

# DIFFERENT TALES FROM DIFFERENT COUNTRIES

## A FIRST ASSESSMENT OF THE OECD "ADAPTATION MARKER"

Lisa Junghans and Sven Harmeling



## Summary

In response to the launch of the OECD "Adaptation Marker" in 2010 and the first complete Creditor Reporting System dataset published in March 2012, this paper examines the credibility of the marker. Our assessment reveals that far less projects than the donor countries reported are in fact relevant to what can be considered climate change adaptation. In brief, we find that roughly 65 % of all activities listed in the original OECD dataset are unrelated to adaptation or at least do not state adaptation as principal or significant objective. Further, from the remaining 35 % only about half of the projects are coded correctly while most of the remaining activities are over-coded.

Through this analysis the paper highlights that the current reporting system is prone to overestimation due to several significant insufficiencies. To make the data more reliable and the marker more credible, the OECD as well as the donor countries should work towards indispensable improvements of the guidance for applying the marker.

## Imprint

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September 2012

Purchase order number: 12-2-18e

This publication can be downloaded at:

**<http://www.germanwatch.org/en/5375>**

Germanwatch acknowledges the support and cooperation provided by Bread for the World ([www.bread-for-the-world.de](http://www.bread-for-the-world.de)) for the preparation of this report.

**Brot  
für die Welt**

*The authors would like to thank the following colleagues and partners for revising and providing comments to this paper: Taryn Fransen, Valérie Gaveau, Gottfried von Gemmingen, Takeshi Kuramochi, Christine Lottje, Axel Michaelowa, Michael Mullan, Smita Nakhooda, Christian Peratsakis, J. Timmons Roberts, Catherine Weaver.*

*The authors take the full responsibility of handling the comments and therefore none of the reviewers should be associated with our findings.*

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## Executive Summary

In response to the launch of the OECD "Adaptation Marker" in 2010 and the first complete Creditor Reporting System dataset published in March 2012, this paper targets to examine the credibility of the marker. Our examination reveals that far less projects than the donor countries reported are in fact relevant to what can be considered climate change adaptation. In brief, we find that roughly 65 % of all activities listed in the original OECD dataset are unrelated to adaptation or at least do not state adaptation as principal (adaptation marker 2) or significant objective (adaptation marker 1). Further, from the remaining 35 % only about half of the projects are coded correctly while most of the remaining activities are over-coded. This means that they were marked with marker 2 and thus fully counted as adaptation, while marker 1 would be more appropriate. The country that is particularly striking is the United States, which on the one hand realizes the largest share of adaptation relevant projects but on the other hand has over-coded more than 80 % of those projects. Japan is another country that has raised our attention as it sponsors four out of the ten financially largest activities, yet all of them over-coded according to our assessment. High-budget projects as well as coding errors appear less frequent in the figures provided by Germany. However, there are still some obvious inconsistencies that should be reduced within the 2011 OECD dataset.

The results of the paper confirm an earlier study by Michaelowa/Michaelowa (2011) who looked at all mitigation activities under the OECD "Mitigation Marker" from 1995 until 2007. Similar to their paper we identified four possible reasons for this: rapid coding procedures, unclear definitions of adaptation by the OECD, politically motivated false-codings, and lack of a clear definition what adaptation constitutes.

The political implications of the Adaptation Marker are obvious. The OECD has communicated the figures as their "climate change aid". Given the power of the OECD of framing this debate, and the interest in donor countries, it is likely that the OECD figures will provide an important basis for demonstrating the OECD countries' share of the 100 bn USD climate finance per year committed to be reached by 2020. An early and critical investigation can therefore contribute to a critical discussion of the use of the marker. Furthermore, it can help adjust overestimations and reduce diversion of non-climate aid to climate finance, without necessarily criticising and undermining the value of the adaptation marker as such. In conclusion and in regard to future reports, donor country reporters should apply the marker more thoroughly, at best supported by OECD Reporters (e.g. by installing an independent reviewing process checking the claimed codings) or/and by a more in-depth and clearer OECD guidance.

# 1 Introduction

The commitment by developed countries to mobilize 100 bn USD annually for climate change mitigation and adaptation projects in developing countries by 2020 was one of the main achievements of the Copenhagen Accord in 2009. It was formalised one year later in the decision 1/CP.16 endorsed by more than 190 Parties to the UN Framework Convention on Climate Change (UNFCCC). However, several questions remain open with regard to the composition, sources, and accounting of the 100 bn USD.

A potentially useful concept in this regard are the so called "Rio Markers" that were introduced by the OECD Development Assistance Committee (DAC) in 1998 for classifying development aid projects related to climate change, desertification as well as biodiversity. While climate change mitigation projects have been "marked" since 1998,<sup>1</sup> the corresponding so called "Adaptation Marker" was only launched in 2010. As the first complete set of adaptation-marked projects has just been released by the OECD in March 2012, it is the objective of this paper to examine the credibility of this marker.

According to the IPCC (2007), adaptation is defined as an "adjustment of natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities". Although described by the IPCC and others (Doria et al. 2009), it heavily depends on the local context what actually constitutes adaptation, and particularly what signifies good adaptation. With regard to the broad diversity of activities and outcomes it is complex to measure and evaluate adaptation activities as well as to find out if a project primarily addresses adaptation or not (GIZ/WRI 2011). Nevertheless, for the purpose of climate finance and in light of the immense resources required to adapt to the growing impacts of climate change, it must be ensured that not every project that somehow relates to sustainable development is categorized as climate finance. Here the local context must be the defining factor for preventing the green washing of projects.

With its "Adaptation Marker", the OECD has established a two-sided coding mechanism to assess the donors' policy objectives in relation to each adaptation activity. A principal objective score (adaptation marker 2) is given when the project description states the promotion of climate change adaptation as a principal reason for undertaking the activity. In this case adaptation objectives are fundamental in the design of the activity. In contrast, projects that name adaptation as a

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<sup>1</sup> Note that only a very small percentage of projects were actually coded with the "Mitigation Marker" before 2007. It was only then when the Rio Marker found wide acceptance.

significant or secondary objective (adaptation marker 1) target other prime objectives, but have an activity that responds to the climate challenge.

Projects are generally coded by respective country reporters, who might be specialized project task managers, climate experts or supportive clerks without much information at hand. While this practice might already result in miscodings, the risk is amplified because projects are not being double-checked by OECD officials. This easily raises the question to what extent countries purposely over-code their projects aiming to present a fairly high amount of climate change adaptation finance and what political implications the marker has on a global policy scale.

## 2 Research Design

With more than 6000 projects listed in the OECD dataset that received either marker 1 or 2, it was necessary to find a tool to effectively filter all projects and find the ones that are likely to veritably be relevant for climate change adaptation.<sup>2</sup> We therefore compiled a suitable Excel-Macro to search for 49 key terms in all 6107 projects, based on the long textual descriptions that are attached to the projects. The list of key terms was derived from several papers (cf. Levina/Tirpak 2006, Michaelowa/Michaelowa 2011) as well as from our own experiences in the field of climate change adaptation and was constructed in a participative manner among our colleagues. Trying to cover adaptation activities in a range of different sectors (e.g. agriculture, urban and rural development, poverty reduction, infra-structural development, institutional processes, awareness raising, etc.), we tried to take into account the full breath of adaptation projects that constitutes today's climate change interventions. Yet, we cannot ensure that all types of intervention are captured in those key words, particularly in terms of newly emerging adaptation interventions such as social or financial safety nets.<sup>3</sup>

We are aware that only examining the long textual descriptions does not accurately reflect the nature of the activities undertaken, as there is a character limit set by the OECD. Further, some countries do not precisely report their activities in those long descriptions but only mention general aspects or the name of the project. Therefore only relying on those descriptions to represent the actual content of the projects is not the best methodological design but in regard to the vast number of projects the most feasible one.

After applying the key term filter, projects were either classified as adaptation-relevant or not. In a second step, while mismatches were superficially double-checked for any adaptation relevance, the matches were again manually reviewed to see if key terms appeared in an adaptation-related context and to also examine if adaptation was mentioned as principal or significant objective. In other words, we checked if those matches in fact used the words in an adaptation relevant framework and if they did, we manually coded them with marker 1 or 2 according to our personal estimation. For instance, if a project named the improvement of a city's water and sanitation system as its prime objective, we sought for other indications to verify that this was particularly done in response to climate change (e.g. countering increased run-off water or decreased water availability). Due to limited resources, it was not possible to double code and arbitrate but we had to depend

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<sup>2</sup> Please note that we only assessed on the project level, not going into detailed project activities. This is mainly due to the limited information accessible by the public on the OECD datasheet. The study uses the terms project and activity interchangeably.

<sup>3</sup> The list of the key terms we used can be found in the Appendix.

on a single coding round. This coding procedure might appear to be very subjective. Yet, we tried to judge as comprehensible as possible, also as we decided in favour of the countries' codings when we saw a broad relevance for climate change adaptation. As some descriptions were rather brief and had limited informative value, it was sometimes difficult to categorize projects. Moreover, projects might have been coded correctly by donor country reporters as they had supporting documentation and information when making judgements but were ranked as miscoded in our classification scheme as their long description did not accurately reflect adaptation relevance.

In terms of how to account for financial commitments the OECD does not provide a proper ratio for counting the budgets of significant objective adaptation projects. As not all their funding can legitimately be regarded as adaptation finance we will be using a 50 % ratio to test how this would diminish the overall finance labelled as "adaptation finance". In terms of financial budgets this means that if projects were reported with adaptation marker 2 but are in our view better suited with marker 1, their financial budget will be halved. This approach might sound like a substantial departure from the current OECD reporting guidelines, which do not make reference to the constituent elements of a project that links to adaptation. In fact the World Bank and other Multilateral Development Banks have started to develop guidelines for how to account for constituent project activities that may be linked to climate change, rather than counting the whole sum of finance of the project. As those guidelines are still in their early stages, we had to introduce our own approach, in an exemplary manner and for illustrative reasons, to counter overestimation of financial climate aid and to stimulate the debate. However, we are not saying that this is the only "true" way of response.

As almost one quarter of projects was written in the donors' national languages (mostly French, Spanish, and German), we manually assessed those project descriptions for any adaptation-relevance. However, it may be possible that due to incomprehensible terminology some adaptation-relevant projects in non-English language have been overlooked.



## 3 Findings

### 3.1 Comparative analysis: OECD/Donor coding versus Germanwatch coding

Applying the key term filter to the original data sheet of 6107 projects in the first round we surprisingly found that only 55 % (3363 in total) of all projects are containing one or more adaptation-relevant keywords. The focus of all other activities (45 %) is unrelated to climate change adaptation, for instance concentrating on rural development strategies or the fulfilment of the Millennium Development Goals (MDG's) but with no explicit relation to climate change adaptation.

From those 3363 projects identified to be relevant, a second manual search revealed that 63 % can be classified as significantly related to climate change adaptation while 37 % of the activities are either mentioned in a different context or it remains unclear if adaptation to climate change is explicitly addressed. The following two project descriptions are taken from those 37 %, exemplifying that there is no obvious adaptation relevance:

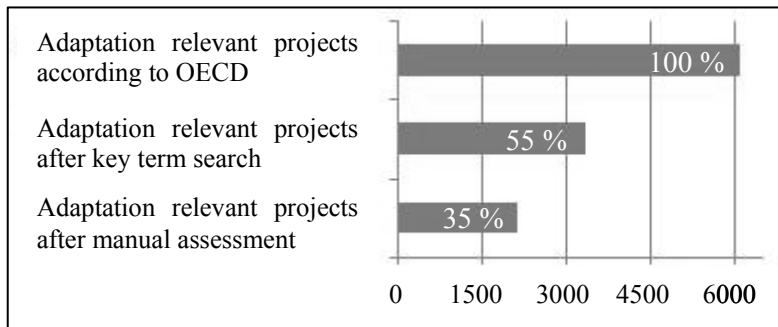
*"The objective is to support sustainable economic development. It will do so by strengthening the capacity of the government to improve trade and investment climate in Indonesia. [...]"*

*"Project support: Public awareness campaign around adoption of the national spatial plan, capacity building of municipalities, elaboration of municipal urban plans. Implemented by UNDP."*

Adding up those 37 % to the earlier mentioned 45 % of projects unrelated to climate change adaptation, a striking 65 % of the original dataset projects can be classified as inappropriately coded not stating adaptation as a significant or principal target. Figure 1 illustrates the three different classifications of adaptation-related projects.

False coding is also detected when taking a look at the remaining 35 % of projects (2118 in total). According to our manual examination, around 38 % of those activities are clearly over-coded: while having received marker 2 from the donor country reporters we did not find any record that adaptation was the primary but rather a secondary objective.

**Figure 1: A different understanding of adaptation-relevant activities**



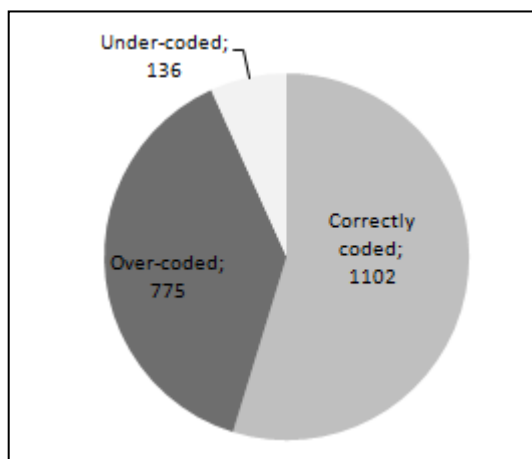
Source: Own compilation

Figure 2 also illustrates that more than half of the 2118 projects (1155 in total) were marked correctly. This refers to 743 activities that we as well as the donor country reporters marked with adaptation marker 1, and 412 projects that were coded with marker 2. Interestingly, this positive tendency is amplified by a small number of activities that we found to be under-coded: 168 projects clearly named climate change adaptation as principal objective although donor country reporters coded them as if adaptation was a significant target among others. The following two project descriptions exemplify the under-codings:

*"The Programme for the Improvement of Capabilities to Cope with Natural Disasters Caused by Climate Change."*

*"Flood Protection and Drainage Improvement."*

**Figure 2: Coding errors of the remaining 2118 projects**



Source: Own compilation

### 3.2 Coding errors and their financial implications

Expanding our examination to the financial commitments of the projects, we found some interesting results. From all 6107 projects, one sixth was discovered to have a budget equalling 0. This share is comparable to the one found when looking at the 2118 adaptation relevant projects. Although it does not change the financial commitments in regard to the 100 bn USD until 2020, we agree that it does not make sense to include those projects in the OECD Adaptation Marker dataset.

An alarming aspect was discovered when we examined the top ten projects with the highest financial budgets, together accounting for one third (2.9 bn USD) of all the money reported under the adaptation marker. Virtually all of these projects are over-coded (see Table 1)<sup>4</sup>. Since it would not be legitimate to count the whole budget of over-coded projects as explained earlier, projects that we coded with adaptation marker 1 were halved, while projects with no adaptation relevance were not added up at all. This means that instead of comprising 2.9 bn USD when summing up the reported contributions, the top ten projects only add up to 604 mio. USD – around 20 % of the original amount.

**Table 1: Top ten projects with the highest financial contributions reported by the donor countries<sup>5</sup>**

Donor country	Recipient country	Project description	Coding and reason for coding <sup>6</sup>	Financial commitment in '000 USD <sup>7</sup>
Netherlands	Bilateral	MFS II subsidy 2011-2015 The ICCO Alliance	<b>over-coded</b> (D: 1, GW: 0)  The work that the ICCO Alliance carries out in regard to climate change focuses around mitigation activities.	<b>0</b> (507.000)

<sup>4</sup> As those projects are explicitly illustrated here we examined them in more detail, indentifying and scanning project documents to ensure correct coding.

<sup>5</sup> This list derives from the original table with all 6107 project.

<sup>6</sup> D = Donor coding; GW = Germanwatch coding

<sup>7</sup> Original amount in brackets

Donor country	Recipient country	Project description	Coding and reason for coding	Financial commitment in '000 USD
Japan	Iraq	To improve water supply in the area	<b>over-coded</b> (D: 1, GW: 0)  The project intends to build up and improve water facilities as the security situation in the last decade did not allow much work despite a growing demand for water. No clear connection to climate change.	<b>0</b> (416.000)
United Kingdom	Bilateral	ETF – Environmental Transformation Spend	<b>over-coded</b> (D: 2, GW: 1)  One part of the project can be understood as climate change adaptation but according to the DFID website the main sector of this project is biodiversity.	<b>193.000</b> (386.000)
United Kingdom	Bilateral	To support development and poverty reduction through environmental protection, and help developing countries respond to climate change	<b>over-coded</b> (D: 2, GW: 1)  One part of the project can be understood as climate change adaptation but according to the DFID website the main sector of this project is biodiversity.	<b>193.000</b> (386.000)
Spain	Bilateral	Facilidad Financiera para la Cofinanciación de la Seguridad Alimentaria	<b>over-coded</b> (D: 1, GW: 0)  The project focuses on food security and agriculture but with no clear reference that this is being done in response to, or preparation for predicted climate change impacts.	<b>0</b> (378.000)
Japan	Indonesia	To support climate change policies	<b>over-coded</b> (D: 2, GW: 1)  The project features some climate change adaptation as well as mitigation activities.	<b>155.000</b> (310.000)

<b>Donor country</b>	<b>Recipient country</b>	<b>Project description</b>	<b>Coding and reason for coding</b>	<b>Financial commitment in '000 USD</b>
Japan	Morocco	Providing safe drinking water	<b>over-coded</b> (D: 1, GW: 0)  The project deals with the development of water and sanitation facilities to raise awareness on the importance of hygiene practices and hand washing. There is no clear relation to climate change.	<b>0</b> (172.000)
Spain	Europe	El Fondo Marguerite es un fondo de capital europeo cuya finalidad es favorecer las inversiones en infraestructuras en materia de lucha contra el cambio climático, seguridad energética y redes transeuropeas	<b>over-coded</b> (D: 1, GW: 0)  The fund that is set up through the project aims to support renewable energy projects and sustainable energy solutions but does not intend to fund any climate change adaptation measures.	<b>0</b> (132.000)
Japan	Kenya	To increase the productivity of rice	<b>over-coded</b> (D: 2, GW: 1)  The project aims to improve the productivity of rice through the development of irrigation systems. While improving the livelihood of farmers it can in part also be understood as a climate change adaptation project.	<b>63.000</b> (126.000)
United Kingdom	Ethiopia	To improve the food security status for male and female members of food insecure households	<b>over-coded</b> (D: 1, GW: 0)  The project mainly addresses the social service and food aid sector but with no clear reference to climate change.	<b>0</b> (117.000)

Expanding our view to the top fifty projects with the highest financial commitments, we found the following results: 58 % of the projects are over-coded since they seem to have no relevance for climate change adaptation at all. Further, from the remaining 42 % we identified five more projects to be over-coded, having received marker 2 instead of the more suitable marker 1. Ultimately, comparing the top ten and top fifty, those results emphasize that the over-coding of projects takes place in projects that cover financially large as well as medium-scale interventions.

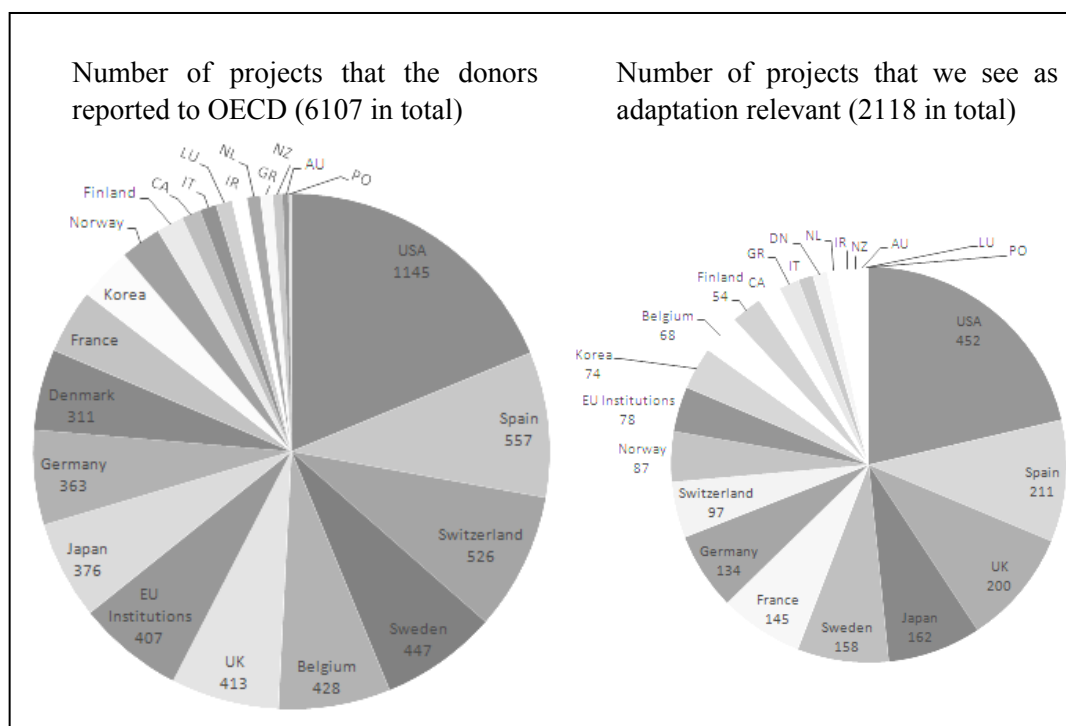
Besides portraying over-coded projects in accordance to their financial contributions, Table 1 illustrates that Japan sponsors four out of the ten financially largest activities, followed by the United Kingdom with three financially large-scale projects and Spain with two. However, considering the coding, only Japan and the United Kingdom feature projects that are actually relevant for climate change adaptation.

Another financial gap was found when comparing the overall budgets for adaptation projects that were reported in the original datasheet and the amount we identified. While donor country reporters registered 8.7 bn USD, we found only 3.9 bn USD that were actually spent on climate change adaptation-relevant projects. In fact, this amount is further trimmed when the budget of over-coded projects is reduced by 50 %, adding up to only 2.7 bn USD. This results in a gap of 6 bn USD.

### **3.3 Country analysis**

Having illustrated the financial budgets in respect to the top ten and top fifty donor countries, we became curious about country coding in general, examining which countries feature the most climate change adaptation projects and which over-code significantly. Looking at the original dataset with its 6107 projects, the left circle in Figure 3 pictures three countries that stick out as they feature a very large number of projects: the United States, Spain as well as Switzerland. A different picture appears when screening the country-specific numbers of projects that we identified as adaptation-relevant. As the right circle in Figure 3 demonstrates, the United States and Spain are still front-runners; yet Switzerland is only positioned in the midfield while the United Kingdom and Japan are ranked among the leading countries. It would be wrong to already stereotype countries in terms of over-coding, however Figure 3 vividly pictures that all countries, some more and some less, have reported a significant amount of falsely coded projects to the OECD.

**Figure 3: Country breakdown of the number of adaptation projects (incl. all projects marked with marker 1 or 2)**

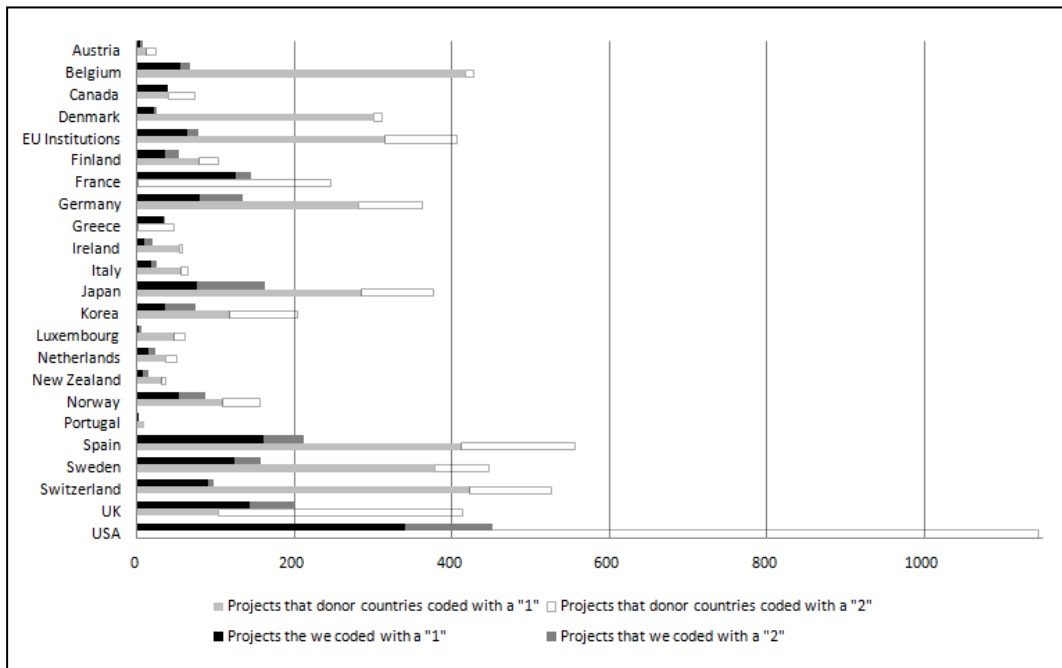


Source: Own compilation

Expanding our view to assess how frequent different donor countries have applied the markers 1 and 2, the United States again raised special attention as their respective reporters have coded virtually all US projects with marker 2. This is striking as marker 1 stays unused although there are many cases where it should be applied.<sup>8</sup> Those findings are pictured in Figure 4. While the bottom columns of each country picture the donor's classification, the upper columns illustrate our coding results.

As a similar trend is observed on projects financed by Greece and France, which have both marked more than 97 % of their projects with adaptation marker 2. In comparison to these findings, countries such as Portugal, Belgium, Denmark, and Ireland show quite the opposite tendency having coded more than 94 % of their projects with adaptation marker 1.

<sup>8</sup> It needs to be taken into account that most of their long textual project descriptions are generally very short in character and have limited informational value. Also, as pointed out in the latest OECD Factsheet on OECD DAC Statistics on Climate-Related Aid, the United States are currently undergoing some changes in their financial reporting systems to report against the Rio markers – a potential source of false coding.

**Figure 4: Number of adaptation projects**

Source: Own compilation

Further looking at Figure 4, it is easy to recognize the countries with a large share of over-coded projects by comparing the length of all four respective country columns. In fact, Figure 4 substantiates and also expands our earlier findings that it is especially the United States, Spain, Switzerland, Belgium, Denmark, Luxembourg, and the EU Institutions that over-coded a significant amount of their projects. In practice that means that, on purpose or accidentally, those countries have far less adaptation-relevant projects in place than they reported to the OECD.

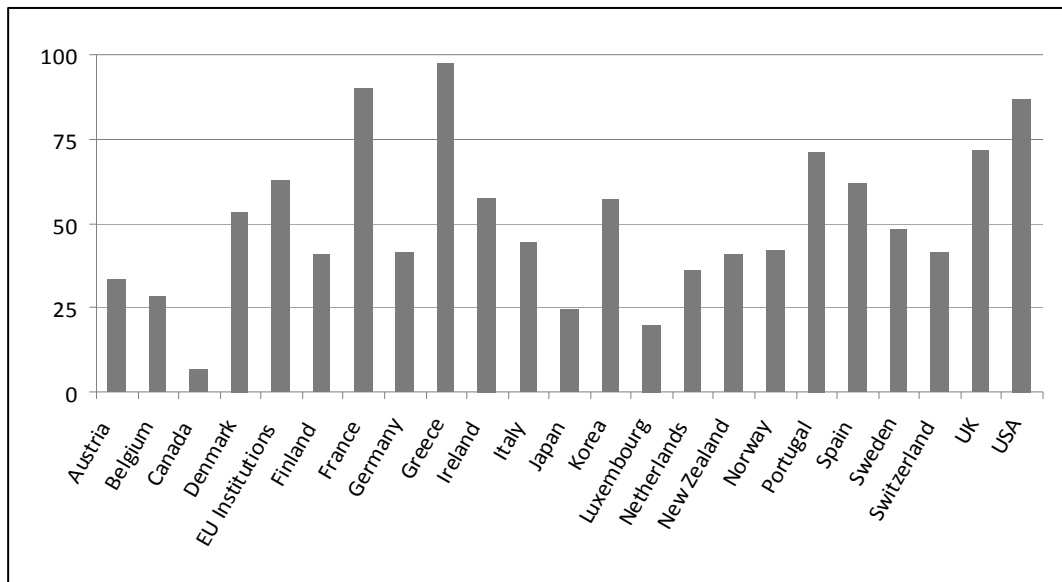
Besides picturing over-coding results in respective countries, Figure 4 also provides some insights into those countries, which from our coding perspective feature the most principal and significant objective adaptation projects (see upper columns). In regard to interventions that solely address climate change adaptation, the United States and Japan are obvious front-runners. In fact, these two also lead the group of countries that feature the most significant objective projects, being followed by Spain, France, and Sweden.

It also needs to be mentioned that some donor countries have listed their projects repeatedly, for instance when featuring the same activities in different countries. Yet, in some cases identical projects received different markers, for instance marker 1 for implementing a project in Bolivia and adaptation marker 2 for the implementation of the same activity in Brazil. This is odd and needs to be examined further, e.g. through getting in contact with respective donor country reporters.



Keeping the country perspective, Figure 5 illustrates the countries that have significantly over-coded their adaptation-relevant projects, marking them with adaptation marker 2 instead of the more appropriate marker 1, 2 instead of a 0 or a 1 instead of a 0. Figure 5 illustrates that ten out of all 23 countries have over-coded more than 50 % of their projects, Greece being the significant front-runner.

**Figure 5: Percent of projects that each country has over-coded**



Source: Own compilation

### 3.4 Over-coding in Germany

Germany is an important player in the international climate change debate. With its ambitious target to decrease the country's emissions by 40 % in 2020 compared to emission levels in 1990, it has a good reputation among many developing countries. Moreover, Germany has actively promoted the development of a global funding mechanism to support vulnerable (least developed and developing) countries to strengthen their mitigation and adaptation efforts. Being a large funder of such activities itself, the following section particularly looks at the projects financed by Germany with the intention to identify the credibility of the country's classifications. Of course, a more in-depth analysis would be interesting for all donor countries. However, given the specific audience of Germanwatch and "Bread for the World", as the initiators of this research, only Germany will be looked at in more detail.

In total, Germany has listed 363 projects in the original dataset as relevant for climate change adaptation. Yet, our key term and manual search revealed that only 134 of these activities are actually stating adaptation as principal or significant objective. Equalling barely 37 % of the originally listed projects, this number

is higher than that of some other countries such as Belgium, Spain or the United States, but still fairly low.

From those 134 projects we found 20 projects to be over-coded having received a "2" but did from our perspective only address adaptation as a secondary target. Another four projects were identified to be under-coded. According to our coding parameters, the remaining 110 projects (82 %) were marked correctly, a good ratio in comparison to other countries.

Germany has invested USD 102 mio from which USD 58 mio were spent on projects featuring adaptation as significant objective, while 44 mio on principal objective adaptation interventions. While those numbers are based on our classification, the OECD (2011) calculated a total USD 546 mio, USD 480 mio of it spent on projects with a significant adaptation focus. This strong discrepancy of USD 444 mio is alarming as only one fifth of the announced amount was in fact spent on actual adaptation projects. It is also important to note that 30 of Germany's 134 adaptation relevant projects do not state any financial commitments.

## 4 Potential reasons for false coding

The paper has demonstrated that the credibility of the "Adaptation Marker" is still limited. All countries were found to have inappropriately coded a significant amount of their project. There are four possible reasons for this:

Firstly, human coding errors need to be taken into account when classifying large datasets of projects. Due to rapid coding procedures, miscodings can appear frequently, yet cannot explain the large number found in this dataset. In addition to this there might be a potential lack of capacity within donor agencies to allocate time and personnel necessary to properly evaluate projects. Projects might not have been coded by project task managers or climate experts but by supportive clerks that find it difficult to evaluate the climate relevance of projects.

A second explanation for false coding is that OECD definitions of adaptation are not very precise and might have caused governmental officers to code sustainability as well as environmental relevant projects as adaptation activities.

Third, the marker is applied by the countries themselves and is not reassessed or re-audited by OECD Reporters. We do not target to impute deliberate miscoding on countries, but according to the study of Michaelowa/Michaelowa (2011) politically motivated miscodings in fact take place. Indeed the study points out that coding is systematically influenced by different political factors such as general ecological and ideological preferences, the former often leading to significantly more over-coding than the latter.

Lastly, we also see the lack of clarity what adaptation and adaptation aid actually constitutes as a cause for the fairly high share of falsely coded activities. Can projects on fishery be listed as adaptation? Does work on water and sanitation projects count as adaptation to climate change? The answer is it depends. Although the term adaptation has been defined by many authors, the measurability as well as evaluation is still in its infancy.

## 5 Conclusion and next steps

Ultimately, for the political agenda these results and observations mean that donor countries need to improve their coding parameters and enhance oversight as well as accountability. For instance, capacities among responsible departments can be build up by asking climate experts to assist in the pre-assessment of projects and provide information on types of interventions likely to be climate-relevant. In addition, project descriptions should be enhanced to accurately reflect the activities carried out.<sup>9</sup>

On the OECD side it is essential to build up a clearer understanding of what constitutes adaptation (support) and how it can be operationalized and differentiated at the local level. Even though there is a definition of the kind of activities that should be classified as adaptation-related, it is rather short and superficial. Consequently, the OECD needs to allocate more resources and invest in training to develop a tool or suitable indicators that can help donor country reporters when making judgements. This should support countries to better identify what to label as climate change adaptation and, not less importantly, what projects should not be eligible to receive the adaptation marker. We are aware that the development of such definition is rather desirable than politically feasible, but it is indispensable for a credible OECD dataset.

Further, to make the coding process more transparent we advise the OECD to expand their character limit for the project descriptions to ensure reliability and traceability. As we know from colleagues at the OECD, the DAC Secretariat has planned to undertake a review of 2010-11 adaptation data, providing feedback to donor countries on possible reporting issues (particularly how to improve reporting instructions to improve clarity and comparability of reporting). To make this process as effective as possible we invite the OECD to take our comments and recommendations in a serious and constructive manner.

Finally, we want to point out that a credible tool to track how much money is spent on adaptation is essentially needed for two reasons: to account for the use of public money in donor countries and to also ensure that least developed as well as developing countries receive their fair share of money to adapt to climate change. Furthermore it can help to minimise the risk of diverting aid required for poverty reduction and that contributions to the USD 100 bn commitment of climate finance are not artificially blown up.

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<sup>9</sup> This should not be read as a call for descriptions to be improved in terms of using the right words, such as the one's we used in our filter system, but rather demands more substance in regard to specific (adaptation) projects.

To have a complete overview of adaptation aid, it would also be useful to have multilateral aid (from UN institutions, the World Bank or others) reported to the OECD. As far as we know the World Bank is farther ahead on developing an adaptation and tracking method, with task managers forming fairly precise budget estimates of each project devoted to climate change. Further, as our analysis solely assessed the adaptation marker it did not at all look at the well-known problem of double-counting, referring to projects that donor country reporters coded as adaptation as well as mitigation-relevant and thus (falsely) counted both amounts when compiling the total aid to climate change mitigation and adaptation. This needs to be assessed further as it also distorts the financial aid for climate change.

Even though we support the idea of the adaptation marker in principle, this paper underlines that the current reporting system does not live up to its promises. It is prone to overestimation due to the several significant insufficiencies pointed out. To make the data more reliable and the marker more credible, the OECD as well as the donor countries should work towards indispensable improvements of the guidance for applying the marker.

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## Appendix

List of key terms:

adapt, climat, vulnerab, impact, sensitiv, disast, mainstream, resilien, dam, flood, low lying, harm, adjust, drought, food, irrigat, warning, water, wetland, awareness, sea, storm, coast, monsoon, agriculture, heat, rain, recove, susceptib, variab, stress, elderly, asses, eco, catastroph, dike, dyke, inundat, river, dry, farm, forest, biodivers, capacity, degrad, resettle, drain, fire, restor

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