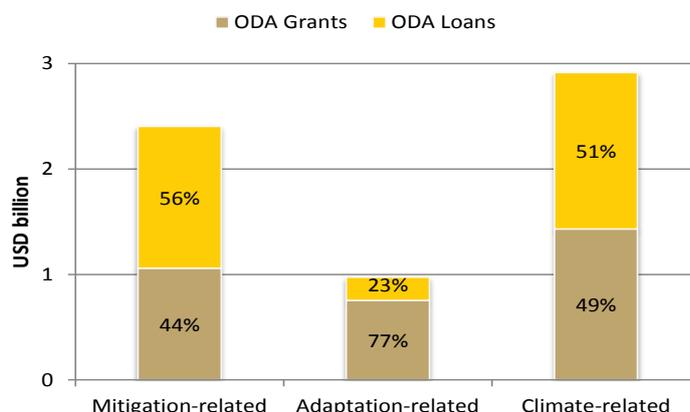
WHAT FINANCIAL INSTRUMENTS ARE USED?

Overall, 51% of all climate-related aid is delivered through loans and 49% is delivered through grants over 2010-12. This instrument mix resembles global patterns of climate-related aid but differs from general trends in aid to LAC (77% grants, 23% loans over 2010-12).

The mitigation-related aid portfolio comprises mainly loans (56%) over 2010-12, while for adaptation it comprises mainly grants (77%) (Chart 9). Both of these are consistent with global trends for climate-related aid. The large volume of loans for mitigation is dominated by large loans committed to Brazil and Mexico, which together account for two thirds of all mitigation-related loans to LAC.

Chart 9. Mitigation-, adaptation- and climate-related aid to LAC by instrument

2010-12 annual average, bilateral commitments, constant 2012 prices



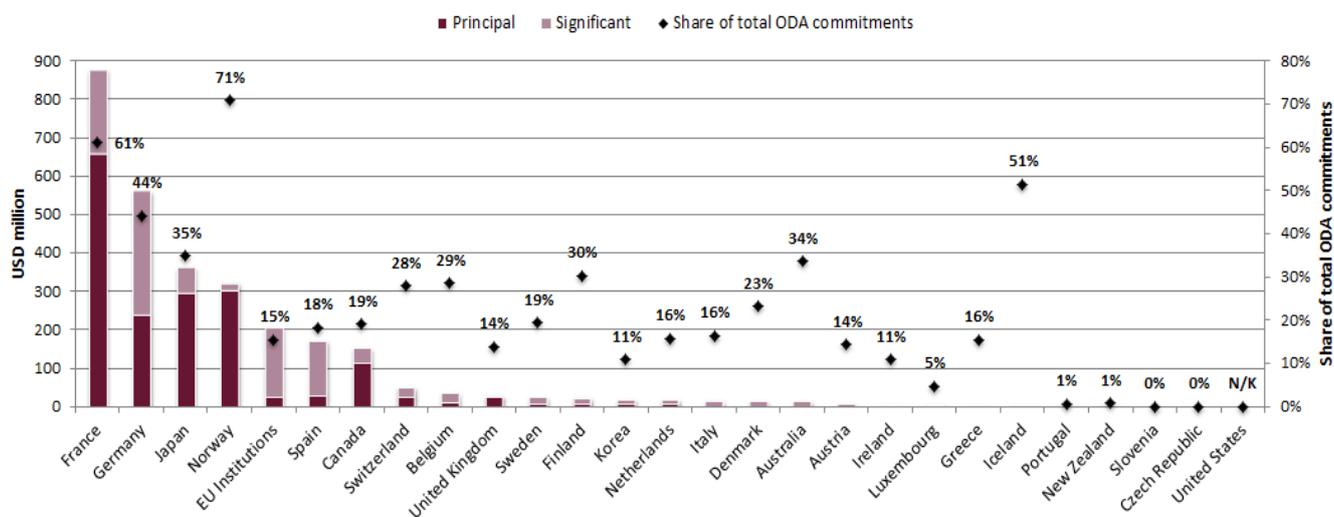
External development finance for climate change goes beyond ODA and also includes Other Official Flows (OOF), i.e. non-concessional development flows. Not all OECD DAC members identify their climate-related OOF, therefore only a partial picture is available to date. OOF marked as targeting climate change mitigation in LAC averaged USD 218 million per year over 2010-12. The majority (USD 145 million) targets renewable power generation and supply (mainly hydro), representing 76% of total OOF to renewable energy generation and supply over 2010-12. OOF marked as targeting climate change adaptation averaged USD 16 million per year over 2010-12, all of which targets large water supply and sanitation infrastructure.

CLIMATE-RELATED AID COMMITMENTS FROM DAC MEMBERS IN 2010-12

Over 70% of total climate-related aid to LAC in 2010-12 is provided by France, Germany, Japan and Norway (Chart 10). Climate-related aid as a proportion of a donor's aid portfolio gives an indication of the priority donors are giving to addressing climate change in the region. While climate-related aid represents 25% of total bilateral ODA commitments to LAC over 2010-12, this proportion ranges across donor portfolios from 0% to 71%. Norway, France, Iceland and Germany allocate more than 40% of their aid to LAC to addressing climate change objectives. France, Norway, Japan and Germany commit the most climate-related aid as a *principal* objective.

Chart 10. Climate-related aid to LAC by DAC member in 2010-12

Annual average 2010-2012, bilateral commitments, USD million, constant 2012 prices



Notes: 1) For technical reasons, data collection on aid for climate change for the 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. 2) Poland and the Slovak Republic are also OECD DAC members, but do not yet report to the DAC on their aid flows.

RIO MARKER METHODOLOGY

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. There are four Rio markers, covering: biodiversity, desertification, climate change mitigation, and climate change adaptation. The adaptation marker was introduced in 2010.

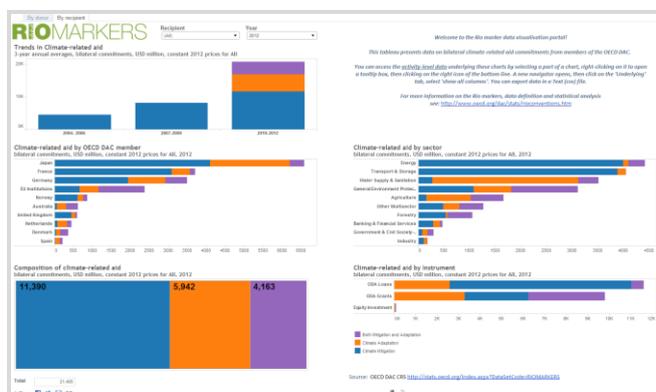
Markers indicate donors' policy objectives in relation to each development co-operation activity. Activities marked as having a “*principal*” climate objective (mitigation or adaptation) would not have been funded but for that objective; activities marked “*significant*” have other prime objectives but have been formulated or adjusted to help meet climate change concerns. The markers allow an approximate quantification of finance 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 “estimate” or “upper bound” of climate-change-related development finance.

Climate change mitigation-related development finance is defined as activities that contribute to the objective of stabilisation of greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by promoting efforts to reduce or limit GHG emissions or to enhance GHG sequestration.

Climate change adaptation-related development finance is defined as activities that aim 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. This encompasses a range of activities from information and knowledge generation, to capacity development, planning and the implementation of climate change adaptation actions.

For more information, see the [Handbook on OECD-DAC Climate Markers \(2011\)](#), available online.

Access over 4000 climate-related aid activities per year through the new Rio marker data visualisation portal:



Data on bilateral climate-related aid commitments from members of the OECD DAC:

- Trends in climate-related aid by OECD DAC member and recipient
- Composition of climate-related aid
- Climate-related aid by sector
- Climate-related aid by instrument
- Access the activity level data

Visit our website: www.oecd.org/dac/stats/rioconventions.htm for more information on:

- 3-minute [Prezi presentation](#) introducing the Rio markers
- [Data visualisation tool](#) for climate-related aid
- Statistical flyers
- Definitions
- Related publications
- Related events
- Access the OECD DAC Creditor Reporting System dataset

