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CLIMATE ADAPTATION MARKER: QUALITY REVIEW

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This quality review of members' reporting on the climate change adaptation identifies ways to improve the consistency of reporting, including better application of principal/significant scores and identification of contributions to climate funds. However, the context-specific nature of adaptation projects makes it difficult to gauge the accuracy of marking based solely on activity descriptions.

The review also suggests system improvements for discussion, such as making the eligibility criteria in the marker definition more precise, and scoring the largest activities at component level for greater precision.

Following comments by members, it is proposed to publish a summary online as a public information document.

The document is for DISCUSSION under agenda item 11.

This document is available for download from OLIS in PDF format only.

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CLIMATE ADAPTATION MARKER: QUALITY REVIEW

Introduction

1. The DAC adopted the climate change adaptation marker in 2009 to complement the existing mitigation marker, and reporting on both is now available for 2010 and 2011 flows.

2. The definition in Annex 1 states that an activity should be classified as adaptation-related 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"**. Eligibility criteria, frequently asked questions and examples of typical activities are also provided for clarification.[1]

3. Adaptation to climate change may take many forms and qualifying projects will often also address other objectives. Also, some activities may aim to improve resilience to inherently uncertain shocks which may or may not have a climate aspect. The project's *context* will therefore be vital in assessing whether it qualifies as adaptation-related, and brief project descriptions may not be adequate to judge this context.

4. The Rio marker system was originally designed to produce descriptive rather than quantitative data. It scores projects' climate objectives as "principal" (the activity would not have been undertaken without the objective), "significant" (the objective is important but not the main reason for the activity) or "not targeted". But the emphasis now is on measuring climate finance, i.e. obtaining a single definite figure instead of a graduated qualitative assessment. This demands a more quantitative method, such as that used by Multilateral Development Banks (MDBs).

5. This review examines members' reporting on the adaptation marker and suggests how it could be made more accurate and consistent. It also examines possible adjustments to reporting instructions that might improve quality or quantification, including on the basis of the MDB approach.

I. Coverage

6. For 2010 data, the Secretariat contacted members to obtain early reporting so as to publish first-ever data in time for the UNFCCC Conference of Parties (COP17) in Durban in December 2011. Some members initially reported only aggregated figures, adding activity-level information later (Table 1).

7. For 2011, initial data were presented at an OECD workshop with MDBs on tracking climate finance on 15 February 2013. Members were subsequently asked to confirm or correct the figures[2]. Table 1 data should be final (although figures for France and Korea are low and may need to checked). **Members that have not done so yet and that wish to correct their data are invited to contact the Secretariat.**

1 . Cf. Annex 18 of the Converged Statistical Reporting Directives.

2. See Secretariat message STAT(2013)20 of 23 March 2013.

8. All DAC members (except Iceland[3]) report on the adaptation marker at activity level in the CRS. Implementation has thus been much faster than for other markers, reflecting climate's political profile.

Table 1. Climate-change-adaptation-related bilateral aid by DAC members in 2010-11
USD million, current prices

	Principal objective		Significant objective	
	2010	**2011**	**2010**	**2011**
Australia	104.2	96.7	348.3	480.0
Austria	2.3	6.1	3.3	8.9
Belgium	2.4	6.4	131.7	129.3
Canada	5.7	39.3	15.9	183.0
Czech Republic	*n.a.*	0.0	*n.a.*	0.3
Denmark	8.9	36.2	361.6	160.6
EU Institutions	114.0	257.7	572.2	1000.3
Finland	17.2	32.9	186.4	224.2
France	435.5	0.8	0.0	0.8
Germany	66.1	259.9	480.4	2004.0
Greece	4.4	0.0	0.0	0.0
Iceland	*n.a.*	*n.a.*	*n.a.*	*n.a.*
Ireland	0.2	32.1	23.2	0.0
Italy	1.5	5.7	3.5	36.3
Japan	1170.2	664.3	1090.3	1239.1
Korea	82.1	0.0	160.5	7.3
Luxembourg	1.3	0.8	4.4	20.8
Netherlands	79.5	4.2	621.2	120.0
New Zealand	2.2	1.7	29.0	21.5
Norway	68.1	123.1	86.3	110.1
Portugal	0.0	0.2	2.0	1.5
Spain	68.1	13.1	830.2	148.7
Sweden	47.1	72.6	404.7	335.6
Switzerland	61.9	58.3	122.4	169.4
United Kingdom	841.9	64.5	246.1	88.6
United States	*t.b.d.*	73.0	*t.b.d.*	0.0
Total DAC members	**3184.7**	**1849.4**	**5723.6**	**6490.3**

Notes: Australia provided aggregates for 2010, but no activity-level information. Iceland has not yet started to report on climate markers. France still needs to confirm or correct 2011data. United States reporting is incomplete for 2010 (the U.S. fast start finance report includes USD 1.6 billion in FY2010 grant-based support for climate change mitigation and adaptation.)

9. No **non-DAC bilateral donor** has reported on adaptation, though the United Arab Emirates reported on mitigation.

10. Of the 24 **multilateral organisations** reporting at activity level in the CRS, only the Nordic Development Fund has reported on adaptation[4]. The MDBs have now developed a joint approach for tracking climate finance and issued figures on mitigation and adaptation. The Secretariat is collaborating with the MDBs to study ways to include this information in their standard reporting to the CRS.

3. Iceland and the Czech Republic became members of the DAC in March-April 2013; they started reporting in the CRS on 2011 flows.

4 . For GEF commitments, the CRS contains information on mitigation mapped from GEF focal areas (projects in focal areas "climate change" or "Persistent Organic Pollutants" are assigned mitigation marker "principal"). World Bank figures on mitigation are currently derived from their theme "climate change".

II. Accuracy of reporting by DAC members at activity level

II.1. Assessment based on activity descriptions

11. The Secretariat reviewed the descriptions of activities members had scored as adaptation-related in 2010-11 (see Annex 2), and found that:

- **For score "principal", in general, activity descriptions did demonstrate a focus on adaptation**.
- **For score "significant", however, descriptions seldom made the adaptation objective explicit.**
- Scored activities where the description did not make the adaptation objective clear included:
  - **activities addressing general climate change concerns but with no particular focus on adaptation.** Some of these were also scored for mitigation and recorded under the general environmental protection sector, suggesting possible excessive overlap in scoring.
  - **activities in sectors prone to adaptation interventions** such as water, agriculture, food security, disaster risk reduction; activity descriptions where the descriptions neither proved nor excluded an adaptation dimension.
  - **contributions to programmes/funds/PPPs not necessarily focussed on adaptation** (Global Water Partnership, International Union for the Conservation of Nature, etc.) where the specific adaptation focus was not clear (see also section II.2).
  - **infrastructure projects:** Discussions in the joint WP-STAT/ENVIRONET Task team on Rio markers a few years ago considered but rejected the idea of only counting as adaptation finance the extra cost of climate-proofing infrastructure projects. But they also suggested that counting such projects in their entirety as adaptation-related would result in over-estimation.
  - **apparently misclassified activities** e.g. an "Educational Policy Development for Gender Equality" project was scored "principal" against adaptation, but "not targeted" against gender equality and another was scored even though its "objective is to support sustainable economic development…by strengthening the capacity of the government to improve trade and investment climate in Indonesia."

12. The level of detail of project descriptions reported by members varies and climate concerns may be present without being stated. However, the eligibility criteria state that adaptation objective ought to be "explicitly indicated in the activity documentation" for the activity to qualify for the score significant. **The Secretariat therefore recommends that members insert in activity descriptions, especially for larger ones scored principal, clear indications on the intention to address adaptation concerns**.

II.2. Scoring "principal" versus "significant"

13. Chart 1a shows 70% of DAC members' climate-adaptation scored activities by *value* were rated "significant" and 30% "principal". But there are wide variations. France, Greece and the United States scored all activities "principal", the United Kingdom 73%, and Austria, Japan and Norway over 40%. For Ireland, most spending was scored principal in 2010 but significant in 2011. **Members' comments are invited.**

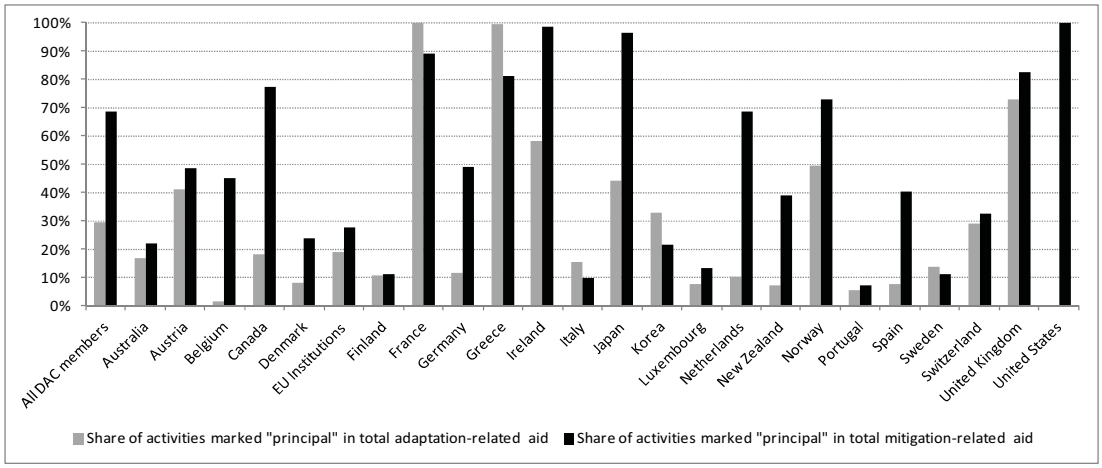
14. By contrast, 70% by value of projects scored for mitigation are "principal" and only 30% "significant", though again there are outliers: for Australia, Denmark, EU, Finland, Italy, Korea, Luxembourg, Portugal and Sweden, the "principal" share is below 30%. The difference between adaptation

and mitigation is less marked when considering the *number* of transactions: while close to 30% of the number of adaptation activities is scored "principal", the "principal" share mitigation share drops from 70% to 40% (Chart 1b).

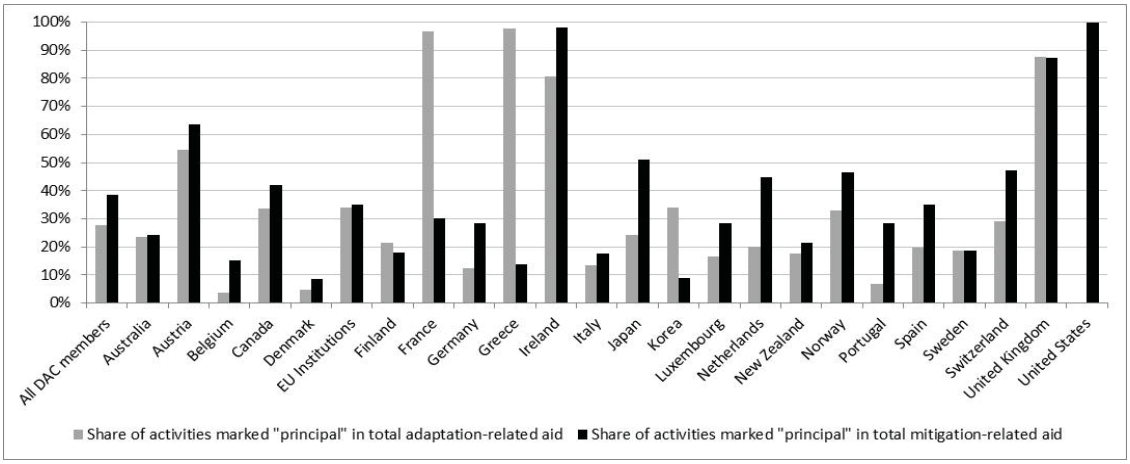
Chart 1. Climate markers: principal *versus* significant score

Share of activities marked "principal" in total adaptation- and mitigation-related aid, 2010-11 commitments

1a. Amounts of activities



1b. Number of activities



15. These trends reflect the nature of the activities involved. Mitigation may be a clear objective in, for example, a small number of large energy projects. So "principal" mitigation scores are high by value and somewhat lower by number of projects. The climate objective may be less clear in adaptation-marked activities in typical sectors, so desk officers in charge of scoring might hesitate to assign "principal" and use "significant" instead[5]. And as adaptation activities include both large climate-proofed infrastructure projects and smaller technical co-operation activities, the scores are similar whether volume or value is considered.

5 . A Sida review, *Environmental statistics at Sida – A review of policy markers on climate change adaptation, climate change mitigation, biodiversity and ecosystem services, and environment,* found that adaptation coding was the least accurate among the four policy markers, with only 50% of activities correctly tagged.

16. MDBs took account of these differences between mitigation and adaptation in developing their joint approach for tracking climate finance. For mitigation, they adopted a "positive" list of qualifying activities. But recognising the context-specific nature of adaptation projects (the same project might qualify or not depending on perceived climate vulnerability), they based adaptation scoring on **purpose**, **context of climate vulnerability** and **activity linkage,** giving examples of qualifying projects [see Box 1 below, the *Joint MDB report on adaptation finance 2011* in Annex 5 and DCD/M(2013)1].

Box 1. The joint MDB approach for tracking adaptation finance

To be reported as promoting adaptation under the joint MDB approach, an activity must:

- Set out a context of climate vulnerability (climate data, exposure and sensitivity), considering both the impacts from climate change as well as climate variability related risks;
- Include a statement of purpose or intent to address or improve climate resilience in order to differentiate between adaptation to current and future climate change and good development;
- Link project activities to the context of climate vulnerability (e.g., socio-economic conditions and geographical location), reflecting only direct contributions to climate resilience.

17. Members' views are invited on the following suggestions:

- **introduce more restrictive eligibility criteria and additional indicative examples in the existing definition of the adaptation marker, based on the MDBs' approach (Annex 5);**
- **acknowledge that climate-resilient sectoral projects address other prime objectives and reconsider the relevance of the scoring system "principal" vs. "significant".**

III. Consistency of reporting

III.1 Contributions to pooled funds and programmes

18. In discussing the types of aid to which markers should apply, the Working Party has agreed that core support to pooled funds and programmes should be scored "principal" when the relevant body was specifically focussed on the objective [see DCD/DAC/STAT(2011)11]. The "significant" score would apply where the body worked towards that objective among others. The Secretariat warned that applying "significant" to large programmes where climate was a minor issue would overstate figures.

19. This review finds that:

- **The "principal" score has been applied to contributions to environmental organisations not primarily focussed on climate change adaptation** e.g. Global Water Partnership, International Centre for Integrated Mountain Development (ICIMOD), Global Fund for Disaster Risk Reduction (GFDRR), International Union for the Conservation of Nature (IUCN).
- **When a "significant" score has been applied to large contributions to organisations that partially work towards the objective of adaptation, the resulting figures could be considered overstated** (e.g. contribution to ICCO spotted by users – see section IV and Annex 4, IUCN).

- **Reporting is not consistent among members for the same fund** (some score principal, others significant). See examples in Box 2.

- **Contributions to climate funds classified as multilateral in DAC statistics (GEF LDCF and SCCF) are reported as bilateral by a few donors; this risks double-counting** with outflows from these funds also recorded in DAC statistics [see DCD/DAC/STAT(2013)4].

Box 2. Issues in members' scoring against adaptation of their contributions to specific-purpose funds managed by international organisations

Using a text search, the Secretariat identified members' contributions to several climate funds managed by international organisations and currently not classified as "multilateral" in DAC statistics. Members therefore report their contributions to these funds as bilateral, and apply the Rio markers, including adaptation.

UN-REDD (Reducing Emissions from Deforestation and forest Degradation): Most members score their contributions to UN-REDD as targeting mitigation only (mainly as a principal objective), but a number also score them as adaptation-related: Denmark, EU, Japan and United Kingdom ("significant"); Spain and Sweden ("principal").

Apart from contributions to UN-REDD, members also report activities in support of REDD or REDD+ processes. Scoring is inconsistent for these types of activities, with a number of members not applying either marker.

World Bank-Forest Carbon Partnership Facility (FCPF): Similarly, most members score contributions as mitigation-related, with a few also scoring for adaptation (EU and Finland – "principal"; Germany – "significant").

Scoring practices also differ regarding the **Global Water Partnership** and **Global Fund for Disaster Risk Reduction**.

20. Members' comments are invited on the following suggestions to harmonise reporting of their contributions to pooled funds:

- **Introduce individual channel codes to identify bilateral contributions to UN-REDD and WB-FCPF**[6].

- **Develop a list of NGOs and PPPs, core contributions to which could qualify as "principal".**

- **Cease applying "significant" to large programmes only partially working towards the objective**, as this can overstate figures.

III.2 Overlap with mitigation

21. Table 2 shows that much adaptation-related aid is also reported as mitigation-related. There are large differences among members, with some presenting no or little overlap (Germany, Portugal, United States), and others where overlap is the rule (Denmark, EU, United Kingdom).

6. See separate proposal to classify CIFs as multilateral funds [DCD/DAC/STAT(2013)9].

Table 2. Overlap between adaptation and mitigation:

Share of adaptation-related aid also scored as mitigation-related

	Principal	Significant
Australia	30%	41%
Austria	39%	45%
Belgium	52%	36%
Canada	13%	16%
Denmark	94%	85%
EU Institutions	91%	51%
Finland	30%	47%
France	59%	0%
Germany	0%	44%
Greece	75%	100%
Ireland	54%	0%
Italy	46%	69%
Japan	36%	23%
Korea	27%	14%
Luxembourg	59%	29%
Netherlands	26%	8%
New Zealand	54%	16%
Norway	60%	47%
Portugal	2%	77%
Spain	18%	30%
Sweden	61%	67%
Switzerland	39%	21%
United Kingdom	99%	53%
United States	0%	
Grand Total	**52%**	**39%**

22. Overlap is natural between adaptation and mitigation and is foreseen in explaining the data. The on-line database for Rio markers[7] warns that activities can target multiple objectives, and a *User guide* explains how to avoid double-counting projects targeting both mitigation and adaptation. Data presentations also identify the overlap (see Table 3). Nevertheless, some users still treat the overlap as "over-reporting". While this view is exaggerated, it may be difficult to justify scoring a project as "principal" for both objectives, since "principal" means that the project would not have been undertaken but for the objective in question. **Therefore, one option to limit confusion could be to introduce a rule against scoring an activity as "principal" towards more than one objective[8]. Members' views are invited.**

7 . http://stats.oecd.org/Index.aspx?DataSetCode=RIOMARKERS

8. This option is also presented in the 2012 Development Co-operation Report, Chapter 3.

Table 3. Climate-change mitigation- and adaptation-related aid by DAC members in 2011
Bilateral contributions, USD million, current prices

	Climate change mitigation-related aid		Climate change adaptation-related aid		*for reference*	Total climate change-related aid (a+b+c+d-e)
	Principal objective (a)	Significant objective (b)	Principal objective (c)	Significant objective (d)	aid marked both mitigation and adaptation (e)	
Australia	66.8	208.8	96.7	480.0	*227.7*	**624.6**
Austria	16.7	16.9	6.1	8.9	*6.4*	**42.2**
Belgium	20.9	144.0	6.4	129.3	*51.9*	**248.7**
Canada	351.5	41.8	39.3	183.0	*31.3*	**584.2**
Czech republic	0.0	0.0	0.0	0.3	*0.0*	**0.3**
Denmark	72.9	188.7	36.2	160.6	*174.8*	**283.7**
EU Institutions	273.8	1078.3	257.7	1000.3	*871.2*	**1739.0**
Finland	19.8	201.6	32.9	224.2	*116.3*	**362.2**
France	498.0	317.9	0.8	0.8	*0.0*	**817.5**
Germany	1501.0	1648.3	259.9	2004.0	*814.1*	**4599.1**
Greece	0.0	0.0	0.0	0.0	*0.0*	**0.0**
Iceland	n.a.	n.a.	n.a.	n.a.	*0.0*	**0.0**
Ireland	50.8	0.0	32.1	0.0	*17.4*	**65.4**
Italy	7.7	45.5	5.7	36.3	*28.4*	**66.8**
Japan	3190.4	171.9	664.3	1239.1	*565.7*	**4699.8**
Korea	3.8	64.0	0.0	7.3	*6.5*	**68.7**
Luxembourg	0.4	6.4	0.8	20.8	*6.4*	**22.0**
Netherlands	90.0	59.8	4.2	120.0	*42.9*	**231.0**
New Zealand	8.9	11.1	1.7	21.5	*8.0*	**35.3**
Norway	402.1	324.1	123.1	110.1	*127.2*	**832.3**
Portugal	5.6	18.7	0.2	1.5	*1.3*	**24.7**
Spain	7.1	90.6	13.1	148.7	*88.8*	**170.7**
Sweden	44.6	271.5	72.6	335.6	*290.7*	**433.4**
Switzerland	49.1	191.5	58.3	169.4	*54.5*	**413.8**
United Kingdom	251.1	78.8	64.5	88.6	*95.3*	**387.8**
United States	322.6	0.0	73.0	0.0	*0.0*	**395.6**
Total	**7255.6**	**5180.4**	**1849.4**	**6490.3**	***3626.9***	**17148.8**

III.3 Predominant sectors

23. Adaptation-related aid is concentrated in a small number of sectors, particularly for the "principal" score where 84% of aid is concentrated in general environment protection (54%), water (18%) and agriculture and rural development (12%). Activities scored "significant" are financed in more diverse sectors but the same three are still predominant. **Members' views are invited on the following suggestions:**

- Given the high share of adaptation activities falling under the general environment protection sector (purpose codes 410xx), **should they be grouped under a single new purpose code covering policy/research for adaptation to climate change**?

  This suggestion was earlier rejected by the Joint WP-STAT/ENVIRONET Task Team on Rio markers on the ground that interventions to adapt to climate change were not restricted to a single sector, but instead spanned the gamut of sectors. In practice though, more than half of activities scored "principal" fall under the general environment protection sector with several donors

showing much higher shares – Denmark: 94%, EU: 79%, United Kingdom: 99%, United States: 100%. It may therefore be worth reconsidering a specific purpose code for adaptation. This is already the case for biodiversity, which has both a Rio marker and a purpose code in the general environment protection sector. This facilitates data presentation and analysis.

- While the Task Team recommended not to assign markers by default to certain purpose codes, **the adaptation marker definition could be complemented with a list of indicative examples for "principal" and "significant" scores in the "typical sectors", which Annex 3 shows as Water, Agriculture and Rural Development, and Environment – General.**

- **In order to use Rio marker data to produce better quantified estimates of climate finance, one option could be to only count as "climate finance" those activities marked as "principal".** The score "significant" could be considered to identify those activities that did not necessarily entail additional financing for adaptation but still contribute to the objective.

- An alternative option to better quantify the data would be to introduce more granularity in the marker methodology by **scoring at component (instead of project) level**, in line with the approach adopted by the MDBs. However, one member has already commented that it was not rational to consider components as stand-alone and to only count as climate finance those directly linked to climate change, since only whole projects were viable and could bring climate benefits.

IV. Quality assurance mechanisms

24. The CRS is a public database, freely accessible by external users. The dissemination of marker data at activity level contributes to transparency of donors' contributions to climate change mitigation and adaptation. But it can also prompt criticisms from the users on the application of the markers by members. In a paper titled *"Different Tales from Different Countries, A First Assessment of the OECD Adaptation Marker"*[9], the NGO Germanwatch estimates that most activities marked as adaptation in 2010 were either "unrelated to adaptation" or "over-coded". They looked at the ten largest adaptation-related activities (a significant sample as these activities combined amounted to USD 2.9 billion *i.e.* more than a third of total adaptation-related aid in 2010) and based on the available descriptions concluded that the scores assigned by donors were not accurate: in their view, the projects marked "principal" should have been marked "significant" and those marked "significant" should have been marked "not targeted" as there was no reference to adaptation in descriptions. (See Annex 4 for top ten projects in 2010 and 2011.[10])

25. Members will recall similar criticisms on the mitigation marker in 2010 by A. and K. Michaelowa[11]. The Secretariat had provided comments to the authors at that time, and conveyed similar comments to Germanwatch, including on the weakness of a methodology relying solely on keywords[12]. **Members' comments are invited on the assessment of adaptation scoring by Germanwatch (Annex 4).**

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9 . See http://germanwatch.org/de/node/5375

10 . In 2011, top ten activities reported as adaptation-related amounted to USD 1.4 billion and represented 18% of total aid marked as adaptation that year.

11 . *"Coding error or statistical embellishment? The political economy on reporting climate aid".*

12 . The general focus on the "number" *versus* the "size" of transactions also introduces a bias in the analysis (there are approximately 170 000 transactions reported to the CRS per year, varying from large infrastructure projects costing hundreds of millions of dollars to small technical co-operation type activities costing a few hundreds of thousands, or even less).

26. Rio marker data are politically sensitive, and scrutinised by the public. They deal with issues that may be perceived as complex by non-experts and generally require the involvement of climate experts to ensure their accuracy. Implementing quality assurance mechanisms in members' administrations is therefore essential to maintain the credibility of these data. The Secretariat can undertake in-depth quality reviews of marker data only occasionally, and while it may spot anomalies when conducting specific analyses or preparing data for publications, quality relies essentially on members' own checks. Canada, Sweden and the African Development Bank have recently reviewed their portfolios and Canada revised Rio markers. **Members are invited to inform the Secretariat of steps taken to ensure the quality of the adaptation marker data.**

V. Summary of possible improvements

27. Different options for improving the adaptation marker are put forward in this note, based on issues identified during the review, and the outcomes of the workshop with MDBs which highlighted possible refinements to the Rio markers to make this methodology more quantitative. The options below are not necessarily all compatible, and some consist in adjustments to the current marker system while others would mean a more profound change in the methodology. The suggestions raised in this paper were to:

- **Improve activity descriptions so that the relation to the objective of adaptation to climate change is made explicit, especially for principal score** (see paragraph 12).

- **Consider adjustments to the adaptation marker:**

  - **introduce more specific eligibility criteria based on purpose, context (climate variability) and activity linkage (link project activities to the context of climate vulnerability), and additional indicative examples in the definition – based on the MDBs' approach** (see paragraph 17).

  - **improve consistency of members' scoring of their contributions to the same organisations** (see paragraph 20):

    - **develop a list of NGOs and PPPs, core contributions to which could qualify for the principal score;**

    - **introduce individual channel codes to identify contributions to large climate funds not classified as multilateral in DAC statistics e.g. UN-REDD and WB-FCPF.**

  - **introduce a sub-sector in the general environmental category to identify policy work for adaptation** (see paragraph 23).

- **Move towards a more quantitative approach:**

  - **maintain the current marker system, but limit overestimation of climate-related aid by:**

    - **ruling out applying the "significant" score to large programmes only partially working towards the objective** (see paragraph 20).

    - **ruling out scoring an activity as "principal" for both adaptation and mitigation** (see paragraph 22).

  - **only counting as "climate finance" those activities marked as "principal". The score "significant" could then be considered to identify activities that did not necessarily entail additional financing for adaptation but still contributed to the objective.** (See paragraph 23.)

- ***alternatively*, reconsidering the relevance of the current "principal" vs. "significant" scoring system** (paragraph 17) **and possibly using a "flag" instead.**

- **scoring at component (instead of project) level, in line with the approach adopted by the MDBs** (see paragraph 23), **at least for large projects.**

Annex 1. Definition of the climate change adaptation marker

AID TARGETING THE OBJECTIVES OF THE FRAMEWORK CONVENTION ON CLIMATE CHANGE Climate Change Adaptation	
DEFINITION	
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. This encompasses a range of activities from information and knowledge generation, to capacity development, planning and the implementation of climate change adaptation actions.
CRITERIA FOR ELIGIBILITY **An activity is eligible for the climate change adaptation marker if:**	a) the climate change adaptation objective is explicitly indicated in the activity documentation; **and** b) the activity contains specific measures targeting the definition above. Carrying out a climate change adaptation analysis, either separately or as an integral part of agencies' standard procedures, facilitates this approach.
EXAMPLES OF TYPICAL ACTIVITIES **1. Examples of typical enabling activities for adaptation**	*The list is not exhaustive. The activities may be scored against the objective only if the above criteria for eligibility are fulfilled.*
Environmental policy and administrative management (sector 41010)	• Supporting the integration of climate change adaptation into national and international policy, plans and programmes. • Improving regulations and legislation to provide incentives to adapt.
Environmental education / training (sector 41081)	• Education, training and public awareness raising related to the causes and impacts of climate change and the role of adaptation.
Environmental research (sector 41082)	• Adaptation-related climate research including meteorological and hydrological observation and forecasting, impact and vulnerability assessments, early warning systems, etc.
2. Examples of typical sectoral activities	
Health (Sector 120)	• Implementing measures to control malaria in areas threatened by increased incidence of diseases due to climate change.
Water and sanitation (Sector 140)	• Promoting water conservation in areas where enhanced water stress due to climate change is anticipated.
Agriculture (Sector 311)	• Promoting heat and drought resistant crops and water saving irrigation methods to withstand climate change.
Forestry (Sector 312)	• Promoting a diverse mix of forest management practices and species to provide a buffer against uncertainties of climate change.
Fishing (Sector 313)	• Promoting changes in fishing practices to adapt to changes in stocks and target species. Introducing flexibility in the gear that is used, the species that are fished, the fishing areas to be managed, and the allocations that are harvested.
Flood prevention/control (Sector 41050 - under General environmental protection)	• Implementing measures for flood prevention and management such as watershed management, reforestation or wetland restoration.
Disaster prevention and preparedness (Sector 740)	• Developing emergency prevention and preparedness measures including insurance schemes to cope with potential climatic disasters. • Implementing measures to respond to glacial lake outburst flood risk, such as the creation or improvement of early warning systems and widening or deepening of glacial lake outlet channels.

Annex 2. Review of descriptions for activities scored "principal" or "significant" against the adaptation marker

Commitments for 2010-11

	Score "principal"	Score "significant"
Australia	Only aggregates were provided for adaptation in 2010; individual activities reported in the CRS were not scored, including *contributions to GEF LDCF erroneously reported as bilateral*. **In 2011 , explicit relation to adaptation** e.g. "Climate change adaptation initiative", "Impact of climate change on food security", "Disaster risk reduction: increase resilience to climate change".	**No explicit relation to adaptation**, but the activities generally take place in standard domains of intervention for adaptation e.g. disaster risk reduction, meteorology. However, there are also contributions to programmes with no explicit relation to adaptation (e.g. scholarships, "One UN fund").
Austria	**Explicit relation to adaptation for most activities** e.g. "Strengthen capacities to adapt to climate change", "Securing water supply in the context of climate change" but also **contributions to programmes with no explicit relation to adaptation**: "Support of Global Water Partnership (GWP) in Africa", "International Center for Integrated Mountain Development (ICIMOD)".	**No explicit relation to adaptation**, but the activities generally take place in standard domains of intervention for adaptation e.g. recovery and resilience, drought response. However, there are also contributions to programmes with no explicit relation to adaptation (e.g. UN fund for energy and environment, research through CGIAR).
Belgium	**Not all activities highlight a special focus on adaptation** concerns: "Scientific trip on Congo river – biodiversity", "Contribution to growth programme in Uganda".	**No explicit relation to adaptation**, but the activities take place in standard domains of intervention for adaptation e.g. reforestation, sustainable agriculture and fisheries, food security, humanitarian aid and disaster risk reduction and preparedness, water. However, there are also a number of interventions with no apparent relation with adaptation (support to orphans). *Erroneously reported contributions to GEF LDCF as bilateral in 2010, with score significant against adaptation.*
Canada	**Explicit relation to adaptation** e.g. "Managing Environmental Resources for Climate Change Adaptation", "Synthesizing Learning on Adaptation to Climate Change". *Erroneously reported contributions to GEF LDCF as bilateral, with score principal against adaptation.*	**In general, explicit relation to adaptation** e.g. "reducing vulnerability", "Climate Change Adaptation Research and Capacity Development", "Climate Change and Saltwater Intrusion: socioeconomic vulnerability".
Czech Republic	No activity scored principal.	Only 7 activities reported **with explicit relation to climate change or environment, but not specifically to adaptation** ("Environmental Impact Assessment ", "Greenhouse Gas Inventory Management System", "OECD activities on Climate Change and Natural Resource Management").

Denmark	Few activities reported (17). **Most of these activities scored principal for adaptation (94%) are also scored for mitigation (significant or principal), recorded under the general environment protection sector and demonstrate a focus on climate change although not specifically on adaptation** e.g. "Climate Change and Adaptation Initiative", "Global Climate Partnership Fund", "support to new model – green growth".	**A minority of activities demonstrate an explicit relation with adaptation** ("support to small island developing states to transition to low-emission, "climate-resilient development that is pro-poor"). Other activities include interventions in standard domains such as water, agriculture ("improved livelihood") or disaster risk reduction. Many contributions relate to core support to Danish NGOs also active in sectors such as health or governance. Contributions to the Strategic Climate Fund (CIF) and to UN-REDD are scored "significant".
EU	**Many activities scored principal demonstrate a focus on adaptation although the bulk (91%) is also scored for mitigation (significant or principal); most activities (89%) are recorded under the general environment protection sector.** Examples: activities under the Global Climate Change Alliance (GCCA) such as "tackling the adverse effects of climate change, with a special focus on the most vulnerable communities in the rural areas of the country", "Climate change adaptation planning and implementation in the Lower Mekong Basin". Contributions to the WB Forest Carbon Partnership and to the Bangladesh Climate Change Resilience Fund are scored principal.	**A minority of activities demonstrate an explicit relation with adaptation** ("To replace or upgrade about 30 water crossings, build roads and associated bridge approaches, and selectively relocate roads for climate change adaptation", "Sustainable land management and adaptation to climate change"). Some other activities relate to climate change but with no explicit focus on adaptation. Other interventions take place in sectors such as water, energy, agriculture, environment, disaster risk reduction. There are also activities coded multisector (contributions to the Neighbourhood Investment Facility and contributions under the Instrument for Pre-Accession). Contributions to the Global Facility for Disaster Reduction and Recovery (GFDRR) and to UN-REDD are scored "significant".
Finland	**Explicit relation to climate change, but in many cases with an apparent focus on mitigation rather than adaptation**, e.g. "Energy and environment partnership with Mekong region", "contribution to the Forest Carbon Partnership Facility (FCPF)", "better realise the opportunities of climate change mitigation in agriculture", "Regional Industrial Pollution and CO2 Emission Abatement Project for Arab Countries". *Erroneously reported contributions to GEF LDCF and SCCF as bilateral in 2010, with score principal against adaptation.*	**A minority of activities demonstrate an explicit relation with adaptation** ("improve adaptation to global warming as well as status of girl children in the families"). Other activities include interventions in standard domains such as water, agriculture and forestry but also energy "access to energy will probably be affected by climate change". There are also contributions to general programmes ("One UN Fund", "NEPAD").
France	*Incomplete reporting for 2011* **No explicit relation to adaptation for many projects**, including top ten ones (urban water supply, sanitation programme, hydro-electric power plant, agricultural infrastructure). Projects highlighting focus on adaptation include "research on the impact of climate change on marine biosphere", "impact of climate change on water resources and management".	Very few projects, **all with explicit relation to adaptation**.

Germany	**Descriptions for most activities highlight main focus on adaptation**: "promote ecosystem based adaptation options to reduce the vulnerability of communities", "advisory services for climate risk management", "develop an insurance system to cover climate risks in agriculture", "adaptation of cultivation systems to climate change". For a few activities, descriptions are more general and, while not in contradiction with adaptation, do not make the objective explicit: "integrated rural development in the Cordilleras", "watershed management". Contribution to CIFs (Strategic Climate Fund) is scored principal for adaptation (null for mitigation).	**A minority of activities demonstrate an explicit relation with adaptation** ("implementation of governance mechanisms for climate change adaptation and mitigation", "platform showcasing exemplary climate projects"). Other activities scored significant span the whole spectrum of sectors and do not highlight integration of adaptation concerns: education ("Literacy Program for Cultural Minority"), health, water ("improved access to drinking water and sanitary supply"), governance ("consumer protection and for public participation"), transport, energy, etc.
Greece	**Largest projects demonstrate a prime focus on adaptation** e.g. "combat climate change consequences", "enhance management capacities of rural and environmental problems, which evolve due to influencing climate". Contribution to IUCN is scored principal.	Only one transaction "environmental education".
Iceland	*No reporting on the adaptation marker yet.*	
Ireland	**Most descriptions are general and do not highlight any objective of adaptation** ("Small scale farmers grant support", "Anti-corruption organisations and institution", "programmatic approach to the Hunger Agenda with a particular focus on complementarity aspects to Irish Aid's HIV and AIDS work"). Exceptions include, for example, "Environmental research, Climate adaptation and change".	Support is in standard domains of intervention for adaptation, but **no explicit link to adaptation** is mentioned: agriculture ("grow varieties with improved yields", "promote sustainable land management practices"), water, humanitarian aid.
Italy	**Largest projects demonstrate a prime focus on adaptation** e.g. "Enhance resilience to natural disasters", "Forecasting, Prevention and Mitigation Programme against the risk of floods and forest fires". A few scholarships are also scored principal.	Most activities take place in standard sectors of intervention for adaptation: agriculture, water, food security, humanitarian aid, but with **generally no explicit link to adaptation**. For some activities, the descriptions highlight a different focus than adaptation: "Support to the Ministry for women's promotion and children's protection".

Japan	Activities cover i) **contributions with an explicit objective of addressing adaptation** ("Vietnam National Target Programme to Respond to Climate Change", "improved capabilities to cope with natural disasters caused by climate change"); ii) **contributions with an explicit relation to climate change concerns but not necessarily adaptation** ("Forest Preservation Programme", "REDD implementation framework", "support climate change policies"); iii) **infrastructure projects** in several sectors: water ("improvement of water supply system"), transport ("reconstruction of bridges and construction of new bridges"), energy ("provision of solar energy"); and **iv) contributions in standard domains of adaptation** with no explicit relation to adaptation ("increase the productivity of rice" – see also Annex 4, "rehabilitate irrigation systems", "disaster prevention and preparedness").	Support is in standard domains of intervention for adaptation, but **generally no explicit link to adaptation** is mentioned: water (see also Annex 4), disaster prevention and preparedness. There are also activities in sectors such as transport ("improve traffic in flood areas", "build a new port and infrastructure") and energy ("rehabilitation of hydropower station"). Also scored are TC activities that Japan reports in a semi-aggregate manner (hence no description is available). Contribution to UN-REDD is scored "significant".
Korea	Top ten projects represent the bulk of the total amount of activities scored "principal"; **only two make an explicit reference to the adaptation objective** ("Development of water management scheme to cope with climate change impact", "Analysis and assessment of climate change"); **other large activities make no explicit reference to an adaptation objective** although they take place in relevant sectors (water, general environmental protection sectors), and disaster prevention). For smaller activities, not all do make an explicit reference to adaptation either ("Water Resources Management for Responding to Climate Change", Climate Change and Disaster Prevention").	Most activities take place in standard sectors of intervention for adaptation but **generally no explicit link to adaptation is mentioned**: agriculture (irrigation, soil fertility), forestry (combat desertification), infrastructures in the water sector (dams including a USD 100 million loan, desalination facilities, wells and elevated tanks). There are also activities in the fields of education and health.
Luxembourg	Very few activities; some demonstrate a relation to climate change, but **no specific focus on adaptation** "Mekong River Commission Climate Change & Adaptation Initiative", "fight against desertification", "support for afforestation"; one contribution to an NGO does not highlight any link to adaptation.	Most activities take place in standard domains of intervention for adaptation, but with **no explicit link to adaptation**: water, agriculture but also building of a "school" and of a "National Tourism and Hospitality Training Centre". Some administrative costs and development awareness are scored significant.
Netherlands	**Most projects demonstrate a prime focus on adaptation** ("Disaster Risk Reduction & Climate Change Adaption Alliance", "Capacity building for climate mitigation and adaptation").	Large core contributions to organisations such as the "ICCO Alliance" (USD 507 million, see also Annex 4), IUCN, International Institute for Environment and Development, UNSGAB Secretariat are scored "significant". Other contributions take place in standard domains of intervention for adaptation, but **generally no explicit link to adaptation** is mentioned: water ("Management and protection of the different water basins"), agriculture and forestry.

New Zealand	Few activities recorded under general environmental protection or humanitarian aid, they **demonstrate a focus on adaptation**.	**A minority of activities demonstrate an explicit relation with adaptation** ("improved levels of resilience and enhanced capability to prepare for and respond to natural disasters", "tourism standards in response to climate change". Others take place in the water and agricultural sectors, but also in the transport ("rehabilitation of harbours") and renewable energy sectors.
Norway	**Most projects demonstrate a prime focus on adaptation:** "Impacts of climate change and adaptation in the Himalaya Hindukush region", "Adaptation of agriculture and pastoralism to climate change in Mali". **A number of projects address both mitigation and adaptation concerns and are scored "principal" against both objectives**: "Climate change mitigation and adaptation programmes in agriculture", "Trust Fund for Environment and Social Sustainable Development", "Participation of developing country experts at meetings of the Intergovernmental Panel on Climate Change"). *Erroneously reported contributions to GEF LDCF and SCCF as bilateral in 2010, with score principal against adaptation.*	**A minority of activities demonstrate an explicit relation with adaptation** ("Assessment of framework for small hydropower with regards to efficient use of water resources and mitigation of environmental impacts"). A number of contributions have no apparent relation with adaptation: "ILO-Norway Programme Cooperation Agreement", "research collaboration with India". There are also contributions to funds managed by international organisations: "One UN programme", "UN initiative: sustainable energy for all", "Global Fund for Disaster Risk Reduction" (GFDRR), "LDC Conference Trust Fund".
Portugal	Only two activities: one in the water sector with no explicit relation to adaptation and one workshop on environment and climate.	Most activities take place in standard domains of intervention for adaptation, but with **no explicit link to adaptation**: water, agriculture, general environment protection, but also education ("Scholarships for higher education").
Spain	**A number of activities demonstrate a clear relation to adaptation** ("Pilot programme of climate resilience", "Adapting the Mecufi district in Mozambique to climate change impacts", "Promoting risk management to face the impacts of climate change for the agriculture production") while **others do not highlight any focus on adaptation**: "Health and nutrition, strengthening the process of implementation of the community model of family health", "Promotion of human rights, democracy and conflict resolution", "Cultural programme from a gender focus". Contributions to UN-REDD are scored principal.	**A few activities highlight a link to climate change (although not specifically adaptation)** e.g. contributions to the EU Marguerite Fund and to the IDB fund for development and climate change. **Other activities have no explicit link to adaptation**; and include a large contribution to an IFAD financial facility (loan of USD 378 million) and contributions in various sectors (usual sectors for adaptation such as water, agriculture, humanitarian aid, but also education, health, government and civil society and development awareness).

Sweden	**Many activities demonstrate either a focus on adaptation** ("increase resilience to climate risks among small scale farmers living in arid and semi-arid areas", "climate funding for construction of three dams and reconstruction of a number of dams destroyed by a combination of flooding and lack of maintenance", "Climate Adaptation Platform") **or on climate change in general** ("Support to an environmental helpdesk at Sida", "Climate Change Campaign", "Support to the National Sustainable Development Strategy". In some cases though, descriptions are not detailed enough and **there is no explicit link with adaptation** ("FAO-Burundi", "Efficient energy use"). Contributions to several organisations and funds are scored "principal": WB Forest Investment Programme, International Centre for Trade and Sustainable Development (ICTSD), UN-REDD and ICIMOD. *Contributions to the GEF LDCF are erroneously reported as bilateral and scored principal.*	**No explicit mention of adaptation concerns in descriptions**. Contributions take place in various sectors with top ten activities supporting education (e.g. "National sub-sector programme in primary education"), water, agriculture, industry, environment) Contribution to the GFDRR is scored significant.
Switzerland	**Many activities demonstrate a focus on adaptation.** Contribution to the GFDRR and to the Scaling-up Renewable Energy Program (one of the CIFs programmes) are scored principal. *Contributions to the GEF LDCF and SCCF funds are erroneously reported as bilateral in 2011, and scored principal.*	**No explicit mention of adaptation concerns in descriptions** except a few cases ("African Forest Forum - strengthen the role of Africa's forests and trees to adapt to climate change and mitigate its adverse effects"). Contributions mainly take place in standard domains of intervention for adaptation (water, agriculture and forestry, environment, disaster risk reduction). Contributions to some PPPs and research institutes were scored "significant" (Global Water Partnership, Emerging Infectious Diseases).
UK	**Most activities (99%) scored principal for adaptation are also scored principal for mitigation, recorded under the general environment protection sector and demonstrate a focus on climate change although not specifically on adaptation.** For example, the ten largest activities, which represent 90% of the total amount marked "principal" for adaptation include contributions to funds or PPPs active in climate change such as the IBRD Environmental Transformation Fund, the Indonesia Climate Change Trust Fund (ICCTF), the Renewable Energy and Energy Efficiency Partnership. There are also contributions that seem to address adaptation specifically (Bangladesh Climate Change Resilience Fund).	**Not all activities demonstrate an explicit focus on adaptation**. Among top ten largest activities, only one does contain an explicit reference to climate change ("Forest Governance Markets and Climate"), other activities relate to food security, rural development (including transport) and agriculture; there is also a contribution to the UNDP Bureau for Crisis Prevention and Recovery. Several smaller activities do explicitly refer to adaptation ("improve policy and decision-making on climate change responses of the Vietnamese Government", "build capacity within the Kenyan Government, civil society and private sector to increase resilience to current climate variability, adapt to future climate change and benefit from opportunities for low carbon growth".

US	Only 8 activities reported. Contribution to the Strategic Climate Fund Pilot Programme for Climate Resilience (one of the CIFs programme) is scored principal. Other activities explicitly refer to adaptation activities (workshops, "Programme to Enhance Climate Resiliency and Water Security in the Maldives"). *Contributions to the GEF LDCF and SCCF are erroneously reported as bilateral in 2011 and scored "principal" against adaptation.*	No activity scored significant.

Annex 3. Sector distribution of adaptation-related aid, by DAC member, 2010-11 commitments

Sector distribution of activities scored "principal" against adaptation, percentages

	Education	Health	Water	Government and civil society	Transport	Energy	Agriculture & rural devt	Forestry	Environment, general	Other multisector	Humanitarian aid	Other	Total
Australia	-	-	**19**	-	-	-	3	2	**60**	1	**11**	4	**100**
Austria	-	-	**41**	-	-	-	8	-	**40**	-	**11**	-	**100**
Belgium	-	-	1	-	-	-	**43**	-	**24**	2	6	**24**	**100**
Canada	-	-	**23**	3	-	-	**40**	-	**12**	-	5	**17**	**100**
Denmark	-	-	2	-	-	-	-	-	**94**	-	3	1	**100**
EU Institutions	-	-	2	-	-	6	6	-	**79**	-	2	5	**100**
Finland	-	-	-	-	-	**41**	4	**15**	**29**	1	7	3	**100**
France	0	-	**60**	-	-	**16**	8	**11**	4	0	0	1	**100**
Germany	-	-	4	1	-	-	**29**	0	**45**	**10**	7	2	**100**
Greece	-	-	-	-	-	1	**22**	-	**66**	-	-	**11**	**100**
Ireland	7	0	4	8	-	-	10	-	10	**40**	2	**18**	**100**
Italy	7	0	5	-	-	3	**11**	-	5	-	**61**	7	**100**
Japan	-	0	**26**	0	1	0	**12**	2	**49**	0	**11**	0	**100**
Korea	0	-	**62**	-	-	-	**26**	0	**11**	-	1	0	**100**
Luxembourg	-	-	-	2	-	-	**31**	4	**31**	-	-	**32**	**100**
Netherlands	-	-	2	-	-	2	0	3	**29**	**64**	-	-	**100**
New Zealand	-	-	-	-	-	-	-	-	**58**	-	**32**	**10**	**100**
Norway	-	-	0	3	-	0	**45**	0	**22**	10	**18**	1	**100**
Portugal	-	-	**98**	-	-	-	-	-	2	-	-	-	**100**
Spain	1	9	4	**23**	-	0	**14**	3	**32**	-	2	**11**	**100**
Sweden	-	-	2	2	-	2	**26**	1	**51**	1	7	9	**100**
Switzerland	0	-	**11**	0	-	**18**	9	1	**40**	4	**11**	5	**100**
United Kingdom	-	0	0	0	-	0	0	0	**99**	0	0	0	**100**
United States	-	-	-	-	-	-	-	-	**100**	-	-	-	-
Total DAC members	0	0	**18**	1	0	3	**11**	2	**54**	3	6	2	**100**

Sector distribution of activities scored "significant" against adaptation, percentages

	Education	Health	Water	Government and civil society	Transport	Energy	Agriculture & rural devt	Forestry	Environment, general	Other multisector	Humanitarian aid	Other	Total
Australia	2	2	**17**	**10**	5	0	**10**	1	6	**24**	9	**12**	**100**
Austria	-	-	3	9	-	3	**66**	-	4	-	**15**	-	**100**
Belgium	6	1	**10**	6	-	0	**31**	**10**	**15**	3	7	**11**	**100**
Canada	0	8	0	1	-	-	5	1	**14**	5	**59**	7	**100**
Denmark	6	3	**27**	**10**	-	0	**16**	0	**24**	0	1	**13**	**100**
EU Institutions	-	-	6	2	0	2	**36**	4	**11**	**19**	8	**14**	**100**
Finland	0	0	**11**	5	-	2	**25**	**33**	**13**	3	1	8	**100**
France	-	-	1	-	**80**	-	-	-	**18**	-	-	-	**100**
Germany	1	0	**39**	7	1	**13**	**13**	5	**13**	4	0	4	**100**
Greece	-	-	-	-	-	-	-	-	**100**	-	-	-	**100**
Ireland	-	0	2	5	-	-	**58**	-	5	-	**29**	-	**100**
Italy	2	0	6	**15**	0	0	**22**	4	**13**	4	**21**	**13**	**100**
Japan	0	0	**52**	0	**19**	1	7	9	8	0	3	0	**100**
Korea	2	0	**79**	0	-	0	10	6	2	1	-	1	**100**
Luxembourg	**17**	1	**20**	2	-	10	**20**	**12**	1	-	0	**17**	**100**
Netherlands	-	-	9	-	-	2	5	3	4	**77**	0	0	**100**
New Zealand	-	-	**13**	1	**32**	0	2	-	4	1	**16**	**30**	**100**
Norway	7	0	2	2	-	**13**	**14**	2	**19**	**15**	8	**19**	**100**
Portugal	**74**	-	8	-	-	2	4	-	**12**	-	-	-	**100**
Spain	6	2	7	**10**	0	0	**47**	0	**21**	1	2	3	**100**
Sweden	**14**	1	**10**	**13**	0	2	8	2	**14**	**13**	7	**15**	**100**
Switzerland	1	0	**26**	7	-	-	**35**	6	**13**	2	6	4	**100**
United Kingdom	-	-	1	0	5	1	**28**	5	6	4	0	**49**	**100**
United States	-	-	-	-	-	-	-	-	-	-	-	-	-
Total DAC members	2	1	**25**	5	4	4	**19**	5	**12**	**11**	4	8	**100**

Annex 4. Assessment by Germanwatch

Top ten projects in 2010

Donor	crsid	Recipient	Type	Flow	Description	purpose code	Mitigation	Adaptation	*Germanwatch assessment for adaptation*	commitment, USD million
Netherlands	2010902565	Bilateral, unsp.	C01	grant	Subsidy 2011-2015: ICCO Alliance.	43010	0	1	*0*	507
Japan	2010003057	Iraq	C01	loan	To improve water supply in the area.	14021	0	1	*0*	416
United Kingdom	2009800003	Bilateral, unsp.	B03	grant	ETF - Environmental Transformation Spend.	41010	2	2	*1*	386
United Kingdom	2010000705	Bilateral, unsp.	B03	grant	Promissory Note - Environmental Transformation Fund: to support development and poverty reduction through environmental protection, and help developing countries respond to climate change.	41030	2	2	*1*	386
Spain	2010006104	Bilateral, unsp.	B03	equity	FIDA's financial facility for food security.	31110	0	1	*0*	378
Japan	2010003074	Indonesia	A02	loan	To support climate change policies.	41010	2	2	*1*	310
Japan	2010003019	Morocco	C01	loan	Providing safe drinking water.	14031	0	1	*0*	172
Spain	2010005884	Europe, regional	B03	grant	Marguerite Fund is a European capital fund which purpose is to promote investments in infrastructure in line with EU policies on fight against climate change and energy security.	41010	1	1	*0*	132
Japan	2010003079	Kenya	C01	loan	To increase the productivity of rice.	31140	0	2	*1*	126
United Kingdom	2010000207	Ethiopia	C01	grant	Productive Safety Net II: to improve the food security status for male and female members of food insecure households.	52010	1	1	*0*	117

Top ten projects in 2011

Donor	crsid	Recipient	Type	Flow	Description	purpose code	Mitigation	Adaptation	commitment, USD million
Japan	2011003026	Bangladesh	C01	loan	Khulna Water Supply Project	14021	0	2	197
Japan	2011003040	India	C01	loan	Rajasthan Forestry and Biodiversity Project (Phase 2)	31220	2	1	195
Japan	2011003014	Pakistan	C01	loan	To improve traffic in flood areas: Khyber Pakhtunkhwa Emergency Rural Road Rehabilitation Project	21020	0	1	184
Japan	2011003056	Vietnam	C01	loan	Lach Yuen port infrastructure construction project	21040	0	1	148
Germany	2011001371	Brazil	C01	loan	promote investments into sewage disposal, sewage purification, and increase in energy efficiency.	14020	1	1	139
EU Institutions	2011000514	Bilateral, unspecifie	C01	grant	Addressing food security for the poor and vulnerable in fragile situations in: Afghanistan, DRC, Haiti, Liberia, Madagascar, North Korea, OPT, Pakistan and Sudan	31120	1	1	139
Japan	2011003055	Vietnam	A02	loan	Support Program to Respond to Climate Change	41010	2	2	125
Japan	2011003058	Vietnam	C01	loan	Lach Yuen port infrastructure construction project	21020	0	1	111
Japan	2011003010	India	C01	loan	Tamil Nadu Biodiversity Conservation and Greening Project	41030	2	1	109
EU Institutions	2011000388	Europe, regional	C01	grant	Multi-beneficiary Programme under IPA Transition Assistance and Institution Building Component for the year 2011	43010	1	1	97

JOINT MDB REPORT ON ADAPTATION FINANCE 2011

A report by a group of Multilateral Development Banks (MDBs) comprising the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank (IDB), the World Bank (WB), and the International Finance Corporation (IFC)

December 2012

INTRODUCTION

The international community recognizes the need to join forces to avert dangerous climate change. This requires mobilizing financial resources from a wide range of sources, public and private, bilateral and multilateral, including alternative sources. This makes it increasingly necessary to track and report financial flows that support climate change mitigation and adaptation, to build trust and accountability with regard to climate finance commitments and monitor trends and progress in climate-related investment. Yet there is currently no precise internationally-agreed definition of climate finance and current efforts to track climate finance lack transparency, comparability and comprehensiveness.

This report sets out the joint MDB approach for adaptation finance reporting, developed by a group of MDBs to work towards better tracking of climate finance. It responds to the particular context of the activities that the MDBs carry out in developing and emerging economies and is built on the premise that climate adaptation and sustainable development are closely aligned. A separate report on mitigation finance is being published in parallel to this report.

This harmonized methodology has emerged from a process to find commonalities between existing MDB approaches to adaptation finance, each reflecting a different set of sectoral, geographic and investment mandates.

The joint approach is also a work in progress aimed at assisting the MDBs, as well as other organizations that might want to follow a similar approach, in gradually converging towards a harmonized approach for the tracking of climate change finance.

JOINT MDB APPROACH FOR ADAPTATION FINANCE REPORTING

The joint MDB approach for adaptation finance reporting is based on the following principles:

- **It is purpose, context and activity based:** A project activity must fulfill three design process criteria for finance to be reported. It must:
  - Set out a context of climate vulnerability (climate data, exposure and sensitivity), considering both the impacts from climate change as well as climate variability related risks;
  - Include a statement of purpose or intent to address or improve climate resilience in order to differentiate between adaptation to current and future climate change and good development;
  - Link project activities to the context of climate vulnerability (e.g., socio-economic conditions and geographical location), reflecting only direct contributions to climate resilience.

The three criteria need to be included in the Project Appraisal Report or equivalent and/or its technical annexes but no specific section or explicit inclusion in the project development objective[1] or equivalent is required. Table 1 provides some illustration of the application of these three criteria.

- **It follows a conservative approach** to prevent the mislabeling of development activities as adaptation. Activities that do not explicitly meet all the above criteria are not included in reporting.
- **Project activities should reflect at least one of the following adaptation categories**, reflecting the broad range of mandates of the MDBs[2]. These are:

[1] It refers to a very short description of what the key development objective of the project is.

[2] These categories are developed from work undertaken by WRI on the 'adaptation continuum'.

Table 1. Examples of application of the three design process criteria

Examples	Vulnerability context	Specific intent	Activity linkage
Project example 1: Urban Development	Possible changes in the frequency/severity of flash floods and storm surges brought by CV&C	Design of project takes into account the anticipated impacts of CV&C	Project will help better cope with CV&C through activities such as rehabilitation and upgrade of urban water drainage systems
Project example 2: Water Supply & Access	CV&C likely to aggravate water scarcity, putting at risk irrigated agriculture – an essential source of food security, employment and livelihoods	Project aims to increase water productivity in existing irrigated areas to increase resilience to CV&C	Project will help better cope with CV&C by introducing water-saving measures such as introduction of crops which are less water intensive and higher value, preservation of soil moisture and fertility
Project example 3: Rural Development	Farmer communities likely to suffer from CV&C, through longer dry spells and increased variability in monsoon patterns	Project tackles drought risk as CV&C could otherwise imperil livelihood of rural communities	Project will help enhance rural livelihood through drought adaptation mechanisms like water resources management, diversification of farm and non-farm livelihoods and climate-risk management tools

CV&C: Climate variability and change

- *addressing current drivers of vulnerability*, especially in poorest countries or communities; e.g. investments in poverty reduction, income and livelihood diversification, or health programs, when specifically designed in response to climate risks;
- *building resilience to current and future climate risks:* e.g. reducing land degradation, reforestation programs, introducing new varieties of crops or farming techniques better suited for increased droughts/shorter rainfall seasons, investment in adaptation products and services,[3] supporting effective early warning systems;
- *incorporating climate risks into investments*, especially for infrastructure with a long lifespan: e.g. in energy generation and supply, airports, ports, water storage infrastructure, major roads, bridges, railways and other transport corridors, and
- *incorporating management of climate risk into plans, institutions and policies:* e.g. in local and national planning, health system policies, water allocation programs/policies, education programs/policies, support for research including in climate information, agriculture, health etc.

❖ While fulfilling one of the above adaptation categories, project activities should also avoid inadvertent increases in vulnerability of systems or social groups, and avoid placing assets or systems in harm's way (bad adaptation or maladaptation).

❖ An additional set of indicative examples of adaptation activities is set out in Table 3, reflecting existing MDB experience in delivering climate resilience projects. However, such a list can never be exhaustive, and the primary test will be whether a project can demonstrate purpose, vulnerability context and activity response. Each MDB may develop its own sector coding guidance, reflecting its specific mandate and sectoral/geographical interests.

In terms of the MDB finance reporting process, the following aspects have been agreed:

❖ **Reporting is linked to MDB commitments:** The approach measures financial commitments at time of Board approval or signature of financial agreement. All types of capital are eligible for reporting irrespective of origin - including both MDB own resources as well as external resources such as from dedicated climate finance facilities (e.g. PPCR, Adaptation Fund, LDCF, etc.). To prevent double counting (where external resources may be covered in bilateral reporting), all external resources are clearly separated from MDBs own resources. All types of instruments deployed by MDBs (debt, equity, guarantees, technical assistance and grants) may be included.

❖ **Classification is made ex-ante project implementation:** The qualification of a project under this methodology does not imply evidence of the eventual delivery of climate change resilience benefits. Inclusion is not a substitute for project-specific ex-post evidence of resilience benefits, and projects seeking to demonstrate such effects must do so through project-specific data.

❖ **An activity can be a project, a project component, or a proportion of a project:** The joint approach aims to report on adaptation activities disaggregated from non-adaptation activities through a reasonable level of data granularity. This is done by dissecting projects into main activity components, (e.g. as set out in project budget

[3] Some projects or investments (particularly private sector) may be made in non-vulnerable sectors or geographies, but have as their outcome a resilience benefit for other affected groups in downstream markets. Examples may include investments in resilient housing production or loans to financial intermediaries who will on-lend for resilience purposes. These linkages are sufficient for classification purposes, assuming that the vulnerability of the end user can be sufficiently established in the vulnerability assessment.

lines or activity plans). For example, a project with a total cost of $100 million may have a $10m component focusing on climate resilient agriculture – only $10 million would be reported.

- **A percentage of MDB lending may be recognized when linked to specific adaptation commitments or to a client's proven ability to adaptation.** For example, a percentage of budget support to governments that make covenanted commitments to improve national resilience planning will be reported.[4]
- **Reporting mitigation-adaptation co-benefits:** Some activities provide both mitigation and adaptation co-benefits[5]. As a result, the financing for adaptation and mitigation should not be added together to prevent double counting. Although not been possible for all MDBs in this first trial year, it is expected that, going forward, where reported, climate finance figures would have any overlap netted out.

MDB ADAPTATION FINANCE, 2011

Table 2 presents adaptation finance provided by the MDBs for fiscal year 2011. Data reported correspond to the financing of those components and sub-components within projects that provide adaptation co-benefits. The MDBs intend to publish a similar report each year in May.

Some projects included in the MDBs' reported 2011 adaptation portfolios may not adhere strictly to the joint MDB framework as described in this report, as the framework has been applied retroactively to 2011 project documents, which reflect respective MDB reporting practices in place at that time. Such projects are included if equivalent documentation, such as project budget line items or activity plans, provide clear evidence of adaptation purpose and content.

Table 2. MDB Adaptation Finance According to the Joint Approach, 2011 (USD millions)

MDB	MDB resources		External resources	
	Investments and technical assistance	Policy-based instruments	Investments and technical assistance	Policy-based instruments
AfDB	593	-	2	-
ADB	585	-	172	-
EBRD	181	-	16	-
EIB	225	-	65	-
IDB	13	275	1	3
WB	2,080	224	85	-
TOTAL	**3,677**	**499**	**341**	**3**

Notes and definitions:

a) **Sources covered:** MDBs' own resources, as well as a range of external resources managed by the MDBs.

b) **External resources:** Refers to trust-funded operations (including dedicated climate finance facilities) which might be reported to the OECD's Development Assistance Committee by the contributor countries as well.

c) **Policy-based instruments:** Fast disbursing financing instruments provided to the national budget in the form of loans or grants together with associated policy dialogue and economic and sector work in support of nationally driven policy and institutional reforms.

d) **Investments and technical assistance:** Relates to all vehicles used by MDB clients to support specific investments covering a mix of capital and recurrent expenditures, as well as advisory services and capacity building.

e) **Reporting period:** Data cover fiscal year 2011. Even though MDBs do not follow the same reporting cycle, data remains comparable as they all correspond to a 12-month period.

f) **Point of reporting:** Data correspond to commitments at time of Board approval or financial agreement signature. All due efforts have been taken to prevent double-counting.

g) **Financing instruments:** All instruments associated with the resources covered (grant, loan, guarantee, equity, performance-based instruments).

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[4] Further analytical work is on-going to harmonize the allocation methodology among the MDBs.

[5] E.g. soil carbon sequestration and sustainable land management.

h) **Extrapolation of data from 2011:** Given that the MDBs adaptation finance numbers are for only one year, the data should not be used to make any extrapolations about the MDBs' level of engagement in adaptation finance.

i) EIB figures include only financing outside the 27 members of the European Union. EBRD, IFC and WB figures include some European Union countries.

Table 3. Indicative Examples of Climate Resilience Activities by Sector

Potential sectors	Potential impact of climate change	Example of adaptation activity
Finance	Increased risk of failure of public infrastructure due to increased extremes	Incorporation of climate risk assessment in ministerial investment appraisal processes
ICT	Damage to key national data centers from storms or floods	Identification of sites at greatest risk and enhancement of resilience of those sites
Manufacturing	Historic specifications for equipment inappropriate under new climate	Design of climate resilient equipment, e.g. stable cranes for harbors in cyclone zones
Trade	Disruption of national trade due to climate disasters	Local government support for business continuity planning amongst local employers
Professional Services	Increase in the demand for professional services for climate risk assessment	Provision of finance to SMEs providing relevant services, e.g. engineering or insurance
Education	Climate change results in technical syllabus is outdated for high risk sectors	Building technical capacity building for training the trainers in water and agri-sectors
Construction	Shift in zones affected by typhoons/ hurricanes/storm surges	More robust building regulations and improved enforcement practices.
Oil, gas, mining	Shift in zones affected by typhoons/ hurricanes	Increased intensity of seismic survey and off-shore drilling outside hurricane seasons
Health	Changing patterns of diseases in response to changing climatic conditions	Monitoring of disease outbreaks and development of a national response plan
Disaster risk management	Increased frequency and/or intensity of climate related disasters	Financial assistance for improved planning of government bodies/NGOs
Water Resources	Reduction in river water levels due to reduced rainfall	Improved catchment management planning and regulation of abstraction
(Waste) water infrastructure	Increased groundwater salinity due to sea level rise and/ or coastal flooding	Provision of microfinance for domestic rainwater harvesting equipment and storage
Waste management	Increased risk of pollution of areas below landfill sites due to risk of flood	Completion of a climate risk assessment prior to location of landfill sites
Fossil fuel energy generation	Increased seasonality of rainfall, creating periods of low river flows	Investment in coal fired generators with minimal cooling water requirements
Renewable Energy	Reduction in river flows lead to loss of generation from hydroelectric plant	Hydro-infrastructure subject to due diligence against climate and hydrological models
Transmission and Distribution	Higher temperatures reduce distribution efficiency	Investment in embedded renewable generation to reduce distribution requirements
Tourism	Drought disrupts mammal migrations and causes large scale starvation	Diversification of tourist attractions to encompass biodiversity/conservation
Transport	High river flows cause erosion of embankments and loss of bridges	Use of revised recurrence intervals for extreme events in infrastructure design
Ecosystems	Drought causes loss of forest cover with impacts on livelihoods/biodiversity	Identification of protected areas and establishment of migration corridors
Forestry	Increased frequency of forest fires, causing damage to timber	Engagement with local communities to limit the source, e.g. uncontrolled burning
Agriculture	Increased variability in crop productivity	Provision of information on crop diversification options, with assessment of costs
Livestock production	Loss in forage quantity or quality	Increased production of fodder crops to supplement rangeland diet
Fishing	Loss of river fish stocks due to changes in water flows and/ or temperature	Adoption of sustainable aquaculture techniques to supplement local fish supplies
Urban development	Increased urban flooding from extreme rainfall events	Asset review to identify assets vulnerable to flooding, then prioritize protection works