

Tracking aid in support of climate change mitigation and adaptation in developing countries



Background

Since 1998 the DAC has monitored aid targeting the objectives of the Rio Conventions through its Creditor Reporting System (CRS) using the so-called “Rio markers”. The **Rio marker on climate change mitigation** was established by the DAC in close collaboration with the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) to track aid flows in support of developing countries’ efforts to implement the Convention.

In December 2009 DAC members approved a new marker to also track aid in support of **climate change adaptation**. This will complement the existing climate change mitigation marker, and thus allow presentation of a more complete picture of climate-change-related aid. First data on this new marker will become available on 2010 flows.

What markers can and cannot do

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 been formulated or adjusted to help meet the objective.

It is important to note that there is no internationally agreed methodology for measuring the exact share of aid activity expenditure that contributes to climate change adaptation or mitigation. This is particularly true for adaptation given its intricate linkages with development. Absent such a methodology, the markers allow an approximate quantification of the amount of aid that targets climate change concerns, but not the exact amount of aid specifically directed to helping developing countries mitigate or adapt to climate change.

When analysing policy marker data, it is necessary to verify the coverage of donors’ reporting. Donors are requested to screen each aid activity reported to the CRS, though data gaps still exist for some donors.

At COP-15 in Copenhagen in 2009, developed countries agreed to provide “new and additional resources” for adaptation and mitigation “approaching USD 30 billion for the period 2010-12”. For the longer term, developed countries committed to “a goal of mobilising jointly USD 100 billion dollars a year by 2020 to address the needs of developing countries” through a “wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance”. The DAC helps monitor the implementation of these commitments by making available aggregate statistics on climate change-related aid as illustrated in this note. Information on the underlying projects can be accessed in the DAC’s online database.

Definitions



Aid in support of Climate Change Mitigation (see full definition and eligibility criteria in Annex)

Climate change mitigation-related aid 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” (Article 2 of the UNFCCC).



Aid in support of Climate Change Adaptation

Climate change adaptation-related aid 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”.

Data shown overleaf refer only to aid in support of climate change mitigation. Data on aid in support of climate change adaptation will become available at the end of 2011.

Statistical overview

Aid in support of Climate Change Mitigation – marker-based statistics

Table 1 shows that in 2008-09 members of the OECD's Development Assistance Committee (DAC) provided on average USD 9.3 billion per year in bilateral Official Development Assistance (ODA) to help developing countries reduce their own emissions, enhance greenhouse gas sinks or integrate climate change concerns in their development objectives. This represented 7.1 percent of their total bilateral ODA commitments in 2008-09. The largest donors were Japan (USD 3.5 billion), Germany (USD 1.4 billion) and France (USD 0.9 billion).

In addition to undertaking bilateral aid activities, DAC members also contribute to multilateral agencies active in the field of climate. In order to provide a more complete picture of the total ODA effort a donor makes in respect of climate change mitigation, it is necessary to estimate the share of its contributions through the multilateral system (multilateral development banks, UNFCCC and Kyoto protocol funds, UN agencies). For example, in 2008-09, DAC members' average annual multilateral contributions to IDA amounted to USD 7 billion. To estimate the share of these contributions that can be counted as addressing climate change concerns, it is first necessary to identify the climate-change-related operations in the Bank's reporting to the DAC. The DAC Secretariat is working on the climate change markers with the World Bank and other multilateral agencies to this effect.

Table 1. Bilateral climate change mitigation-related aid by DAC member
2008-09, annual commitments, USD million, constant 2008 prices

	Principal objective USD million	Significant objective USD million	Total USD million	Share of bilateral ODA %
Australia	60	157	216	6.0
Austria	14	17	31	3.4
Belgium	10	98	107	5.7
Canada	7	53	60	1.5
Denmark	62	196	258	14.4
Finland	43	121	164	14.8
France	497	415	912	9.6
Germany	911	515	1425	12.8
Greece	3	6	8	2.7
Ireland	2	9	11	1.3
Italy	17	41	58	3.3
Japan	3037	463	3500	22.4
Korea	48	99	146	9.5
Luxembourg
Netherlands	0	299	299	5.3
New Zealand	0	1	2	0.5
Norway	302	156	457	11.1
Portugal	0	2	2	0.7
Spain	260	181	440	9.4
Sweden	33	23	56	1.8
Switzerland	16	14	31	1.8
United Kingdom	338	15	353	3.5
United States	46	12	58	0.2
EU Institutions	297	446	743	4.5
Total	6002	3336	9339	7.1

Notes: The Netherlands have not yet reported their climate change data for 2009, and figures refer to 2008 only. Data for EU Institutions, which are treated as multilateral bodies in DAC statistics, refer only to their direct ("bilateral") contributions to developing countries.

Chart 1. Climate change mitigation-related aid
2006-09, commitments, USD million, constant 2008 prices

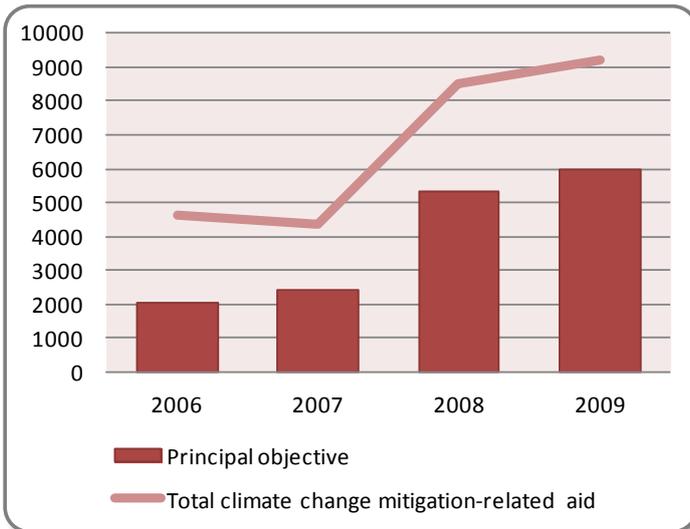


Chart 1 differentiates between principal and significant objectives. In 2008-09, **64% of climate change mitigation-related aid (USD 6 billion) addressed climate change concerns as the principal objective.**

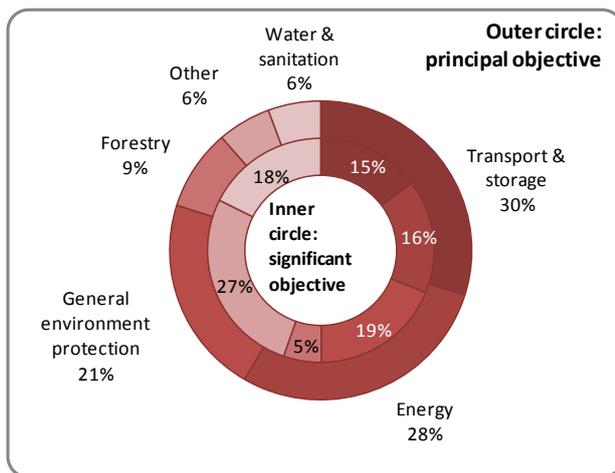
Bilateral aid flows that target climate change mitigation in some way have been increasing in recent years, and exceeded USD 9 billion in 2009.

Chart 2 below presents the sectoral breakdown of aid activities that members reported as targeting the objective of climate change mitigation. In value terms, more than 90% of aid targeting climate change mitigation as a principal objective was reported in the sectors of **transport, energy, general environmental protection, forestry** and **water**. The range of sectors for activities targeting climate change as a significant objective is more diverse, and includes for example agriculture and rural development.

Sector and geographical distribution of climate change mitigation-related aid

2008-09, commitments, constant 2008 prices

Chart 2. Sector distribution



*Outer circle: aid activities targeting climate change mitigation as a **principal** objective*

*Inner circle: aid activities targeting climate change mitigation as a **significant** objective*

Chart 3. Geographical distribution

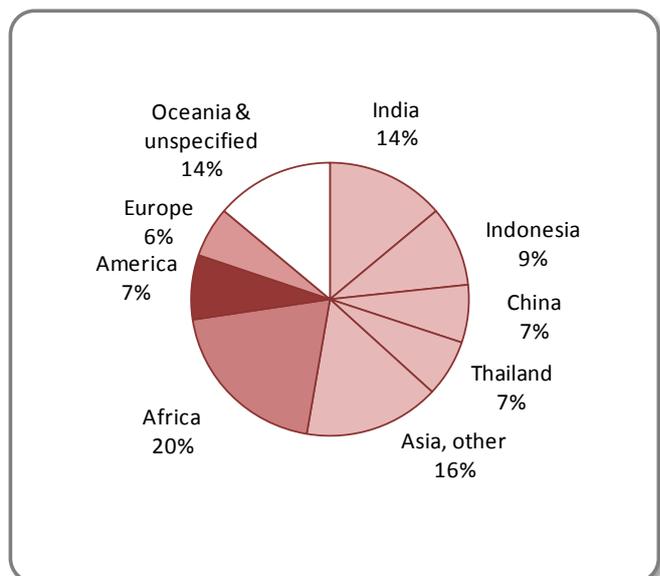


Chart 3 highlights the geographical distribution of climate change mitigation-related aid flows. It shows that more than half of this aid is allocated to Asia. India, Indonesia, China and Thailand together accounted for close to 40% of the total.

<p>DEFINITION An activity should be classified as climate-change-mitigation related (score Principal or Significant) if:</p> <p>CRITERIA FOR ELIGIBILITY</p> <p>EXAMPLES OF TYPICAL ACTIVITIES 1. Typical activities take place in the sectors of: <i>Water and sanitation</i> <i>Transport</i> <i>Energy</i> <i>Agriculture</i> <i>Forestry</i> <i>Industry</i></p> <p>2. Typical non-sector specific activities are: <i>Environmental policy and administrative management</i> <i>Biosphere protection</i> <i>Biodiversity</i> <i>Env. education/training</i> <i>Environmental research</i></p>	<p>It contributes 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.</p> <p>The activity contributes to</p> <p>a) the mitigation of climate change by limiting anthropogenic emissions of GHGs, including gases regulated by the Montreal Protocol; or</p> <p>b) the protection and/or enhancement of GHG sinks and reservoirs; or</p> <p>c) the integration of climate change concerns with the recipient countries' development objectives through institution building, capacity development, strengthening the regulatory and policy framework, or research; or</p> <p>d) developing countries' efforts to meet their obligations under the Convention.</p> <p>The activity will score "principal objective" if it directly and explicitly aims to achieve one or more of the above four criteria.</p> <ul style="list-style-type: none"> - GHG emission reductions or stabilisation in the energy, transport, industry and agricultural sectors through application of new and renewable forms of energy, measures to improve the energy efficiency of existing generators, machines and equipment, or demand side management. - Methane emission reductions through waste management or sewage treatment. - Development, transfer and promotion of technologies and know-how as well as building of capacities that control, reduce or prevent anthropogenic emissions of GHGs, in particular in waste management, transport, energy, agriculture and industry. - Protection and enhancement of sinks and reservoirs of GHGs through sustainable forest management, afforestation and reforestation, rehabilitation of areas affected by drought and desertification. - Protection and enhancement of sinks and reservoirs through sustainable management and conservation of oceans and other marine and coastal ecosystems, wetlands, wilderness areas and other ecosystems. - Preparation of national inventories of greenhouse gases (emissions by sources and removals by sinks); climate change related policy and economic analysis and instruments, including national plans to mitigate climate change; development of climate-change-related legislation; climate technology needs surveys and assessments; institutional capacity building. - Education, training and public awareness related to climate change. - Climate-change-mitigation related research and monitoring. - Oceanographic and atmospheric research and monitoring.
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