



Climate Finance Regional Briefing: Asia

Charlene Watson, ODI and Liane Schalatek, HBS

Climate Finance Fundamentals 8

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CFU data shows that for 18 countries in Asia¹ a total of USD 4.9 billion for 530 projects and programmes have been approved by 18 multilateral climate funds and initiatives. The diversity of active funds in the region is not matched in the distribution of finance. Considerable amounts of finance have flowed to fast-growing economies such as India and Indonesia, primarily for mitigation projects. On the other hand, a number of nations at considerable risk to climate change, such as Sri Lanka, have received relatively little. This year saw USD 400 million in new approvals, with adaptation and cross-cutting projects both higher in value of funding approvals than for mitigation. The Green Climate Fund (GCF) was the biggest contributor in the region in 2019, accounting for 62% of new approvals.

Introduction

Asian countries 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 forest 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).

Where does climate finance come from?

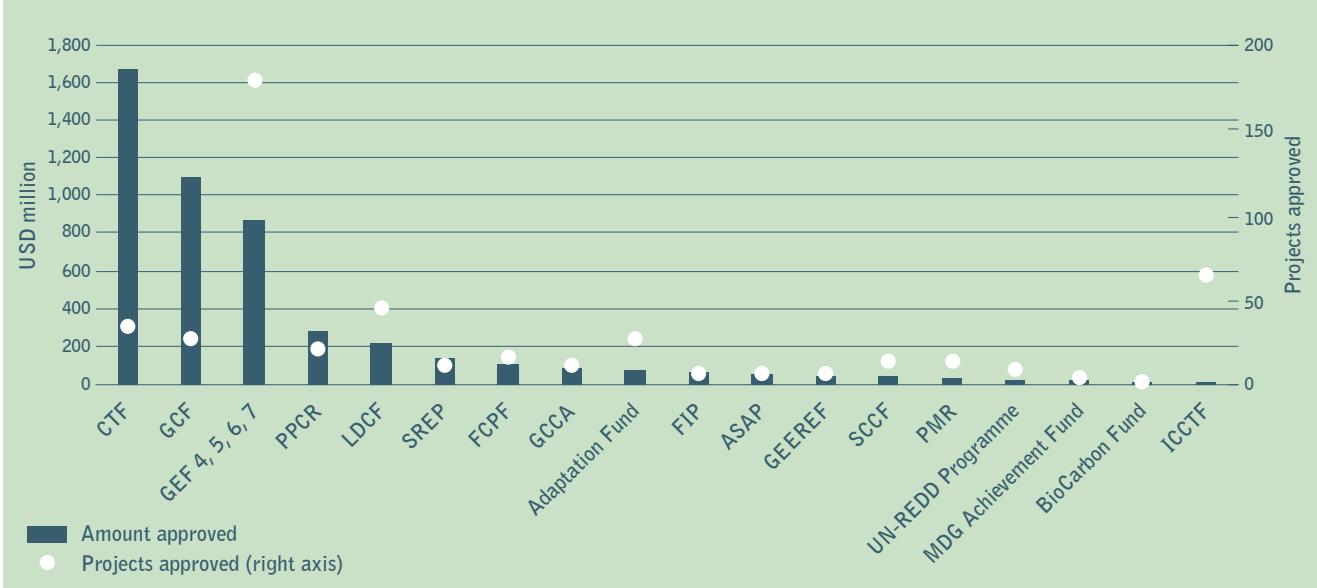
Most of the major multilateral climate funds and initiatives tracked by CFU are active in Asia (Figure 1; Table 1). The largest contributions are from the CTF, which has approved a total of USD 1.7 billion for 34 projects, mostly in the form of concessional loans.

Bilateral climate finance also flows to Asia complementing the multilateral climate fund flows. This includes the bilateral climate funds of Germany, Australia and the United Kingdom, who are active in the region². Bilateral funds, however, are not tracked by Climate Funds Update given their relative lack of transparently available detailed information of current activities and spending.

Table 1: Funds supporting Asia (2003-2019, USD millions)

Fund or Initiative	Amount approved	Projects approved
Clean Technology Fund (CTF)	1,670.0	34
Green Climate Fund (GCF)	1,099.1	26
Global Environment Facility (4, 5, 6, 7)	871.8	178
Pilot Program for Climate Resilience (PPCR)	284.3	20
Least Developed Countries Fund (LDCF)	220.9	44
Scaling-Up Renewable Energy Program for Low Income Countries (SREP)	144.8	11
Forest Carbon Partnership Facility (FCPF)	107.6	16
Global Climate Change Alliance (GCCA)	87.6	11
Adaptation Fund (AF)	75.3	26
Forest Investment Program (FIP)	69.4	6
Adaptation for Smallholder Agriculture Programme (ASAP)	62.2	6
Global Energy Efficiency and Renewable Energy Fund (GEEREF)	47.8	6
Special Climate Change Fund (SCCF)	47.2	13
Partnership for Market Readiness (PMR)	32.3	13
UN-REDD Programme	29.4	8
MDG Achievement Fund	25.0	3
BioCarbon Fund	15.0	1
Indonesia Climate Change Trust Fund (ICCTF)	14.2	63

Figure 1: Funds and initiatives supporting Asia (2003-2019)



Who receives the money?

India, Indonesia, China and Vietnam have together received 56% of the funding approved for Asia since 2003 (Figure 2). There are also 16 regional and multi-country projects, which represent 3% of the total funding approved. Most mitigation funding supports large-scale renewable energy, energy efficiency and transport projects.

A number of multilateral climate funds support countries in the Europe and Central Asia regional classification. These are not included in the 'Asia' categorisation, although have a number of projects illustrated by Box 2.

What is being funded?

Mitigation finance accounts for 62% of finance from the multilateral funds in the region (USD 3 billion), while adaptation projects and programmes in the region receive only about a third of mitigation financing amounts (USD 1 billion) (Figure 3, Table 2). The CTF, GCF, GEF and SREP

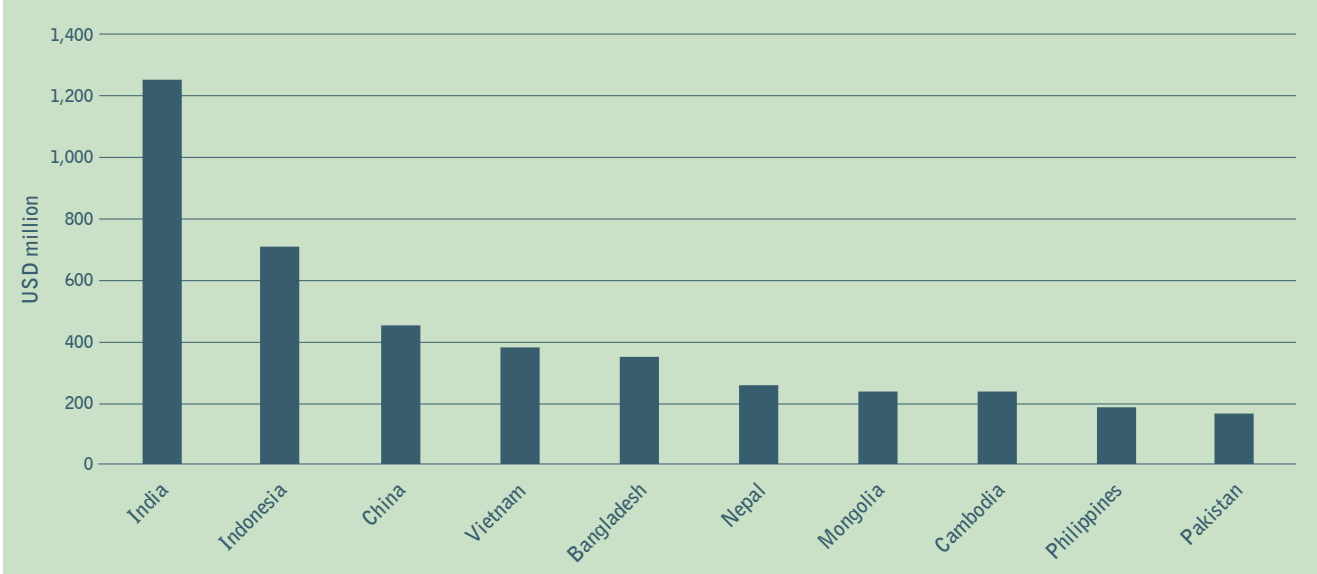
Box 1: Climate Finance for the Least Developed Countries in Asia

Climate funds are providing finance to seven LDCs in Asia. These countries are particularly vulnerable to the impacts of climate change for geographic, economic and political reasons, and they have limited capacities to fund responses themselves.

The USD 1,180 million approved for projects in these countries equates to 24% of total climate finance flowing to Asia. Bangladesh has received the highest funding to date, with over USD 353 million in project approvals, while Nepal and Cambodia have received USD 255 and USD 234 million, respectively from multilateral climate funds.

As one might expect, 58% of the funding approved for Asian LDCs has been for adaptation projects. This funding has been delivered primarily through the Pilot Program for Climate Resilience (PPCR) and the Least Developed Countries Fund (LDCF). A large portion of adaptation projects in Asian LDCs have taken a multi-sectoral approach to increasing resilience, with projects focusing on disaster risk reduction and agriculture, for example.

Figure 2: Top ten recipient countries by amount approved (2003-2019)



are the largest funders of mitigation in the region. The largest amounts for adaptation projects are being provided by the Pilot Program for Climate Resilience (PPCR) to support programmes in Bangladesh, Cambodia and Nepal for a total approved amount of USD 284 million and the Least Developed Countries Fund with total approved amount of USD 221 million.

The approval of 26 projects (USD 1.1 billion) and 45 readiness programmes (USD 45 million) by the Green Climate Fund (GCF) so far in the region could signal the potential for a more balanced climate finance provision in the future, especially through the rise of multi-foci projects and programmes. Of the GCF projects in the region, eight are adaptation focussed while seven are mitigation focussed. There are a further 11 multi-foci projects in addition to the GCF readiness programmes.

The largest project in the region approved to date is the USD 195 million Rajasthan *Renewable Energy Transmission Investment Program*, closely followed by the USD 175 million Solar Rooftop PV programme, which are both supported by the CTF in India. In 2019, the GCF approved eight projects in the region for adaptation and multi-foci projects. It also approved the largest project in 2019 with USD 100 million in China for a green financing development fund. The 2019 GCF approvals make up 62% of the USD 400 million in new approvals for the region which include also projects from the CTF, Adaptation Fund, GEF and Least Developed Countries Fund.

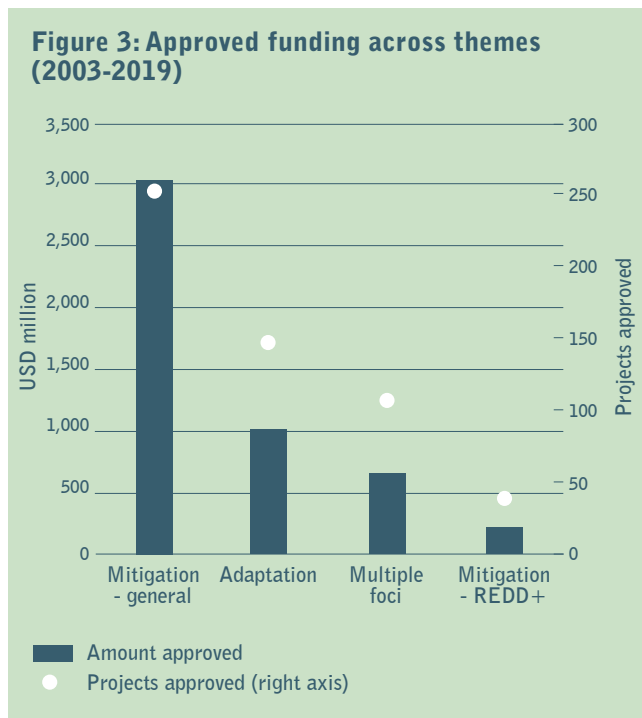


Table 2: Approved funding across themes (2003-2019)

Theme	Approved amount (USD millions)	Projects approved
Mitigation	3,040.6	249
Adaptation	1,008.0	145
Multiple foci	663.3	34
REDD+	221.6	34

Box 2: Central, Eastern and Southeastern Europe, the South Caucasus and Central Asia

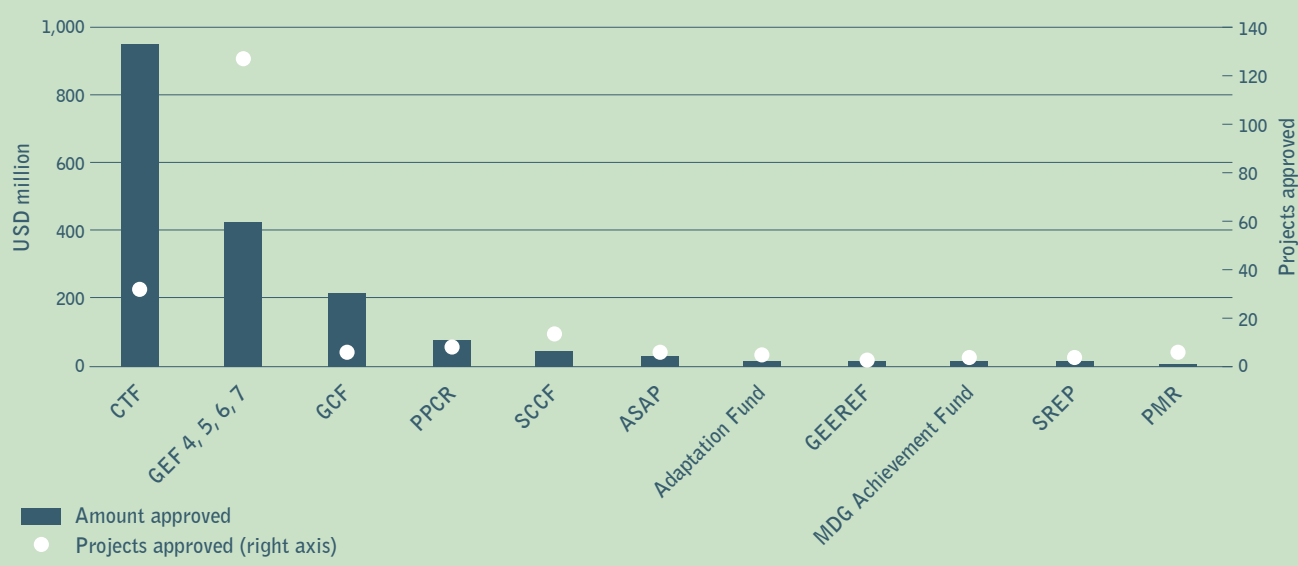
Multilateral climate funds also support countries of Central, Eastern and Southeastern Europe (CESEE), the South Caucasus and Central Asia.³ Eleven funds have approved USD 1.8 billion between 2003-2019 across 225 projects. Twenty-one of these countries receive funding for approved projects, seven countries do not receive funding – Croatia, Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Poland and Slovenia – all of which are CESEE countries.

Turkey (USD 473 million), Ukraine (USD 370 million) and Kazakhstan (USD 312 million) are the biggest receivers of multilateral climate fund approvals. Together these three countries receive 63% of approved funds in the wider region. These countries all have support from the CTF for renewable energy and energy efficiency projects.

Over 75% of approved finance across all countries is for mitigation, with just 14% going to adaptation activities. 57% is in the form of concessional loans, while 43% is grant finance.

In 2019, 23 projects (USD 171 million) were approved in CESEE, the South Caucasus and Central Asia. These included seven for adaptation and 11 for projects with both adaptation and mitigation objectives (including readiness programmes). The CTF approved the most in 2019 with two energy projects in Turkey (USD 50 million) and Ukraine (USD 35 million). The GCF approved a single project focusing on forests and rangelands in the Kyrgyz Republic (USD 30 million). Smaller but more numerous projects were approved by both the Adaptation Fund and GEF 7 in 2019.

Figure 4: Funds and initiatives supporting Central, Eastern and Southeastern Europe, the South Caucasus and Central Asia (2003-2019)



References and useful links

Climate Funds Update Website: www.climatefundsupdate.org (data accessed in December 2019)

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

1. World Bank Asia and Pacific and South Asia classification, excluding Small Island Developing States: http://data.worldbank.org/about/country-classifications/country-and-lending-groups#East_Asia_and_Pacific and: <http://data.worldbank.org/region/SAS>
2. In 2014, the last year when CFU was able to track bilateral climate funds, cumulative bilateral flows to Asia since 2008 included USD 263 million from Germany's International Climate Initiative, USD 130 million from Australia's International Forest and Climate Initiative and USD 109 million from UK's International Climate Fund.
3. Central, Eastern, and Southeastern Europe (CESEE) refers to Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovak Republic, Slovenia, Turkey, and Ukraine (IMF, 2016); South Caucasus refers to Armenia, Azerbaijan, Georgia, and Central Asia refers to Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

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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Overseas Development Institute
203 Blackfriars Road | London | SE1 8NJ | UK
Tel: +44 (0)20 7922 0300

Heinrich Böll Stiftung Washington, DC
1432 K Street, NW | Suite 500 | Washington DC 20005 | USA
Tel: +1 202 462 7512