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# New and additional? Comparing development aid and adaptation finance

**Matthew Dornan\***

**The Australian National University**

**E: [Matthew.Dornan@anu.edu.au](mailto:Matthew.Dornan@anu.edu.au)**

**Florian Weiler**

**University of Basel**

**Carola Klöck**

**University of Göttingen**

At the same time, adaptation aid to a significant degree follows the more established development aid flows. The strongest predictor of adaptation aid in our models is overall development aid. This is not surprising, for adaptation aid is a subset of development aid and the decision-making processes are closely linked. As these two forms of aid are mostly distributed via the same aid agencies, there seems to be a certain lock-in and cooperation with the same partners and partner countries, at least at these early stages of adaptation aid allocation. While there may be good reasons for this, given complementarities between development and adaptation aid, this does raise concerns about the additionality of resources. Adaptation aid and development assistance, while closely related, have different rationales: the latter is generally considered charity, while the former is considered a form of compensation for harm largely caused by industrialised countries under the polluter pays principle.

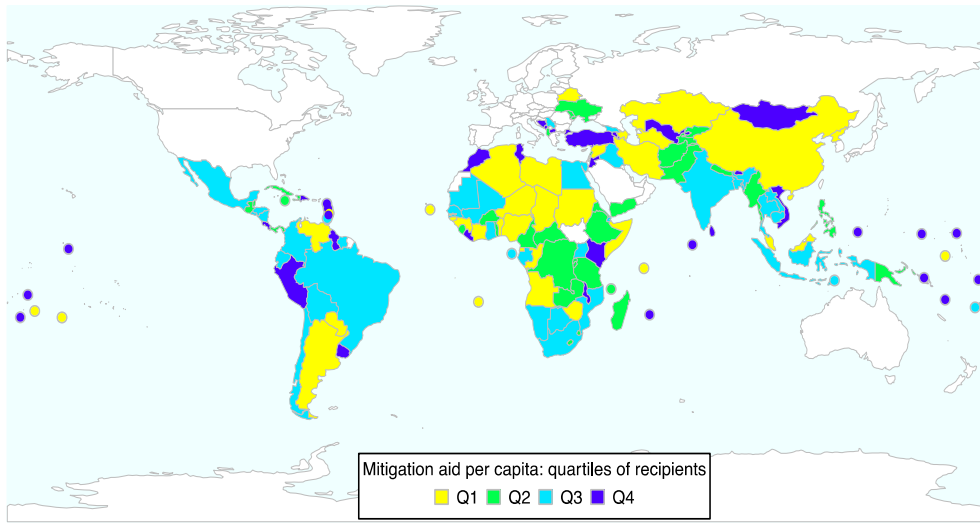
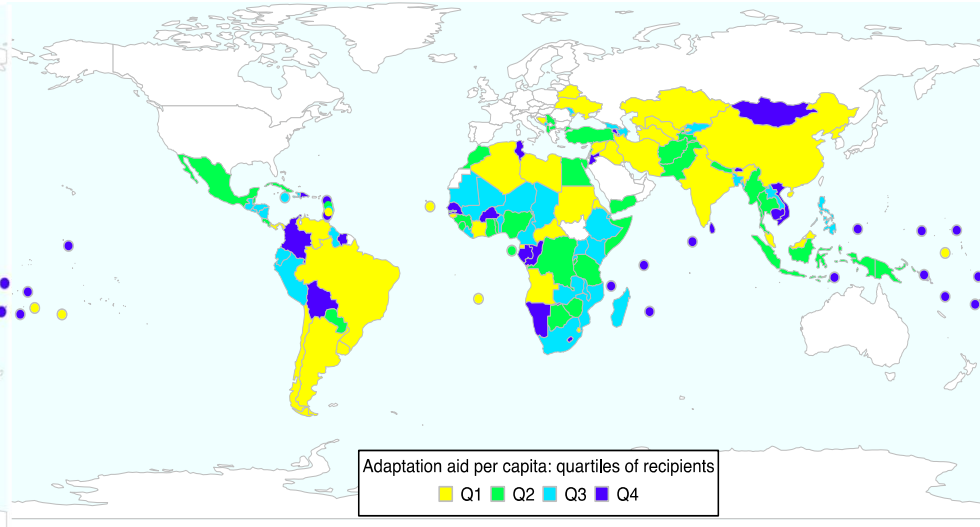
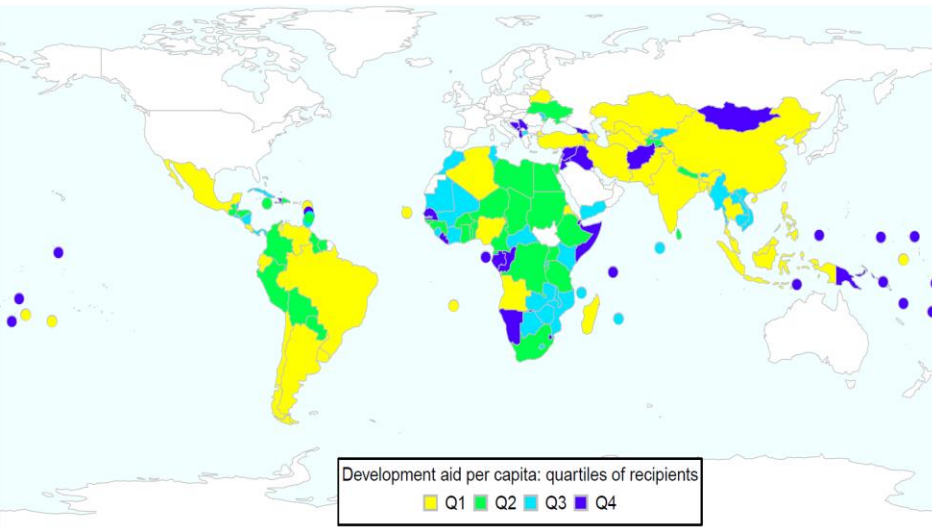
Source: Weiler, Klöck and Dornan (2018). ‘Vulnerability, good governance, or donor interests? The allocation of aid for climate change adaptation’. *World Development* 104:65-77

# Background

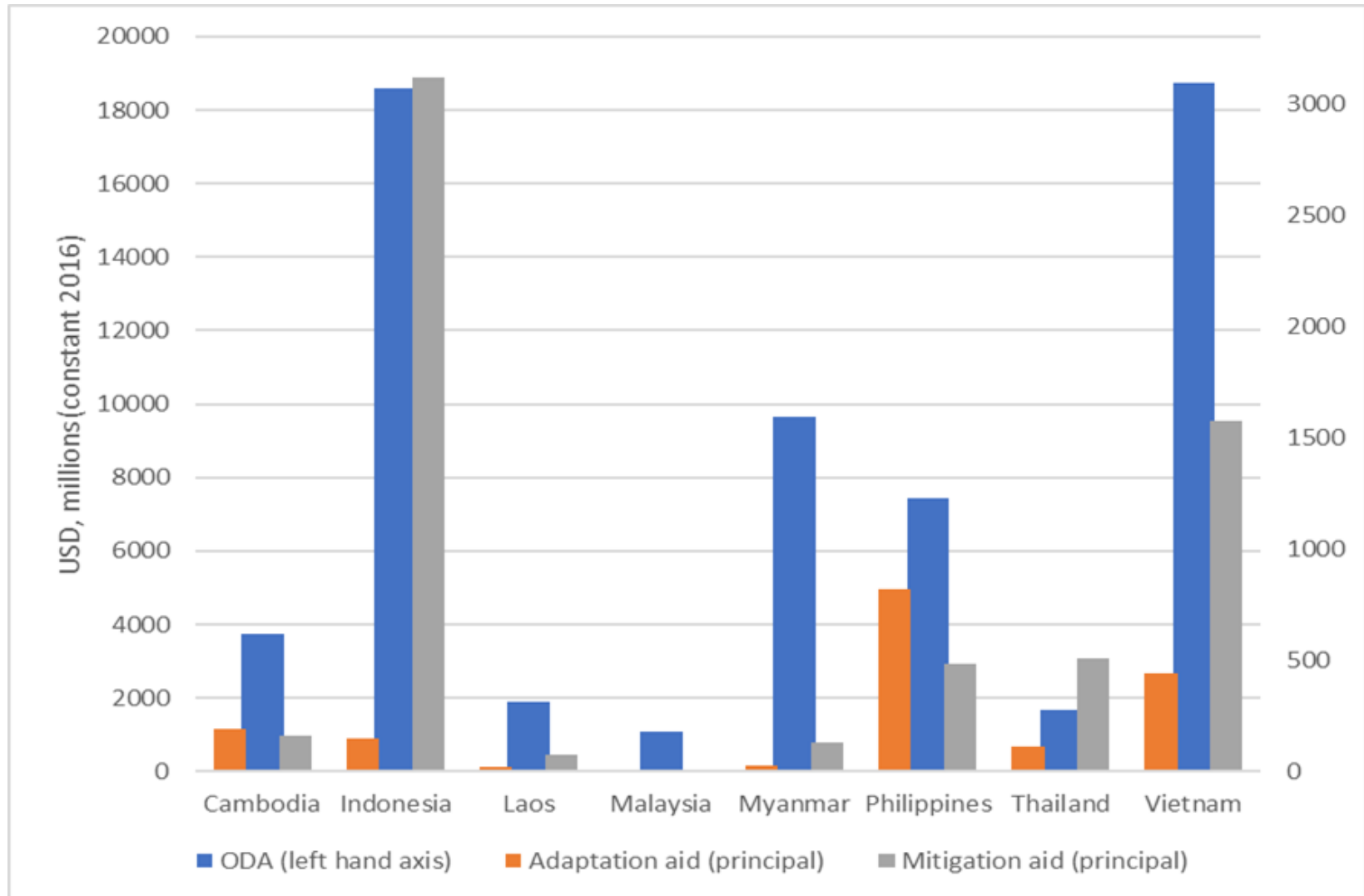
- At Copenhagen, developed countries committed “to a goal of mobilizing jointly USD 100 billion dollars a year by 2020”, specifying that this funding should be “[s]caled up, new and additional, predictable and adequate” (UNFCCC, 2009).
- What exactly counts toward this \$100 billion goal and how funding can be assessed as “new and additional” continues to be one of the major bones of contention in international climate politics

# Significance

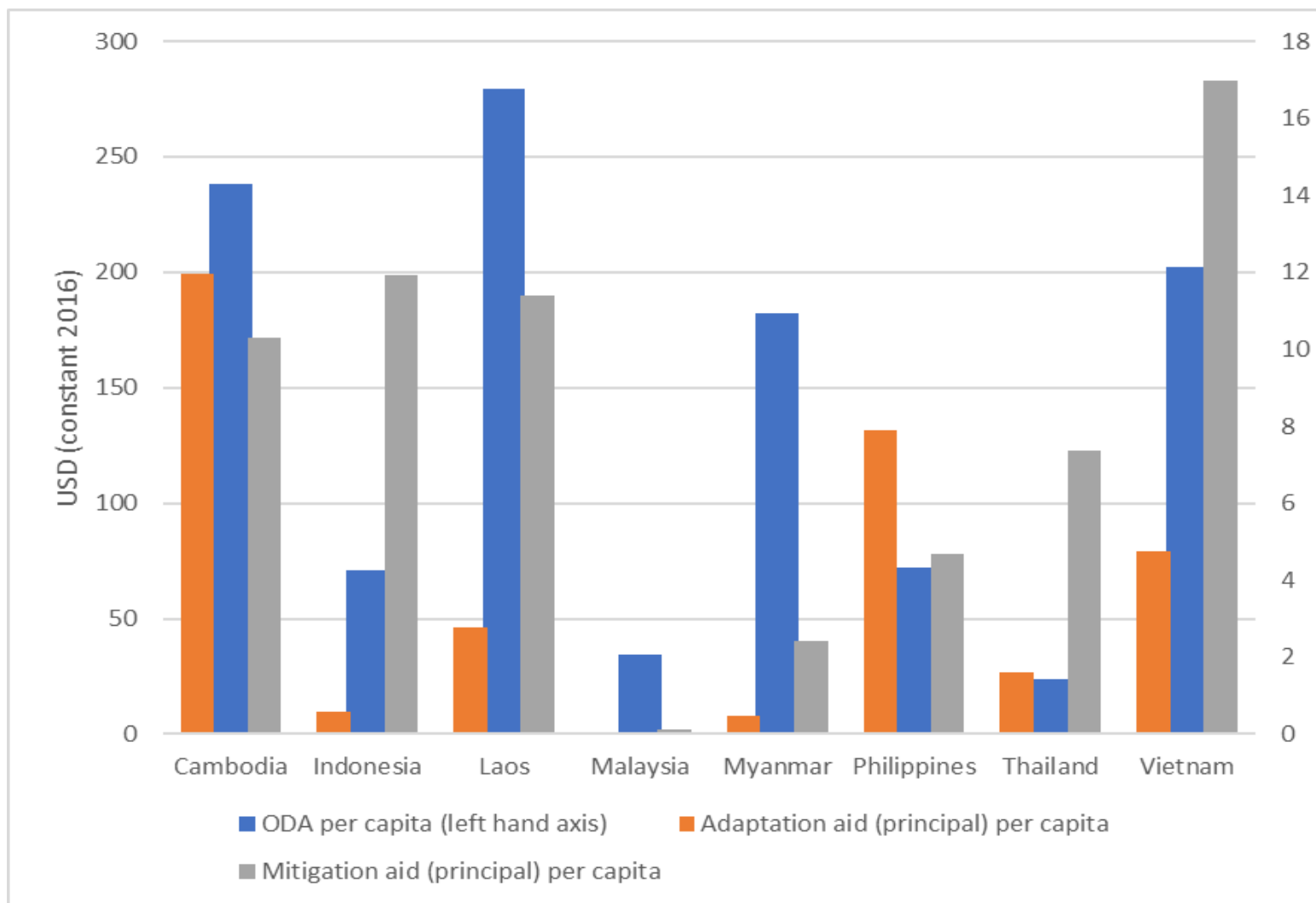
- Climate finance and foreign aid are given with differing rationales.
- Foreign aid is generally considered charity (though often also involves an element of self-interest),
- Adaptation aid is considered a form of compensation for harm largely caused by industrialised countries under the polluter pays principle.
- Aid for mitigation is given in recognition that addressing climate change requires action in both developed and developing countries, and that the latter may not have adequate resources to invest sufficiently in mitigation.
- It is reasonable to assume, given these differing rationales, that the allocation of “regular” development assistance, climate aid for mitigation, and climate aid for adaptation, will also differ.



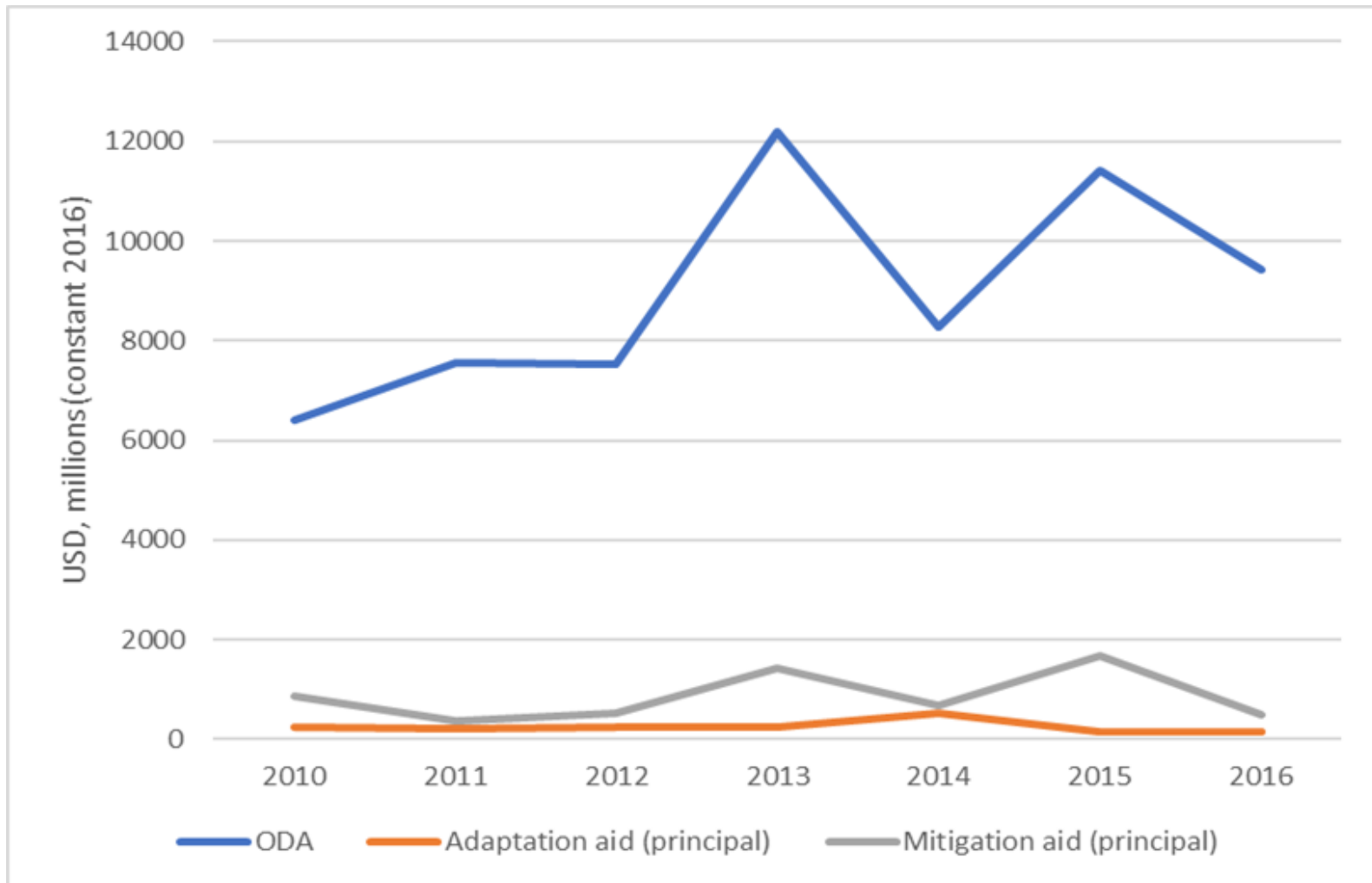
# Foreign aid and climate aid, 2010-16



# Per capita foreign & climate aid, 2010-16



# Foreign aid & climate aid to ASEAN countries





# Modelling method

Using dyadic data from 2010 through 2016 for all OECD donors and all developing country recipients of aid, we model what determines the allocation of

- per capita development assistance (excluding climate finance),
  - mitigation aid, and
  - adaptation aid (as identified using the Rio Markers)
- using seemingly unrelated regressions (SUR) approach

# Results

	Adaptation aid	Mitigation aid	Development aid
<b>LDCs</b>	0.012**	0.003	0.055***
	(0.004)	(0.004)	(0.011)
<b>ASEAN member</b>	0.018***	0.016**	0.089***
	(0.005)	(0.006)	(0.015)
<b>GDP per capita (log)</b>	0.119***	0.140***	0.458***
	(0.022)	(0.028)	(0.070)
<b>GDP per capita (log) squared</b>	-0.007***	-0.009***	-0.034***
	(0.001)	(0.002)	(0.004)
<b>Worldwide Governance Indicators</b>	0.002***	0.00***	0.006***
	(0.000)	(0.000)	(0.001)
<b>Exports (log)</b>	0.003***	0.000	0.019***
	(0.000)	(0.000)	(0.001)
<b>Distance (log)</b>	-0.027***	-0.029***	-0.270***
	(0.002)	(0.002)	(0.006)
<b>Colony dummy</b>	0.065***	0.035***	0.985***
	(0.008)	(0.009)	(0.023)
<b>Population (log)</b>	-0.010***	-0.003**	-0.073***
	(0.001)	(0.001)	(0.002)
<b>Intercept</b>	-0.116	-0.179	1.944***
	(1.001)	(0.125)	(0.310)
<b>R2</b>	0.055	0.051	0.408
<b>Adj.R2</b>	0.053	0.049	0.407
<b>Num.obs.</b>	26855	26855	26855

# Conclusions

- The geographic distribution of development aid and climate aid shows considerable similarities in their allocation, though there are some exceptions (incl ASEAN).
- ASEAN member countries are likely to receive more foreign aid, climate adaptation aid, and mitigation aid than non-ASEAN members.
- Modelling confirms that predictors of how much aid/climate aid is provided are (almost) the same for different flows of finance
- These similarities are not consistent with a new form of finance provided for different motives to “regular” aid

## Some caveats...

- Our analysis does not consider non-aid climate finance – important for mitigation in particular
- We rely on self-reported (& imperfect) data



Thank you

# Results without ASEAN dummy

	Adaptation aid	Mitigation aid	Development aid
<b>LDCs</b>	0.015*** (0.004)	0.006 (0.004)	0.061*** (0.011)
<b>GDP per capita (log)</b>	0.126*** (0.022)	0.143*** (0.028)	0.481*** (0.071)
<b>GDP per capita (log) squared</b>	-0.008*** (0.001)	-0.009*** (0.002)	-0.035*** (0.004)
<b>Worldwide Governance Indicators</b>	0.002*** (0.000)	0.004*** (0.000)	0.008*** (0.001)
<b>Exports (log)</b>	0.003*** (0.000)	0.000 (0.000)	0.020*** (0.001)
<b>Distance (log)</b>	-0.027*** (0.002)	-0.028*** (0.003)	-0.267*** (0.006)
<b>Colony dummy</b>	0.063*** (0.008)	0.032*** (0.009)	0.994*** (0.024)
<b>Population (log)</b>	-0.010*** (0.001)	-0.003*** (0.001)	-0.069*** (0.002)
<b>Intercept</b>	-0.157 (0.099)	-0.212* (0.122)	1.709*** (0.311)
<b>R2</b>	0.054	0.049	0.401
<b>Adj.R2</b>	0.052	0.047	0.400
<b>Num.obs.</b>	30597	30597	30597