

## Aid for adaptation to climate change in Germany, Sweden and the United Kingdom

By Carola Betzold & Florian Weiler

### Summary

- ◆ In the UN climate change negotiations, developed countries committed to assist developing countries, especially those “particularly vulnerable”, to adapt to climate change.<sup>1</sup>
- ◆ This policy brief analyses bilateral adaptation aid from Germany, Sweden and the UK between 2010 and 2014, with a focus on overall volumes and geographic distribution.
- ◆ While donors seem to prioritise vulnerable countries, **specific quantitative targets** could ensure a more balanced allocation of climate finance to adaptation as well as to vulnerable countries.
- ◆ **Clearer and more detailed reporting** would help to track finance pledges and minimise over-reporting.

### Adaptation finance in climate change negotiations

In the 1992 UN Framework Convention on Climate Change, developed countries agreed to assist developing countries “particularly vulnerable” to adapt to climate change. More recently, in the 2009 Copenhagen Accord, developed countries agreed to a goal of “mobilizing” \$100 billion per year by 2020 for both adaptation and mitigation, as well as \$30 billion for the period 2010 through 2012. This funding should be “scaled-up, new and additional, predictable and adequate”, and for adaptation, priority given to “the most vulnerable developing countries, such as the least developed countries [LDCs], small island devel-

oping states [SIDS] and Africa”.<sup>1</sup> The Paris Agreement confirmed the \$100 billion target as well as the focus on LDCs and SIDS.

Most adaptation funding comes as official development assistance, or aid. But how much adaptation aid do donors provide, and to what extent does it reach those most vulnerable to climate change?

The policy brief addresses these questions for Germany, Sweden and the United Kingdom, some of the largest donors in the area of climate change. We use data from the Organisation for Economic Cooperation and Development (OECD) from 2010 through 2014, based on the “Rio Marker for adaptation” (see box).<sup>2</sup> All figures refer to commitments, in constant 2013 US\$. Additionally, we interviewed aid practitioners and observers in the three countries to better understand how (adaptation) aid is distributed.<sup>3</sup>

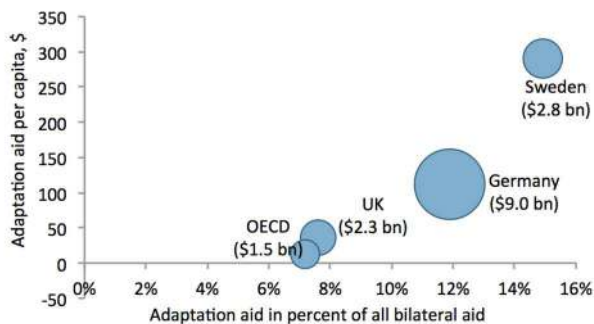
### The OECD Rio Marker for adaptation

- ◆ Since 2009, the OECD adaptation marker has allowed an approximate quantification of adaptation aid flows, but numbers should be interpreted with caution due to inconsistent use and over-reporting.<sup>4</sup>
- ◆ An aid activity targets adaptation 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”.<sup>5</sup>
- ◆ Adaptation can be a significant objective (a co-benefit) or the principal objective (the main goal).

## Adaptation aid in Germany, Sweden and the UK

### Overall volume

Germany, Sweden and the UK are large donors, including for climate change. As Figure 1 shows, their adaptation aid flows were above the OECD average. With a total of \$9 billion, Germany was the largest donor of the three, marking 12% of its total bilateral aid, or \$111 per capita, as relevant for adaptation.



**Figure 1: Adaptation aid flows, 2010 to 2014. Average for OECD, total flows for UK, Germany and Sweden**

In relative and per capita terms, Sweden was even more generous: 15% of Sweden's bilateral aid had adaptation objectives, which translates into \$2.8 billion total adaptation aid or \$291 per capita.

The UK, in contrast, is closer to the OECD average. It marked \$2.3 billion, or almost 8% of its total bilateral aid, as relevant for adaptation, corresponding to \$36 per capita.

The UK split its adaptation aid evenly among projects that had adaptation as their principal objective, and projects that had adaptation as a significant objective. Yet, for many German and Swedish projects, adaptation was only a significant objective. Since the adaptation relevance is not always clear for such projects, these numbers may over-estimate actual adaptation aid.<sup>4</sup>

### Distribution across countries

All three donors assisted a large number of countries to adapt to climate change: Germany was active in 118 countries; Sweden in 76 countries; and the UK in 93 countries.<sup>6</sup>

Nevertheless, the three donors displayed different geographical foci (see Figure 2). Sweden for instance had a strong focus on poverty, as interview partners<sup>3</sup> also emphasised. Most top recipients of Swedish adaptation aid were LDCs, often in Africa, and this holds whether one looks at total adaptation aid

flows or adaptation aid per capita. Further, almost all the top recipients of Swedish adaptation aid are so-called partner countries: the 33 countries where Sweden decided to focus its development cooperation.<sup>7</sup>

The UK also focused on LDCs and Africa, and for per capita adaptation aid, on SIDS. With few exceptions, the top recipients of British adaptation aid belonged to at least one of these three groups. For per capita adaptation aid, Kyrgyzstan, on rank 20, is the first recipient that is not a LDC, SIDS or African country.

Germany, in contrast, had no such focus in its bilateral cooperation, although it did provide significant funding for African regional programmes, as did Sweden and the UK. Of the top ten recipients of German adaptation aid, only two were in Africa: Morocco and Tunisia for total adaptation aid; and Namibia and Tunisia for per capita adaptation aid. Yet, in both rankings a LDC is on place 11: Afghanistan for total adaptation aid, Laos for per capita adaptation aid. On average, Germany allocated much of its adaptation funding to large middle-income countries such as India, China, Brazil or Mexico (for total adaptation aid), or to European and Central Asian countries such as Armenia, Albania or Serbia (for per capita adaptation aid).

### Focus on vulnerable countries

To some extent, donors indeed seem to prioritise countries identified as "particularly vulnerable" in UN negotiations. This focus, however, does not result from rigorous vulnerability assessments; there is no separate decision-making process for allocating adaptation aid. Rather, donors first select partner countries, and in a second step decide which projects and programmes to fund, in collaboration with recipients.

In general, allocation decisions are not guided by strict criteria, but strongly influenced by path dependencies: countries with which donors have successfully cooperated in the past and where the donor countries are present are likely to receive support in the future, too, including for climate change adaptation.

Additionally, the UK – which does not have a special aid agency present on the ground like GIZ for Germany or Sida for Sweden – and Sweden work a lot through non-governmental organisations (NGOs). Both countries channel considerable amounts of adaptation aid to NGOs, which then implement adaptation projects across the developing world – hence the large number of beneficiaries of Swedish and UK adaptation aid.

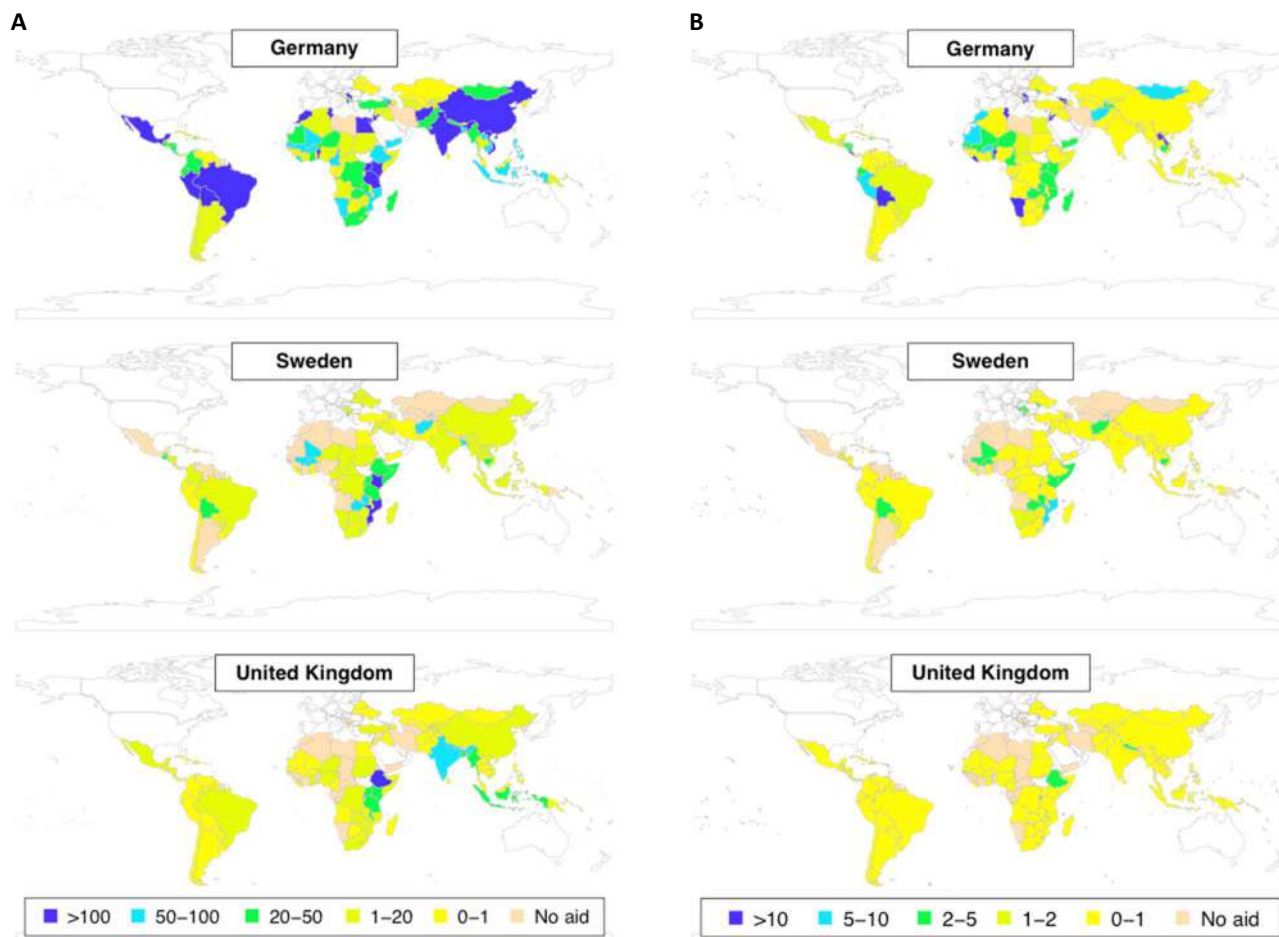


Figure 2: Distribution of bilateral adaptation aid. (A) Total volume in millions \$; (B) Per capita in \$.

## Policy recommendations

There is no clear definition of adaptation, and hence of adaptation aid. The OECD definition (see box) reflects this ambiguity, as do the OECD figures. Accordingly, we should take the figures here as an optimistic upper bound of adaptation aid flows. Clearer **definitions and reporting guidelines** would help to minimise over-reporting, while **more detailed reporting** would help to monitor over-reporting and to track adaptation aid, including within recipient countries.

Although \$100 billion per year is unlikely to meet developing countries' mitigation and adaptation costs,<sup>8</sup> quantitative targets are important symbols and help put pressure on donors to deliver financial assistance. **Specific quantitative targets for adaptation as well as for particularly vulnerable countries** may thus help ensure a (more) balanced allocation of climate finance and make it easier to monitor climate finance pledges. The Green Climate Fund can here serve as a model: it

reserves 50% of its funding for adaptation, and 50% of this funding for LDCs, SIDS and African States.<sup>9</sup>

Finally, in the Copenhagen Accord, donors agreed to provide “new and additional” resources for climate action—a wording that disappeared in the Paris Agreement. The additionality of climate finance, however, is important; climate change should not displace funding from other, equally important, development challenges. **New and additional funding from sources other than official development assistance for adaptation** should thus complement support from aid budgets. The Adaptation Fund provides an example: it receives funding from a share of the proceeds from the Clean Development Mechanism<sup>10</sup> and hence truly new and additional resources.





Photo credit: Flickr/CGIAR Climate

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## References

1. All agreements are available from <http://unfccc.int/2860.php>.
2. Project-level data is available from the OECD Creditor Reporting System at <http://stats.oecd.org/>.
3. In spring/summer 2016, we conducted a total of 28 interviews with staff in government ministries, aid agencies, NGOs and think-tanks.
4. See e.g. AdaptationWatch (2015). Toward Mutual Accountability. The 2015 Adaptation Finance Transparency Gap Report. <http://www.adaptationwatch.org/>.
5. OECD (2011). Handbook on the OECD-DAC Climate Markers. <https://www.oecd.org/dac/stats/48785310.pdf>.
6. Note that this brief focuses on bilateral adaptation aid and excludes regional programmes.
7. <http://www.sida.se/Svenska/Har-arbetar-vi/utfasade-samarbetslander/>.
8. A recent report puts adaptation costs at \$70–100 billion per year. World Bank (2010), Economics of Climate Change Adaptation Synthesis Report.
9. <http://www.greenclimate.fund/home>.
10. <https://www.adaptation-fund.org/>.

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