

Climate Finance Regional Briefing: Asia and Pacific

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Climate Finance Fundamentals 8

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CFU data shows that 30 countries in the Asia and Pacific region¹ together have received one fourth of all global public climate finance so far. Distribution of finance across Asian countries has been uneven: India and China are the largest recipients of climate finance to date. Small Pacific Island states by contrast have received relatively small amounts of support despite their vulnerability. A total of nineteen dedicated climate funds and initiatives are active in the region. Since 2003, they have approved a total of USD 2.10 billion² for projects in the region, although the USD 120 million approved in 2013³ for new projects is a significant reduction on last year's figure. In contrast to last year's primary support for mitigation activities, 50% of the funding approved in 2013 has been directed to adaptation activities, mainly funded by the Least Developed Country Fund (LDCF) and the Pilot Programme for Climate Resilience (PPCR). The majority of the most recent mitigation finance has come from the Global Environment Facility (GEF5).

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. 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, Asia is home to the largest number of poor people

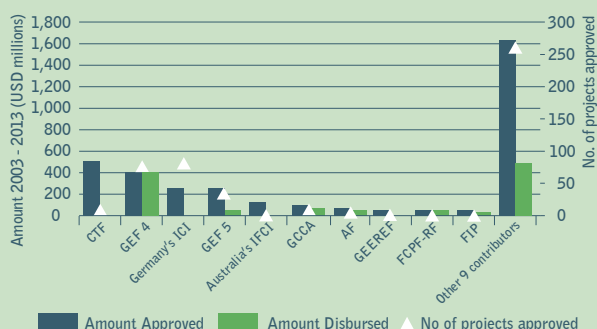
in the world, many of whom are highly vulnerable to the impacts of climate change, including glacier melts, extreme weather events, droughts and floods. The long-term survival of the small island states of the Pacific is endangered due to sea-level rise. This creates a strong case for providing them with adaptation finance.

Who provides the finance?

Table 1: Funds supporting Asia and Pacific (USD millions)

Fund or Initiative ⁴	Amount Approved	Amount Disbursed ⁵	Projects Approved
Clean Technology Fund (CTF)	485.45	2.10	20
GEF Trust Fund (GEF 4)	387.04	380.58	82
Germany's International Climate Initiative	250.29	Unknown	87
GEF Trust Fund (GEF 5)	250.10	9.00	40
Australia's International Forest Carbon Initiative	99.44	Unknown	5
Global Climate Change Alliance (GCCA)	96.12	70.91	14
Adaptation Fund (AF)	57.49	20.03	9
Global Energy Efficiency and Renewable Energy Fund (GEEREF)	29.51	Unknown	4
Forest Carbon Partnership Facility - Readiness Fund (FCPF-RF)	11.47	2.77	6
Forest Investment Program (FIP)	2.71	1.29	7
Other 9 contributors	2,235.08	656.15	440

Figure 1: Funds and bilateral initiatives supporting Asia and Pacific region⁶



Most dedicated climate funds and initiatives are active in the region. The largest contributions are from the World Bank's Clean Technology Fund (CTF), which has approved a total of USD 485.45 million for twenty projects, mostly in the form of concessional loans. In addition, the governments of Germany, Australia, Norway and the UK have cumulatively provided almost USD 402 million for projects in the Asia and Pacific region through their respective bilateral climate funds and initiatives. Information on the disbursement of this finance, however, has been limited.

What is funded?

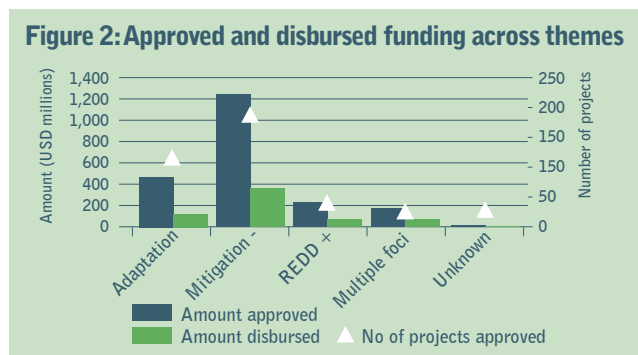


Table 2: Approved and disbursed funding across themes (USD millions)

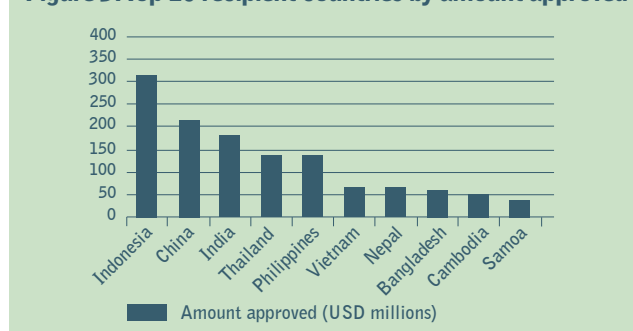
Theme	Amount Approved	Amount Disbursed	Projects Approved
Adaptation	469.85	123.94	121
Mitigation - general	1,240.32	370.97	193
REDD+	238.30	60.42	47
Multiple foci	176.04	64.06	34
Unknown	9.50	0.00	2

Despite the balance between adaptation and mitigation finance approved last year, about 58% 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 125 million *Geothermal Clean Energy Investment Project* in Indonesia supported by the CTF, while the largest

adaptation project is the USD 16 million *Building Resilience to Climate Related Hazards* project in Nepal funded by the PPCR. The USD 43 million Kalimantan Forests and Climate Partnership project between the governments of Indonesia and Australia, under the Australia's IFICI, is the largest REDD+ project approved to date in the region and one of the most advanced large scale REDD+ demonstration activities currently under implementation in Indonesia.

Who receives the money?

Figure 3: Top 10 recipient countries by amount approved



Indonesia, China and India have received 44% of the funding approved for Asia since 2003. There are also 12 regional level projects, which represent 4% of the total funding disbursed. India, China, Thailand, Philippines and Indonesia receive 88% (or USD 1.25 billion) of the total amount approved for mitigation in the region. The CIFs are supporting the largest projects in terms of volume of approved funding. The SREP is supporting renewable energy and energy access programmes in Nepal, Maldives, Solomon Islands and Vanuatu for a total approved amount of almost USD 24 million. The Pilot Program on Climate Resilience is supporting programmes in Cambodia, Nepal, Bangladesh, Samoa and Tonga for a total approved amount of USD 175 million. Nevertheless, approved finance for projects in the region's most vulnerable countries, particularly the small Pacific island states, has been modest. Fiji, Kiribati, Marshall Islands, Samoa, Tonga, Tuvalu, Vanuatu cumulatively receive only 4% (USD 83 million) of the total amount approved in the region, mostly for adaptation activities.

References

Climate Funds Update Website: www.climatefundsupdate.org (data accessed in October 2013)

End notes

1. 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>
2. Excludes contributions to multiple countries but includes regional projects.
3. Up to October 2013.
4. The Climate Investment Fund (CIF) figures only include projects approved by both Trust Fund Committees and implementing Multilateral Development Banks.
5. The CTF releases accurate aggregate disbursement figures but has not done so consistently at the project level: the figure here is likely to be underestimated. Detailed project level disbursement data for the GEF 4 and 5 are limited: the figures here may be overestimates.
6. 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

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