Food and Agriculture Organization of the United Nations

Climate finance in the agriculture and land use sector between 2000-2019

SPECIAL UPDATE

Authors: Buto, O., Galbiati, G.M., Alekseeva, N. & Bernoux, M.

Introduction

This document is a special update of the recent FAO analysis, "Climate finance in the agriculture and land use sector – global and regional trends between 2000 and 2018"[1] and includes newly released data for 2019. Climate finance is a fundamental element of the global development agenda and has been accelerating in the past years. The recent FAO analysis identified that between 2000 and 2018 the share of global climate finance in the agriculture and land use sector decreased, passing from an average of 45 percent of the total flows at the beginning of the millennium, to 24 percent in 2013 where it has remained. The total sum of contributions to the agriculture and land use sector between 2000 and 2018 amounted to USD 122 billion, representing 26 percent of the global climate finance flows to all sectors. The potential impact of the COVID-19 pandemic is not yet visible in these figures and is expected to be analysed when data for 2020 is released.

Methodological considerations

The main data source for this analysis is the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) Climate-related Development Finance database. This database includes Official Development Assistance (ODA), other official flows (OOF), private grants and private amounts mobilized, reported by DAC and non-DAC members.

This analysis is focused on the recipient perspective, including bilateral flows and the outflows from multilateral providers from 2000 to 2019 as published by OECD in October 2021. For the purpose of this analysis, the definition of "agriculture and land use sector" is based on the compilation of the OECD purpose codes, which were

[1] Buto, O., Galbiati, G.M., Alekseeva, N., Bernoux, M. Climate finance in the agriculture and land use sector – global and regional trends between 2000 and 2018. FAO. 2021. http://www.fao.org/3/cb6056en/cb6056en.pdf

pre-selected and approved as "FAO-related sectors" by the FAO AID monitor platform, in consultation with FAO technical departments and management. Therefore, the definition of "agriculture and land use sector" used here includes the concept of food security, nutrition, agriculture and rural development flows.

This analysis uses the OECD regional classification and is based on six regions including Africa, Asia, America, North Africa and Middle East, Europe, Global and Inter-regional projects.[2]

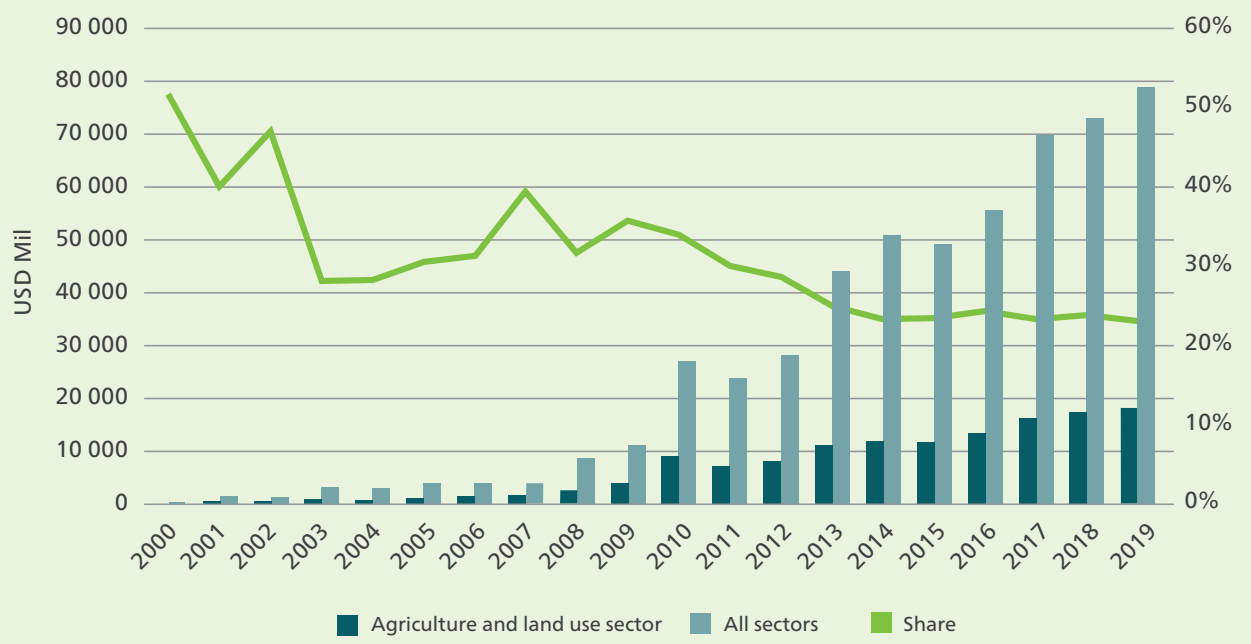
Findings

Allocation of climate finance to all sectors has continued to increase since 2000. In 2019 it reached USD 79 billion, making it the year with the highest allocations ever, edging closer to the global financing goal of USD 100 billion per year. Since 2000, total climate finance allocations have reached USD 546 billion.

In 2019, USD 18.4 billion, or 23 percent of climate finance was allocated to the agriculture and land use sector. Similar to the trend observed for 2000-2018, the share of climate finance allocated to the agriculture and land use sector has continued to decrease (Figure 1).

FIGURE 1.

Climate finance allocations to the agriculture and land use sector versus all sectors (USD million)



In the assessed period between 2000 and 2019, the two major providers of climate finance across all sectors were DAC member countries (59 percent) and Multilateral Development Banks (36 percent).

[2] For more information on methodology please consult the report: http://www.fao.org/3/cb6056en/cb6056en.pdf

In 2019, Multilateral Development Banks were the major climate finance providers (USD 39 billion), with the International Bank for Reconstruction and Development (IBRD of the World Bank), the Asian Development Bank (ADB), the International Development Association (IDA of the World Bank), the European Bank for Reconstruction and Development (EBRD) and European Union Institutions (EIB) taking the lead.

Confirming the trend seen in the period 2000-2018, in 2019 the largest share of climate finance to all sectors was allocated to the mitigation objective (52 percent), followed by adaptation (34 percent) and the cross-cutting[3] objective (13 percent) (Figure 2).

It is interesting to note that this was not the case for the agriculture and land use specific allocations or the agriculture and land use sector, where most of the allocations targeted the adaptation objective (51 percent), followed by the cross-cutting objective (27 percent) (Figure 3).

FIGURE 2.

Climate finance allocated to all sectors by climate objective (USD million)

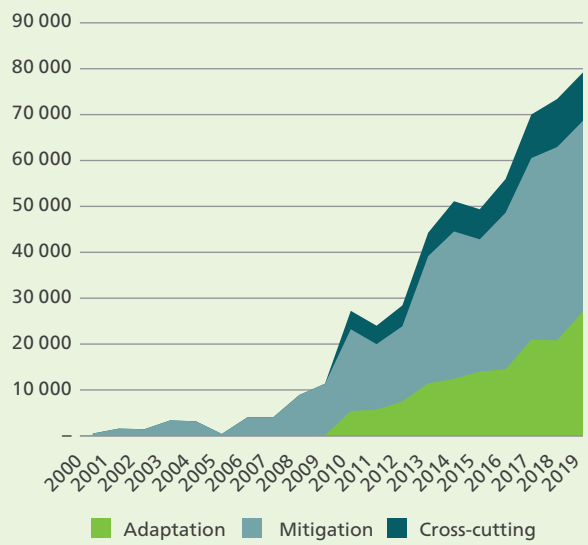
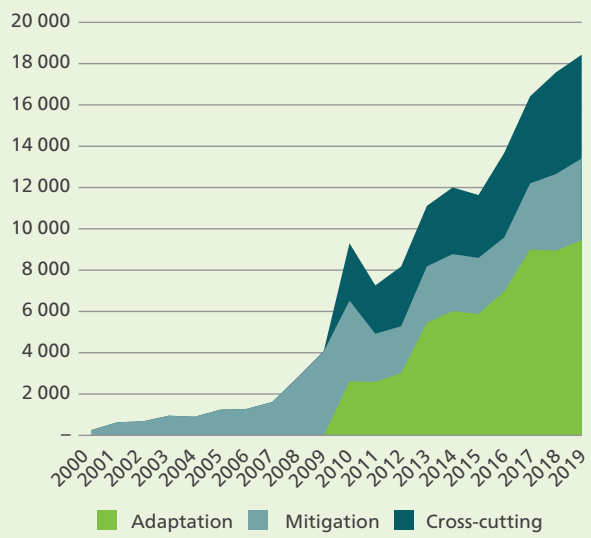


FIGURE 3.

Climate finance allocated to the agriculture and land use sector by climate objective (USD million)



In 2019, climate change mitigation activities received 21 percent of all climate finance in the agriculture and land use sector. The timeline analysis points to the fact that in 2019 there was a USD 500 million increase in the allocations for mitigation, compared to 2018. The Global Environment Facility (GEF) was the major provider of climate finance to mitigation in the agriculture and land use sector (Table 1).

[3] "Cross-cutting" refers to both mitigation and adaptation.

TABLE 1.

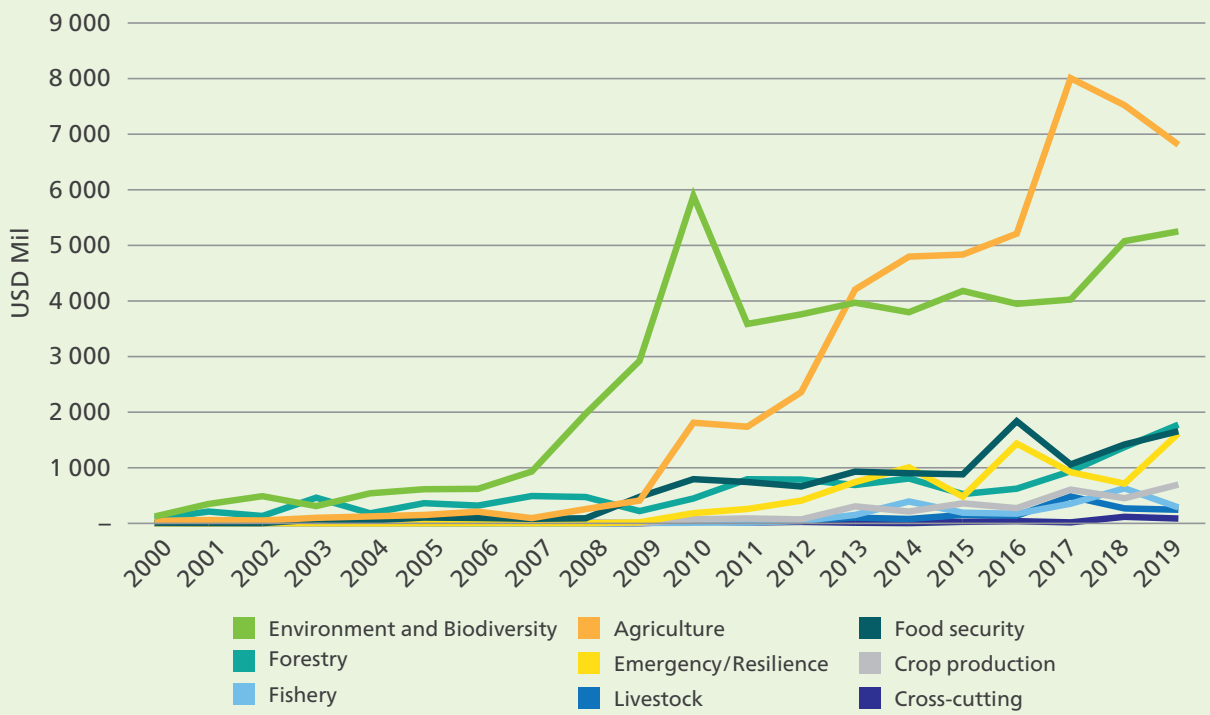
Top 10 providers of climate finance to climate change mitigation in the agriculture and land use sector in 2019 (USD million)

Global Environment Facility General Trust Fund	USD 495
International Development Association	USD 451
Korea	USD 383
International Bank for Reconstruction and Development	USD 382
Green Climate Fund	USD 246
United States	USD 224
Germany	USD 223
Asian Development Bank	USD 192
Norway	USD 181
European Bank for Reconstruction and Development	USD 169

Certain changes in the the distribution of climate finance within the agriculture and land use sub-sectors were evident in 2019 (Figure 4). Although it saw a decrease over the two previous reported years (2017 and 2018), the agriculture sub-sector continues to be the largest recipient of funding. It is followed by the environment and biodiversity sub-sector, with a steady increase of funds. Increase in allocations were also observed in the forestry, food security, and emergency and resilience sub-sectors.

FIGURE 4.

Climate finance to agriculture and land use sub-sectors between 2000 and 2019 (USD million)



The year 2019 marked the highest allocations to the forestry sub-sector within the analysed timeframe, reaching USD 1.8 billion. Around one third of this was allocated to Asia, making it the largest recipient of climate finance in the forestry sub-sector, followed by large allocations to global and interregional projects (21 percent), America (19 percent) and Africa (16 percent). Regarding climate finance allocated to the forestry sub-sector in Asia, 66 percent was provided by Multilateral Development Banks, 20 percent by other multilateral organizations and 14 percent by DAC members.

With regards to the food security sub-sector, in 2019 it received the largest allocations of climate finance within the assessed period, reaching USD 1.7 billion. Africa received the highest share of allocations in this sub-sector reaching 39 percent of the total.

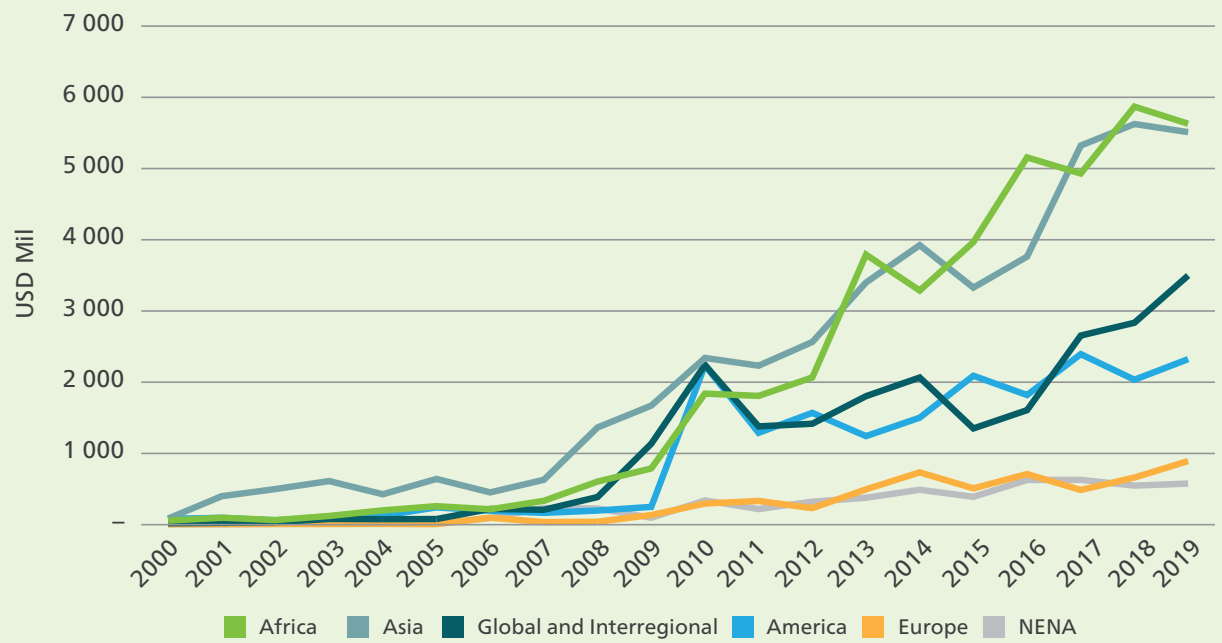
The emergency and resilience sub-sector received a total of USD 1.6 billion of climate finance in 2019, doubling the contributions received in 2018. Asia was the major recipient, with a 55 percent share of climate finance in 2019, followed by Africa (21 percent), America (11 percent), global and interregional projects (11 percent).

Overall, in 2019, 94 percent of all allocations to emergency/resilience in Asia came from Multilateral Development Banks (USD 463 million) and DAC member countries (USD 379 million). The main provider among DAC member countries was Japan, with a total allocation of USD 354 million.

The previously observed differences in allocations among the regions continued to prevail in 2019 (Figure 5). In 2019, the total allocations of climate finance to the agriculture and land use sector were equal in Africa and Asia, with each region receiving USD 5.5 billion. It is interesting to note that the allocation to Africa and Asia decreased slightly compared to 2018, while climate finance in all other regions increased.

FIGURE 5.

Climate finance allocations to agriculture and land use sector by region (USD million)

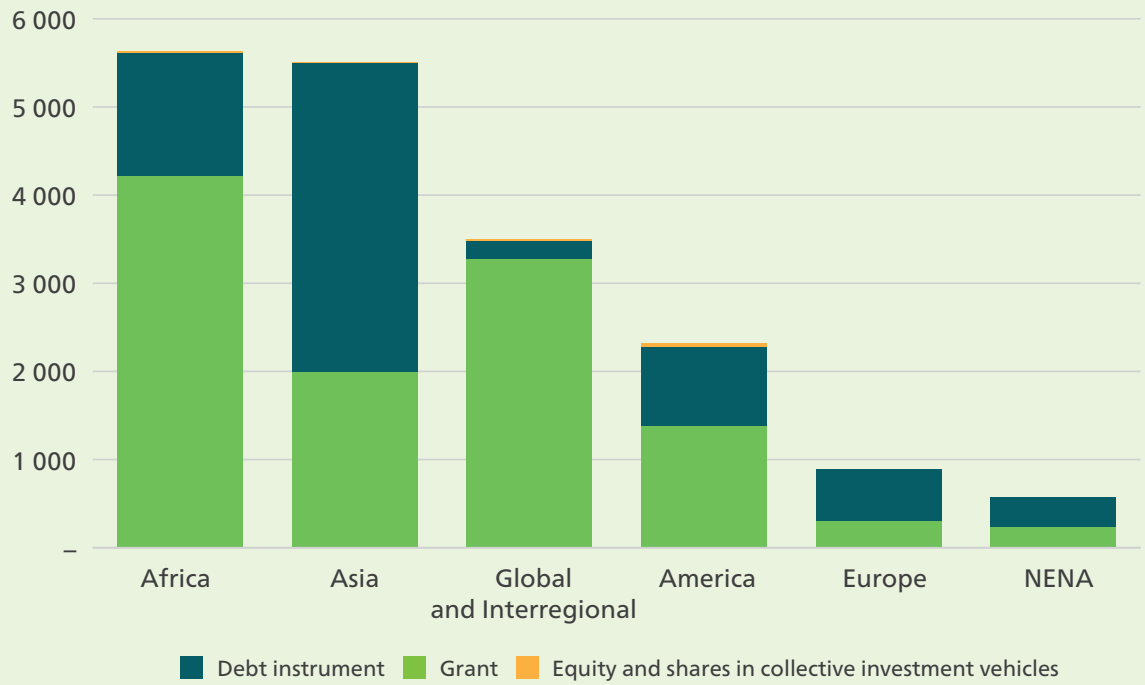


The increase in allocations in 2019 was particularly noticeable in the case of global and interregional projects, which received a total of USD 3.5 billion. The major provider of funding to this project category were DAC members who contributed the total of USD 2.9 billion – the five main providers were Germany, European Union Institutions, Netherlands, France, and Sweden.

In 2019, as in the previously assessed years, the largest amount of climate finance allocated to the agriculture and land use sector in Africa was provided in the form of grants (Figure 6), followed by global and interregional projects. At the same time, Asia has continued to be the largest recipient of climate finance in the form of debt instruments. The Near East and North Africa attracted 40 percent of allocations in the form of grants and 60 percent in the form of debt instruments.

FIGURE 6.

Climate finance allocated to the agriculture and land use sector in 2019 by region and financial instrument (USD million)



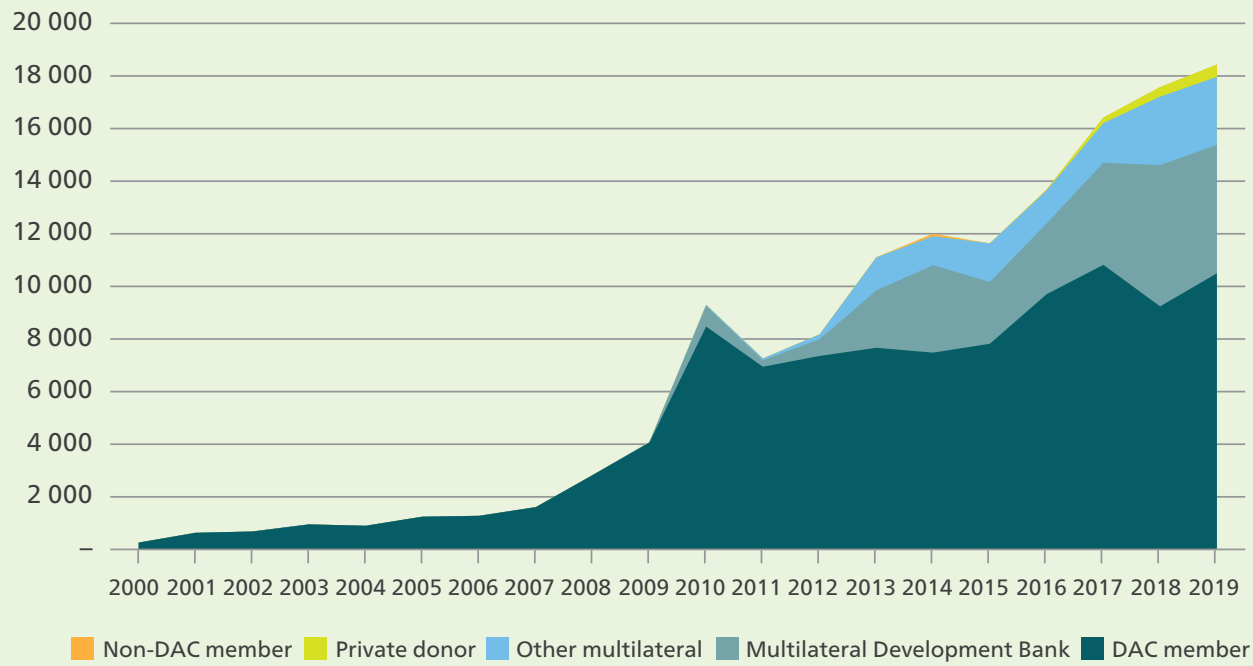
In 2019, contributions to the agriculture and land use sector in the Small Island Development States dropped in all three regions (Caribbean, Pacific and AIMS[4]): flows from DAC members and Multilateral Development Banks decreased by minus 41 percent and minus 37 percent respectively compared to the previous year, while other multilateral organizations increased their contributions by 20 percent. This might be linked to funding cycles.

Also in 2019 the largest share of climate finance to the agriculture and land use sector continued to come from DAC member countries, followed by Multilateral Development Banks, other multilateral organizations and private donors (Figure 7), confirming the trend seen in the period 2000-2018.

[4] AIMS: Atlantic, Indian Ocean, Mediterranean, and South China Sea.

FIGURE 7.

Climate finance to the agriculture and land use sector by provider type (USD million)



Among DAC members, the top five providers in 2019 were Germany (USD 2.8 billion), European Union Institutions (USD 1.7 billion), France (USD 1.1 billion), United Kingdom (USD 831 million), and United States (USD 697 million).[5]

Conclusion

Climate finance allocations to the agriculture and land use sector in 2019 reached USD 18.4 billion which constituted 23 percent of total climate finance allocated to all sectors in 2019. Thus, the share of allocations to the agriculture and land use sector continued to decrease. Most of the allocations in the sector targeted the adaptation objective (50 percent), with agriculture development, environment and biodiversity, and forestry the most targeted sub-sectors.

[5] For more information, please see **Annex 1**.

Annex 1: Main climate finance providers to the agriculture and land use sector in 2019

TABLE 2.

Top 10 DAC member providers of climate finance to the agriculture and land use sector in 2019 (USD million)

1	Germany	USD 2,823
2	European Union Institutions (excl. EIB)	USD 1,672
3	France	USD 1,123
4	United Kingdom	USD 831
5	United States	USD 697
6	Netherlands	USD 546
7	Japan	USD 450
8	Korea	USD 444
9	Sweden	USD 363
10	Canada	USD 338

TABLE 3.

Top 10 multilateral bank providers of climate finance to the agriculture and land use sector in 2019 (USD million)

1	International Development Association	USD 1,583
2	International Bank for Reconstruction and Development	USD 1,017
3	Asian Development Bank	USD 629
4	African Development Fund	USD 394
5	Inter-American Development Bank	USD 354
6	European Union institutions (EIB)	USD 294
7	African Development Bank	USD 269
8	European Bank for Reconstruction and Development	USD 186
9	Asian Infrastructure Investment Bank	USD 84
10	Islamic Development Bank	USD 68

Information

Resource Mobilization and Private Sector Partnership Division – Partnerships and Outreach
PSR-Director@fao.org

Office of Climate Change, Biodiversity and Environment
OCB-Director@fao.org

www.fao.org/koronivia/en

Food and Agriculture Organization of the United Nations
Rome, Italy

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