



Climate Finance Regional Briefing: Asia and Pacific

Climate Finance Fundamentals 8

DECEMBER 2014

Sam Barnard, Smita Nakhooda, Alice Caravani, ODI
and Liane Schalatek, HBF

CFU data shows that 32 countries in the Asia and Pacific region¹ together have received more than a quarter of all public climate finance from dedicated climate funds. Twenty-two dedicated climate funds and initiatives are active in the region. Since 2003, they have approved a total of USD 3.35 billion² for projects in the region, with USD 1.25 billion approved for new projects in the last year alone³. However, the diversity of active funds in the region is not matched in the distribution of finance. Finance flows across the region have been uneven: India and Indonesia are the largest recipients of climate finance primarily for mitigation to date. Small Pacific Island states by contrast, have received relatively small amounts of support primarily for adaptation despite their vulnerability. After significant increases in approved adaptation funding last year, 2014 has seen a return to a weighting of approvals towards mitigation projects, with 67% of funding approved in the last year directed to supporting low carbon development pathways. The Clean Technology Fund (CTF) of the World Bank Climate Investment Funds (CIFs) has provided the majority (USD 706 million) of this newly approved mitigation finance. The USD 346 million in adaptation finance approved in the last year represents only 28% of the total increase of financing for the region.

Overview

The countries of Asia and the Pacific confront a diversity of needs for economic and human development, climate mitigation, and adaptation. Per capita emissions in most countries are still very low. These countries bear limited historical responsibility for the accumulation of GHG emissions. Today, however, demand for cheap energy from fossil fuels in major Asian economies is one of the leading causes of global GHG emission growth. China is now the largest GHG emitter in the world (World Bank, 2014). However, the manufacturing and technological innovations that have driven economic growth may well prove essential to realising the cost reductions and advances that render widespread deployment of low carbon technologies feasible. Curbing deforestation and degradation in the region, especially in Indonesia, is also crucial to reducing global emissions. In addition, Asian countries are home to some of the largest populations of poor people in the world, many of whom are highly vulnerable to the impacts of climate change, including glacier melts, extreme weather events, droughts and floods (Shepherd et al., 2013). The long-term survival of the small island states of the Pacific is endangered due to sea-level rise. This creates a strong case for providing them with adaptation finance.

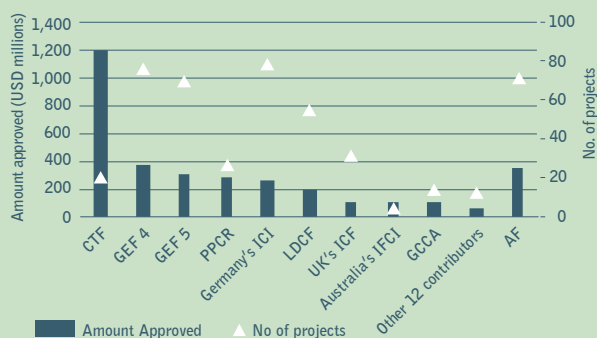
Who provides the finance?

Most of the dedicated climate funds and initiatives are active in the Asia-Pacific region. The largest contributions are from the CTF, which has approved a total of USD 1.19 billion for twenty projects, mostly in the form of concessional loans. In addition, the governments of Germany, Australia, Norway and the UK have cumulatively provided USD 507 million for projects in the Asia and Pacific region through their respective bilateral climate funds and initiatives.

Table 1: Funds supporting Asia and Pacific

Fund or Initiative	Amount Approved USD M	Projects Approved
Clean Technology Fund (CTF)	1,191.62	20
GEF Trust Fund (GEF 4)	383.64	76
GEF Trust Fund (GEF 5)	309.82	69
Pilot Program for Climate Resilience (PPCR)	289.53	25
Germany's International Climate Initiative (ICI)	269.14	78
Least Developed Countries Fund (LDCF)	191.54	53
UK's International Climate Fund (ICF)	104.25	32
Australia's International Forest Carbon Initiative (ICFI)	99.44	5
Global Climate Change Alliance (GCCA)	96.46	14
Adaptation Fund (AF)	65.40	10
Other 12 contributors	348.96	72

Figure 1: Funds and bilateral initiatives supporting Asia and Pacific region, 2003-2014⁴



What is being funded?

While approvals for adaptation are accelerating, about 62% of all climate finance approved to the Asia and the Pacific region since 2003 has supported mitigation activities (Figure 2 and Table 2). The largest mitigation project in the region approved to date is the USD 200 million Rajasthan Renewable Energy Transmission Investment Program in India supported by the CTF, while the largest adaptation project is the USD 44 million Jolobayoo-O-Jibon – Climate Change Programme in Bangladesh funded by the UK’s International Climate Fund. The USD 43 million Kalimantan Forests and Climate Partnership between the governments of Indonesia and Australia, under the Australia’s IFCI, is the largest REDD+ project approved to date in the region and was completed in 2013.

Figure 2: Approved and disbursed funding across themes

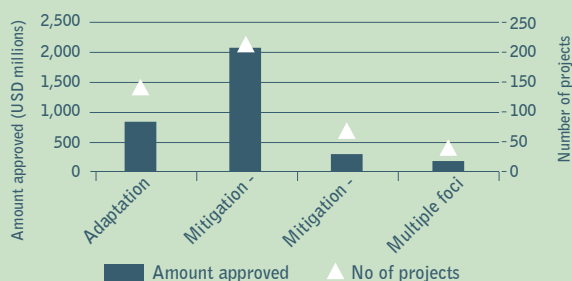


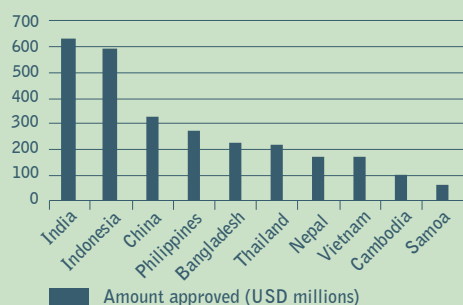
Table 2: Approved and disbursed funding across themes

Theme	Amount Approved (USD million)	Projects Approved
Adaptation	815.99	142
Mitigation - general	2,070.23	211
Mitigation - REDD	297.46	64
Multiple foci	166.12	37

Who receives the money?

India, Indonesia and China have received 46% of the funding approved for Asia since 2003. There are also 29 regional level projects, which represent 5% of the total funding disbursed. India, Indonesia, China, the Philippines and Thailand together receive 82% (or USD 1.7 billion) of the total amount approved for mitigation in the region. The largest amounts for adaptation projects are being provided by the Pilot Program on Climate Resilience (PPCR) to support programmes in Bangladesh, Cambodia, Nepal, Samoa, Tonga and Papua New Guinea for a total approved amount of USD 290 million. Nevertheless, approved finance for projects in the region’s most vulnerable countries, particularly the small Pacific island states, has been modest. The Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Palau, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu cumulatively receive only 4.6% (USD 155 million) of the total amount approved in the region, mostly for adaptation activities. While most mitigation funding supports large-scale renewable energy, energy efficiency and transport projects, the Scaling-up Renewable Energy Program (SREP) is supporting decentralised renewable energy and energy access programmes in Nepal, Maldives and Vanuatu for a total approved amount of almost USD 63 million.

Figure 3: Top 10 recipient countries by amount approved



References

- Climate Funds Update Website: www.climatefundsupdate.org (data accessed in November 2014)
 - Shepherd, A., Mitchell, T., Lewis, K., Lenhardt, A., Jones, L., Scott, L. and Caravani, A. (2013). The geography of poverty, disasters and climate extremes in 2030. London: Overseas Development Institute.
 - World Bank (2014) World Bank Open Data portal: data.worldbank.org
- ### End notes
- World Bank classification: http://data.worldbank.org/about/country-classifications/country-and-lending-groups#East_Asia_and_Pacific and: <http://data.worldbank.org/region/SAS>
 - Excludes contributions to multiple countries but includes regional projects.
 - November 2013 – October 2014.
 - Japan’s bilateral FSF is excluded here as what it counts as climate finance is not comparable with other bilateral contributors of climate finance. For a detailed analysis of Japan’s FSF and other top contributors of climate finance see: <http://www.climatefundsupdate.org/global-trends/fast-start-finance>

The Climate Finance Fundamentals are based on Climate Funds Update data and available in English, French and Spanish at www.climatefundsupdate.org