

# OECD DAC Statistics

## Aid to Climate Change Mitigation

These statistics are based on DAC members' reporting on Rio markers to the CRS. Summary statistics for adaptation- 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](http://www.oecd.org/dac/stats/rioconventions.htm). 2013 data will be published towards the end of 2014.

- **Total bilateral mitigation-related aid commitments** by members of the OECD's Development Assistance Committee (DAC) reached **USD 16.1 billion per year** in 2010-12, rising over three-fold since 2007, and representing 12% of total official development assistance (ODA).
- **Of total mitigation-related aid, 69% (USD 11.2bn) explicitly targets GHG emission reductions or climate-related capacity-building as a *principal* objective**, whilst 31% (USD 4.9bn) targets mitigation as a *significant* objective. This is in contrast to adaptation-related aid where 71% is a *significant* objective.
- **Mitigation-related aid accounts for 76% of the USD 21.5bn of total climate-related aid per year** in 2010-12. Of total climate-related aid 25% targets adaptation only, 58% targets mitigation only, and 18% targets both climate mitigation and adaptation objectives.
- **Key economic infrastructure sectors - energy, transport and water - receive over half of total mitigation-related aid** over 2007-12, and *general environmental protection* and *forestry* sectors are important in terms of support to capacity-building and technical assistance activities.
- Over 2007-12, **middle-income countries receive 65% of total mitigation-related aid**, in particular in Asia.
- A substantially high share of mitigation-related aid is flowing as concessional loans (compared to total ODA).

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. 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.

### How much bilateral aid is going towards climate mitigation?

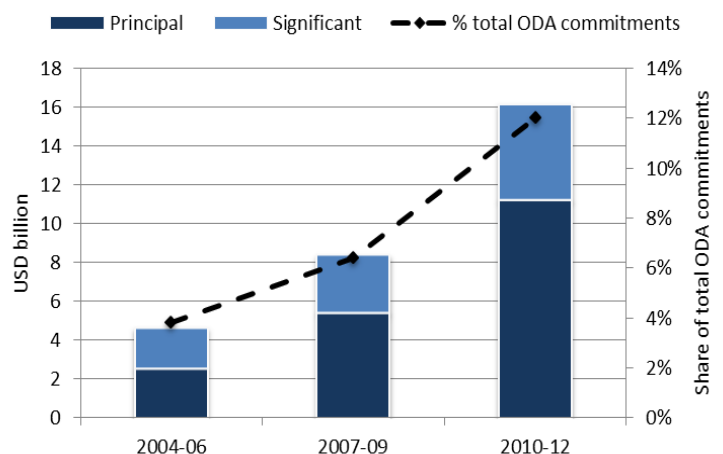
**Total mitigation-related aid commitments reached USD 16.1bn on average per year** in 2010-12, rising over three-fold since 2007 (Chart 1). Of this, aid targeting mitigation as a *principal* objective reached USD 11.2bn and as a *significant* objective reached USD 4.9bn. The total reflects *principal* plus *significant* bilateral ODA.

The share of aid targeting mitigation as a *principal* objective has been growing over time, representing up to 69% of total mitigation-related aid on average by 2010-12, indicating that aid to climate mitigation is not only increasing but also becoming more targeted.

Chart 1 presents a trend based on averages over three years, so as to smooth fluctuations from large multi-year projects programmed and committed in a given year, such as observed in 2010.

At the same time, suggestions are that climate mitigation is becoming increasingly mainstreamed into core development co-operation policy: the volume of aid targeting mitigation as a *significant* objective has more than doubled since 2007, rising to USD 4.9bn per year in 2010-12; and total mitigation-related aid is a growing share of total ODA, increasing from 4% in 2007 to 12% of total ODA commitments in 2010-12.

**Chart 1. Trends in total mitigation-related aid 2004-12, bilateral commitments, USD billion, constant 2011 prices, 3-year annual averages**



\*Donor contributions to the Climate Investment Funds are included in bilateral aid up to 2011, and in multilateral aid from 2012. This amounts to USD 676 million in 2012.

Analysis is based on data reported to the OECD DAC CRS as of March 2014. Latest data revisions will be reflected in future CRS online updates.

**Mitigation-related aid is a considerable share of total climate-related aid** accounting for 76% over 2010-12 (including the portion that contributes to both mitigation and adaptation), increasing to 88% if considering aid targeting climate as a *principal* objective only.

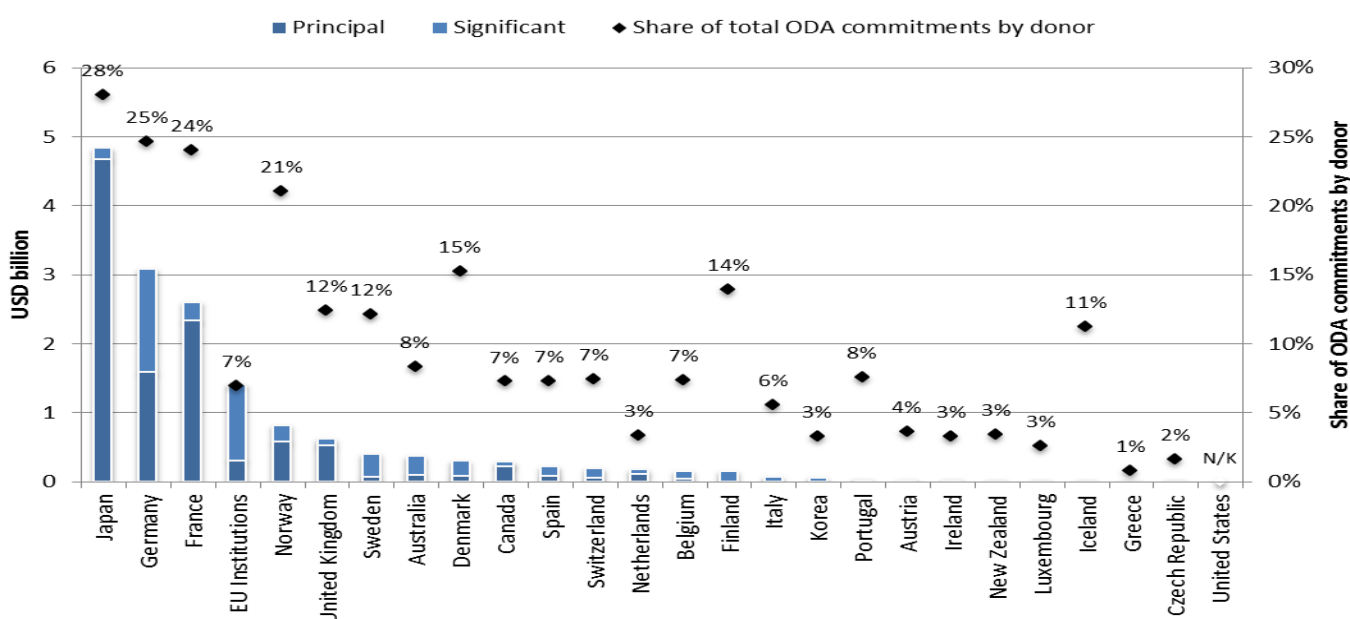
Climate mitigation activities are often designed and delivered to achieve multiple environment and development objectives; 24% of mitigation-related aid also targets climate change adaptation objectives, 25% also targets biodiversity objectives, and 11% also targets desertification objectives in 2010-12.

## Bilateral mitigation-related aid commitments by DAC members

**Almost 80% of total mitigation-related aid in 2010-12 is provided by just five DAC members (Japan, Germany, France, EU Institutions and Norway)** (Chart 2). Whilst total mitigation-related aid represents 12% of total bilateral ODA commitments on average per year over 2010-12, the proportion of aid to climate mitigation across donor portfolios ranges widely and represents from 1% to up to 28% of individual donor ODA commitments. Japan, Germany, France and Norway commit the largest share of their total ODA commitments, allocating over 20% towards climate mitigation objectives.

**Chart 2. Mitigation-related aid by DAC member\***

Annual average 2010-12, bilateral commitments, USD billion, constant 2011 prices



\*Note: For Belgium the chart is based on 2010-11 data only. Belgium have now reported 2012 Rio marker data to the OECD DAC, this will be incorporated into the subsequent updates of this flyer. The UK and Canada have also provided revisions to their data. These will be reflected in 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.

The United Arab Emirates also report to the DAC on mitigation-related aid. These figures are not included in headline statistics presented for DAC members. Climate-related aid from UAE totalled USD 26 million per year on average in 2010-12.

**This analysis draws on the DAC CRS database which contains detail of almost 3,500 climate mitigation-related ODA activities per year.** Whilst the average activity is less than USD 0.2 million, a small number of very large activities (above USD 100 million) dominate and account for half of total mitigation-related aid commitments in the database.

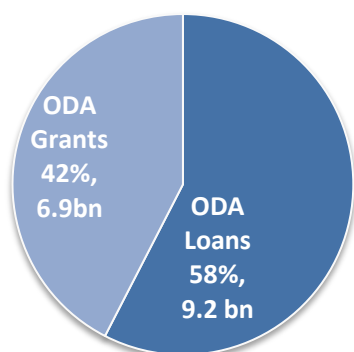
## Non-aid flows

Rio markers are applicable to ODA and 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 these flows. Although reporting to date is incomplete, partial results from France and Germany show that non-concessional climate-related flows can be significant. Total mitigation-related other official flows over 2010-12 are USD 642 million per year on average, driven largely by the activities of France's AFD (USD 566 million per year) and Germany's KfW Development Bank (USD 75 million per year).

## How is mitigation-related aid flowing?

**Chart 3. Mitigation-related aid by Instrument**

Average annual 2010-12, bilateral commitments, USD billion, constant 2011 prices



Mitigation-related aid largely comprises concessional loans – accounting for about 58% of mitigation-related aid compared to the ODA average of 18% over 2010-12.

This is undoubtedly a characteristic of the mitigation-related aid portfolio of large volume infrastructure projects targeting middle-income countries where there are significant climate-mitigation opportunities and where concessional loans may help to support stronger engagement with the private sector in rapidly growing markets in these countries. The high concentration of ODA loans is driven by JICA (Japan), AFD (France) and KfW (Germany) activities in India, Indonesia, Egypt, Kenya, Mexico and China.

Grants still remain a significant instrument for mitigation-related aid (comprising 42% over 2010-12).

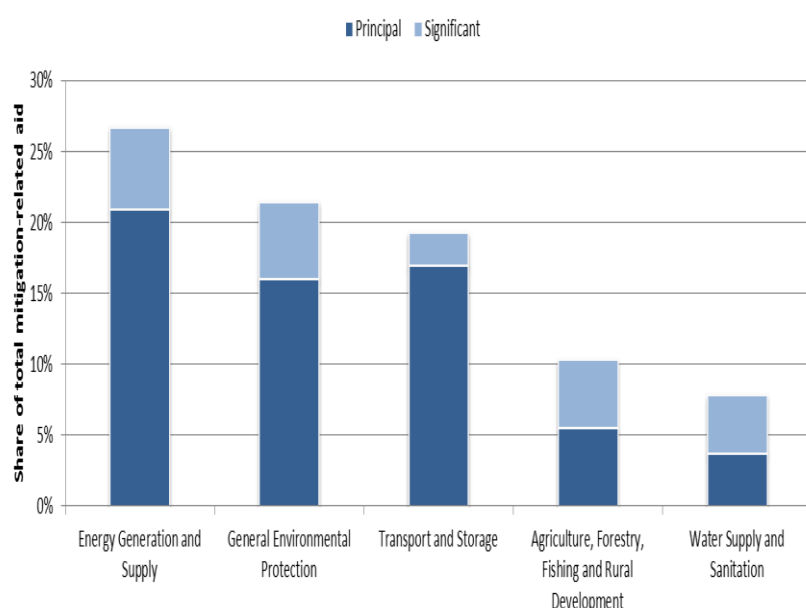
## Which sectors are targeted by mitigation-related aid?

**Key economic infrastructure sectors (energy, transport and water) receive over half of total mitigation-related aid over 2007-12**, in particular commitments to renewable power, electrical transmission and distribution, rail transport and large water and sanitation systems. This indicates a targeting of mitigation-related aid not only to emission intensive sectors, but also towards infrastructure and investment in long-term low-carbon development pathways.

Whilst these capital intensive activities are to be expected to account for a large proportion of total mitigation-related aid commitments, these sectors also receive a high share of mitigation-related aid relative to total sector level ODA (45% of total aid to *energy*, 25% to *transport* and 14% to *water*). This is indicative of a high level of mainstreaming of climate mitigation objectives into development co-operation activities in these sectors. Within the *water* sector a high share of commitments also target climate adaptation objectives, whilst in comparison there is minimal targeting of adaptation objectives in aid going to *transport*, and *energy*.

**Chart 4. Top 5 sectors receiving 85% of mitigation-related aid<sup>1</sup>**

2007-12, bilateral commitments



**Over 2007-12 27% of total mitigation-related aid is concentrated in energy generation and supply.** The majority of commitments are marked as *principal* – meaning they would not have gone ahead in the absence of mitigation goals - and represent renewable power activities (including wind, geothermal, hydro, and solar energy).

**General environmental protection is the second largest sector** for mitigation-related aid. Mitigation-related activities represented 59% of total ODA commitments to the sector in 2007-12. A significant share (46%) of these commitments also target adaptation (2010-12), indicating the overall growing significance of efforts in partner developing countries to mainstream climate change across environmental policy and administrative management activities.

<sup>1</sup>: General Environmental Protection includes support to environmental research, education, policy and administration management.

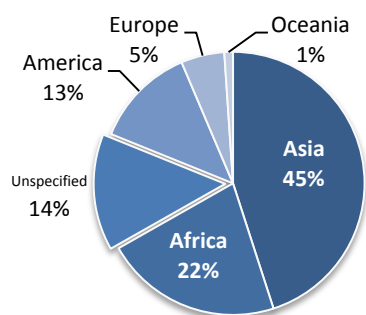
## Where is bilateral mitigation-related aid going to?

**Middle-income countries (MICs) are the largest recipient group of mitigation-related aid**, receiving 65% of total USD 74bn of mitigation-related aid over 2007-12. This is particularly targeting lower MICs (42%) and Asian countries within this group – reflecting the high GHG emission reduction opportunities in these rapidly growing Asian economies (e.g. India and Indonesia).

Overall, Asia is the geographic region receiving the largest share of mitigation-related aid, receiving almost half of the total over 2007-12. This is significantly greater than the share of total ODA to Asia and compared to adaptation-related aid.

Africa is the second largest region, largely driven by aid to countries in the sub-Saharan region, but including significant commitments to Egypt (4% of total mitigation-related aid) and Morocco (3%).

**Chart 6. Geographic regions receiving mitigation-related aid**  
2007-12, bilateral commitments



Recipients vary year on year, but around half of total mitigation-related aid is concentrated in a small number of recipients – driven by the small number of large activities reported to the OECD DAC. This trend is observed over 2007-12, where India is the largest recipient, receiving 22% of total mitigation-related aid (reflecting 48% of India's total ODA commitments in this period), followed by Indonesia (7%) and Vietnam (6%).

Many recipients, including countries who received only a small amount of total mitigation-related aid, may receive high shares of mitigation-related aid relative to their total ODA commitments. Countries receiving over 25% of aid targeting mitigation include Thailand, India, Brazil, Guyana, Maldives, Uzbekistan, and Bhutan. This indicates the high priority placed on mitigation and the mainstreaming of climate mitigation into development planning in these countries, as well as relatively strong institutional capacity and climate-finance readiness in these countries.

## Definition: Climate change mitigation marker

AID TARGETING THE OBJECTIVES OF THE FRAMEWORK CONVENTION ON CLIMATE CHANGE

Climate change mitigation

### DEFINITION

An activity should be classified as climate-change-mitigation related (score *principal* or *significant*) if:

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.

### CRITERIA FOR ELIGIBILITY

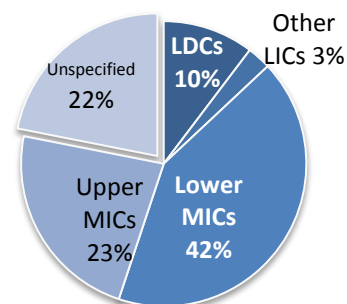
The activity contributes to:

- the mitigation of climate change by limiting anthropogenic emissions of GHGs, including gases regulated by the Montreal Protocol; **or**
- the protection and/or enhancement of GHG sinks and reservoirs; **or**
- 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**
- developing countries' efforts to meet their obligations under the Convention.

The activity will score "*principal*" objective if it directly and explicitly aims to achieve one or more of the above four criteria.

For more information, see the *Handbook on the OECD-DAC Climate Markers* (2011), available online.

**Chart 5. Income groups receiving mitigation-related aid**  
2007-12, bilateral commitments



**Table 1. Top 10 recipients receiving 61% of mitigation-related aid**  
2007-12, bilateral commitments

Recipient	Share of total mitigation-related aid
India	22%
Indonesia	7%
Vietnam	6%
China	6%
Brazil	5%
Egypt	4%
Thailand	3%
Morocco	3%
Kenya	3%
Mexico	2%