



## **Climate Financing by Ireland<sup>1</sup>**

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<sup>1</sup> Ireland (2009). Ireland's Fifth National Communication under the United Nations Framework Convention on Climate Change, 139 pp.

## **1. Overseas Development Assistance Programme**

Ireland's Overseas Development Assistance (ODA) has continued to grow since the publication of the fourth national communication. In 2006, total ODA stood at €813.962million, rising to an estimated €918.275million in 2008, representing 0.58% of GNP. In 1998 total ODA was €177,262. Despite the recent economic downturn, and as announced at the UN general assembly meeting in September 2008 Ireland remains committed to reaching the UN target of 0.7% ODA by 2012.

Ireland's development assistance is focused on the Least Developed Countries, particularly those in sub-Saharan Africa. Ireland has bilateral development programmes with Ethiopia, Mozambique, Tanzania, Uganda, Zambia, Lesotho, South Africa, Sierra Leone, Liberia and Malawi. Ireland also has a programme in Timor Leste and Vietnam.

The bulk of Ireland's assistance to developing countries is administered by Irish Aid, located in the Department of Foreign Affairs. The Departments of Agriculture, Environment and Revenue also contribute to Ireland's ODA.

Ireland is committed to improving its aid effectiveness. In the last number of years since the publication of Ireland's Fourth National Communication, Ireland, like a number of other donors, has been working towards a more programmatic and harmonized approach to development cooperation. In line with an agreement reached between the Ministers of developing and donor countries, heads of multilateral and bilateral development institutions, in Accra, Ghana in September 2008, Ireland is committed to the Accra Agenda for Action (AAA). This involves the strengthening of each partner country's ownership over their development processes, building more effective and inclusive partnerships, and improving the delivery of, and accounting for, development results.

In practical terms, commitment to aid effectiveness involves aligning bilateral assistance with the national poverty reduction strategies of partner governments. This often results in providing financial support to sectors such as health, education and agriculture, or directly to the government's central budget through direct budget support. The very essence of the approach is that developing countries should prioritize their development needs and that donors should respond to these rather than their own priority issues. This new approach has obvious implications for reporting on bilateral climate related funding in two key ways:

- 1) Climate change must be stated as a national priority in order to receive bilateral funds; and
- 2) It is often difficult to segregate spending on climate change as it may be disbursed through support to the central budget or to a key sector such as agriculture or water.

Given the shortage of references to climate change in the development policies and poverty reduction strategies of Ireland's partner countries, there are a limited number of bilateral climate change programmes to report. The OECD has suggested that more than 60% of ODA could be considered as

relating to adaptation. Ireland thus supports a wide range of activities, programmes and sectors which have benefits for countries addressing climate change. Many activities related to agriculture, health, infrastructure, water resource management and recovery and disaster prevention have positive impacts in terms of adaptation to climate change. For example, Ireland spent over US\$25 million on agriculture in its programme countries in 2007. Many of the activities supported such as crop diversification, irrigation and the introduction of new crop varieties can make a positive contribution to adaptation to climate change. As it is not possible to put an accurate figure on Ireland's total bilateral contribution to climate change in developing countries, this report focuses on presenting illustrative examples of the types of initiatives supported. It also tries to capture main areas within the programme that are of most relevance to climate change adaptation.

Irish Aid has started to raise awareness of climate change and the risks to development posed by the impacts of climate change in the countries where it works. It also supports programmes which build the capacity of policy makers to integrate mitigation and adaptation to climate change into national development plans. Through these efforts Irish Aid hopes to create further awareness of the need to raise the policy profile of climate change in developing countries.

Within its bilateral programme, Ireland supports a range of activities which promote sustainable management of natural resources. Many of these contribute directly to adaptation to climate change, for example agriculture diversification, water resource management, vulnerability assessment and risk reduction. Irish Aid is committed to the EU Action Plan on Climate Change in the Context of development cooperation and in its Environment Policy for Sustainable Development, (April 2007) it commits to engage with key multilateral environment agreements to demonstrate its commitment to resolving global environmental problems, and to assist developing countries to prepare for and adapt to changing environmental conditions, protecting the most vulnerable members of society.

Ireland also supports climate change activities through multilateral programmes and through support to international agencies. Funding administered through these channels has continued to rise on an annual basis since the third national communication. Ireland continues to provide funds to the GEF and in 2008 it also contributed to the Least Developed Countries Fund (US\$2 million) and the Special Climate Change Fund (US\$.525 million). Ireland committed to the Bonn Declaration and has assigned funds towards the agreed US\$410 million contribution (2005 to 2008), with an average assigned contribution of US\$3.25 million per annum.

Table 1: Financial contributions to multilateral institutions and programmes (Contributions US \$m)

| Institution or Programme  | 2006                       | 2007                      | 2008                       |
|---------------------------|----------------------------|---------------------------|----------------------------|
| 1. World Bank             | IDA13 and IDA14<br>€38.53m | IDA13 and IDA14<br>€28.43 | IDA13 and IDA14<br>€24.23m |
| 2. IFC                    | €0.38m                     | €1.05m                    | €1.05m                     |
| 3. ADB                    | -                          | -                         | -                          |
| 4. Asian Development Bank | €15.6m                     | €7.63m                    | €7.4m                      |
| 5. EBRD                   | €0.41                      | €0.30m                    | €0.20m                     |
| 6. I-A DB                 |                            |                           |                            |

|   |          |          |          |
|---|----------|----------|----------|
| 7. UNDP   | €16.5m   | €22.5m   | €22.5    |
| 8. UNEP (PEI)   | €1.23    | nil      | €1.193   |
| 9. UNFCCC Funds   |          |          |          |
| LDCF  | \$2.0m   | \$0.525m | \$2.0m   |
| SCCF  | \$0.525m | \$2.0m   | \$0.525m |
| 10. Others  |          |          |          |
| LEG   |          | €0.04    | 2.25     |
| Caribbean Climate risk Insurance Fund (CCRIF)                 |          | €0.05    |          |
| Multilateral - Scientific, Technological, Training Programmes |          |          |          |
| UNITAR  | €0.15    | €0.15    | €0.15    |
| REEEP   | \$0.25m  | \$0.25m  | \$0.296  |
| CGIAR   | €4.0     | €7.147   | €7.78    |

## 2. Support for climate change related activities in developing countries

### 2.1 Bilateral cooperation

Over the reporting period interventions designed to improve environmental sustainability were implemented in a number of Irish Aid's programme countries. Many of these contribute directly to preparing for and adapting to climate change.

For example in Ethiopia Irish Aid supports the national Productive Safety Nets Programme – €21.875 million was contributed in 2008. The programme targets the most vulnerable members of society who suffer from chronic food insecurity due to drought, soil erosion and degradation and unviable land holdings. The programme addresses hunger, malnutrition and destitution through the provision of cash and food for work. A central focus of the programme is on improving the natural environment, primarily through soil and water conservation activities. Ultimately, the programme hopes to assist chronically poor households to climb out of poverty and to have access to the natural resources they need to survive. Finding ways to cope with vulnerability under current conditions will help communities to adapt to the increasingly harsh conditions expected due to climate change.

Also in Ethiopia, Irish Aid supports the Ethiopian Bale Eco-region Sustainable Management Programme in collaboration with the Norwegian and Dutch Governments. The programme supports improved planning and management of the largest area of Afroalpine habitat on the African Continent. This area forms the watershed of the Bale Massif, which is critical for the livelihoods and well-being of hundreds of thousands of people in the lowlands of southeast Ethiopia and Somalia. The Herenna Forest, covering the southern part of the mountains, is the second largest stand of moist tropical forest in Ethiopia. The forests together with the Afro-alpine plateaux are host to a globally unique and diverse fauna and flora, including several rare and endemic species. With support from the International Institute for Environment and Development (IIED) the program is now preparing to tap potential carbon markets, and has made good progress in developing sustainable bamboo harvesting and processing initiatives. By putting in place measures to sustainably manage the Eco-region, the programme will reduce the vulnerability of the ecosystem and its plant, animal and human inhabitants to the impacts of climate change. Ireland Aid has committed €2 million to this program for the period 2005-2010.

In 2008 Irish Aid, in its newest partner country Malawi, using a vulnerabilities approach, advanced its plans to focus on a number of areas that have a strong environment and climate change relevance, these include Disaster Risk Reduction, Social Safety Nets Programmes, Sustainable Agriculture and improved nutrition.

## ***2.2 Support to environmental organizations***

### **UNEP / UNDP Poverty Environment Initiative**

The UNDP-UNEP Poverty - Environment Initiative (PEI) is a joint programme to provide financial and technical support to countries to build capacity for mainstreaming poverty -environment linkages, including climate change, into national development planning processes, such as PRSP's (Poverty Reduction Strategy Papers) and MDG (Millennium Development Goal) Achievement Strategies. The PEI programme, working with partner governments and institutions makes the economic arguments for mainstreaming poverty-environment linkages into national development planning processes. Irish Aid has supported the above programme since 2005, and in 2008 allocated €1.19 million to PEI programmes in Mozambique and Rwanda.

### **International Institute for Environment and Development (IIED)**

Irish Aid is a framework donor for IIED, providing programmatic support for the implementation of the Institute's strategic plan. In 2007/08 Irish Aid supported a study assessing the impacts of climate change on economic growth in Tanzania. The results were shared with donors and government to highlight the need to plan for and adapt to climate change within the national development planning and budgeting process

Irish Aid also supported IIED activities related to biodiversity, climate change and capacity building. For example the Poverty and Conservation Learning Group focuses on bringing the conservation and development communities together to better face the challenges posed to biodiversity conservation, including climate change.

### **Consultative Group on International Agricultural Research (CGIAR)**

Irish Aid supports the work of CGIAR, with its 64 constituent members and 15 international agricultural research centers. In efforts to achieve its goal of sustainable food security and reducing poverty in developing countries through scientific research and research-related activities in the fields of agriculture, forestry, fisheries, policy, and environment, CGIAR has identified climate change as a critical challenge. It has prioritized climate change in its research work. Irish Aid provides both core support and direct support to CGIAR Centres. Irish Aid has funded the work of the agro forestry research Centre (ICRAF) in Malawi, and its roll out of the use of nitrogen fixing trees as a tool to address serious soil degradation. Also in Malawi, Irish Aid has supported the work of the International Potato Centre (CIP) and its work on drought resistant potatoes and improved sustainable agriculture practices.

Support to CGIAR centres was complemented by a contribution of €1 million in 2007 and again in 2008 to the Global Crop Diversity Trust, the objective of which is to ensure the conservation and availability of crop diversity for food security worldwide. Conserving the vast diversity of crop varieties is essential if farmers and plant breeders are to have the raw materials needed to improve and adapt their crops to meet future challenges, including climate change.

### ***2.3 Multilateral and international initiatives***

#### **Caribbean Catastrophe Risk Insurance Facility (CCRIF)**

In 2007 Irish Aid supported the CCRIF with a once off contribution of US\$2.5 million. The Caribbean Catastrophe Risk Insurance Facility was set up by the World Bank in June 2007 as a regional disaster insurance fund to provide participating Caribbean Governments with immediate liquidity in the event of natural disaster. It allows the Caribbean countries to pool risk and reduce their individual insurance premiums by 40%. The launch of the CCRIF represents an important shift from disaster response to disaster management and mitigation.

It is intended to serve as a pilot programme for possible extension to other regions with many small island developing states (SIDS) such as the South Pacific.

#### **Least Developed Countries Expert Group**

Irish Aid provides annual funding to the UNFCCC's Least Developed Countries Expert Group (LEG) to facilitate the provision of technical guidance and advice to LDCs on adaptation strategies and plans to address Climate Change. The LEG plays an important role in supporting LDCs to address climate change in their own countries.

#### **UNITAR –Climate Change Capacity Development Programme**

Over the period 2006 to 2008 Ireland granted €450,000 to the United Nations Institute for Research and Training (UNITAR) for its Climate Change Capacity Development Programme. This programme objective is to improve the participation of Developing Countries in the UNFCCC process and more specifically:

- to support the timely implementation of the UNFCCC and the Kyoto Protocol by Developing Countries
- to enable better coordination and integration of national climate policies with sustainable development policies
- to contribute to the sound implementation of donor-funded climate initiatives in Developing Countries.

The programme has met with considerable success in developing methodologies and training programmes to build capacity to climate proof development, thus safeguarding donor investments. It has focused on south-south collaboration and on training for trainers to ensure lasting capacity

development in the field of Climate Change. Decision makers, high-level government officials and technical staff have been targeted to increase their capacity to integrate Climate Change policies into the overall dimensions of sustainable development.

### **Renewable Energy and Energy Efficiency Programme (REEEP)**

Ireland began its support to REEEP (Renewable Energy and Energy Efficiency Partnership) in 2005. Following the decision by the Irish Government in 2007 to offset all its carbon emissions from official travel, REEEP was chosen as its implementing partner. REEEP is a Public-Private partnership and was launched by the United Kingdom along with other partners at the Johannesburg World Summit on Sustainable Development in August 2002.

By providing opportunities for concerted collaboration among its partners, REEEP aims to accelerate the marketplace for renewable energy and energy efficiency. Funding from Ireland is to be prioritized for projects in its programme countries of Ethiopia, Lesotho, Mozambique, Tanzania, Uganda, Zambia and Malawi. Funding of approximately €0.25 million per annum has been provided to REEEP during the reporting period.

### ***2.4 Civil Society partnerships***

Ireland provides a substantial amount of ODA through partnership with Civil Society Organizations. In 2008 expenditure through civil society partnerships exceeded €117 million. In recent years more strategic, programmatic cooperation with civil society organizations has increased the effectiveness of spending. The Multi-Annual Programme Scheme (MAPS) is an arrangement begun in 2003 which provides longer term programmatic funding to five NGOs. Two of these, in particular, focus on sustainable natural resource management and disaster risk reduction. Through their programmes these NGOs and the local civil society organizations that they work with in developing countries carry out a wide range of activities which address livelihood vulnerability and disaster preparedness. In the absence of a clear agreed definition of adaptation in development, the MAPS partners in 2008, by their own estimates expended approximately €16.5 million on activities that had a climate change adaptation dimension.

Some examples include: a drought management programme in Kenya; an agricultural recovery and diversification programme in Angola; an emergency preparedness programme in Ethiopia; and capacity building to address natural disasters in West Africa.

### ***2.5 Emergency and Recovery***

Irish Aid's Emergency and Recovery Programme addresses disaster risk reduction and disaster preparedness. Funds are provided to multilateral institutions and civil society organisations to build community and government capacity to respond to and plan for disasters. It is not possible to give an accurate value for funding to climate change related activities but a growing awareness of climate change is reflected in the projects and programmes supported.

### **3. Technology Transfer**

Ireland provides development assistance in line with the priorities expressed by partner countries. To date requests for assistance in the area of technology are primarily in connection with water supply, transport infrastructure and agriculture. An innovative programme in Ethiopia carries out operational participatory research with farmers, extension workers and government officials to identify, develop, and disseminate new agricultural technologies. Some of the successful technologies are based on traditional practices, for example soil conservation techniques. Other new technologies are related to new crop varieties and irrigation.

In addition to ODA, private companies also provide technology and advice to developing countries, particularly in the energy sector. Due to the range of funding sources no precise figure is available for funding attributed to technology development and transfer. Ireland's support to REEEP is worth mentioning again here as an example of Ireland's support for technology transfer. REEEP brings the private and public sectors together to facilitate the financing, development and transfer of renewable energy technologies. Ireland believes that this type of public-private collaboration is essential for the development of appropriate and environmentally sound technologies and to facilitate their application and use in developing countries.