

Integrating Climate Change into Development Cooperation - Korea's Experience

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I. Climate Integration in Development Cooperation

Climate change is an imminent challenge to global development. In the past decades, the global community has experienced extreme climate disaster destroying livelihoods in developing countries. The changing climate is also threatening many developing economies by impacting their source of income, for instance in the areas of agriculture, tourism, or manufacturing. More importantly, climate change is a threat that can reverse the efforts made in development cooperation. Consequently, the international community is taking active measures to integrate climate change in its development activities.

Korea has reached milestones in development cooperation over the past two decades. At the same time, it has sought for various measures to better incorporate climate consideration in its cooperation activities. However, a number of challenges remain and further action is required in improving the system and practices to better integrate climate change into Korea's development cooperation.

We aim at providing an overview of Korea's progress in integrating climate change into its development cooperation to share the experiences and to highlight some achievements. In doing so, we first review how other developed countries have promoted climate change integration. Through comparison with Germany, the United States, and Switzerland, we summarized several achievements made by Korea in the area of development cooperation. In addition, we identified areas for further improvement to better integrate climate change into development cooperation, as well as projections for the next phase of Korea's development cooperation to begin in 2021.

II. Selected Donors' Experience

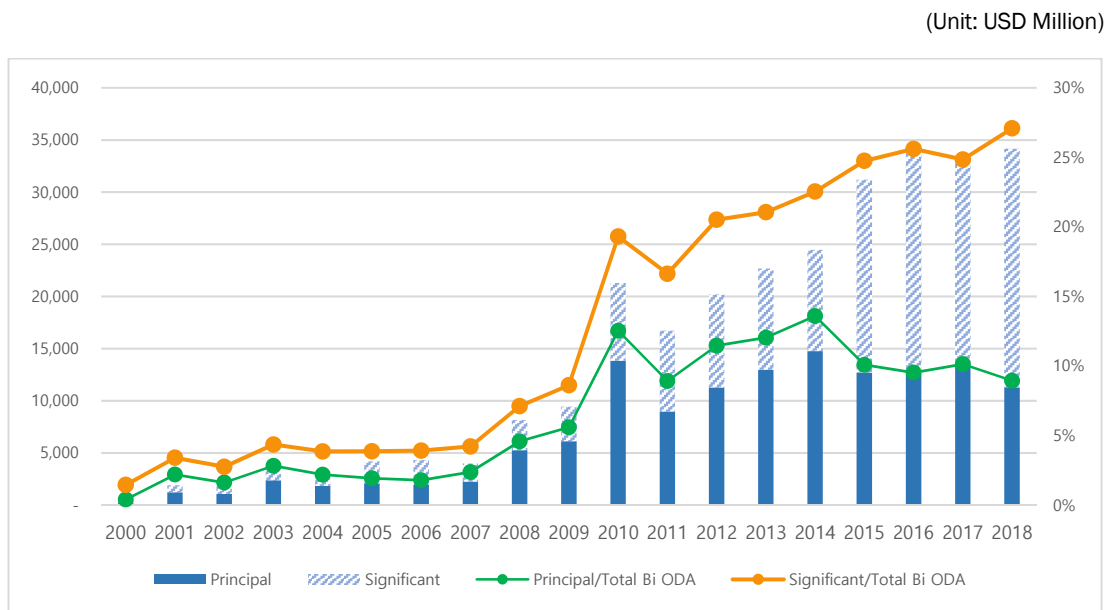
Since the Rio Summit in 1992, major development partners have significantly enhanced their climate-related actions. In terms of quantity, the amount of climate-related support provided by the OECD Development Assistance Committee (DAC) members ranged from 11.2 billion to

34.2 billion USD in 2018 (Figure 1).¹ This accounts for roughly 26% of all official development assistance provided and is a seven-fold increase in ten years.

Not only has the amount of climate-related support increased, but development partners are

also pursuing various measures to integrate climate change into their activities. These measures include developing a policy framework or guidelines, strategies, tools, as well as checklists. In the following section, we provide a summary of the experiences by a number of major donors in climate change.

Figure 1. Climate-related Aid by DAC Members



Source: OECD Stats. Database (Accessed July 27, 2020) edited by the authors.

Germany

Among the actors, Germany provided more than 8 billion USD to climate-related activities in 2018.² This figure accounts for 32% of Germany’s total ODA. The country is also widely recognized for its leading role in climate negotiations at the United Nations and also at other global discussions; for instance, during its term of G20 presidency in 2016.

Germany has not published an official strategy or policy on climate change. However, climate consideration is embedded in all development cooperation activities. The OECD DAC Peer Review in 2015 stated that Germany prioritizes climate change, and thus considers climate change in all development activities. The German government (BMZ) introduced the Environment and Climate Assessment Tool in 2011, which includes the environment and climate

¹ Climate-related aid is estimated based on the Rio Markers (mitigation and adaptation) reported by each donor. Aid activities are marked as targeting climate change as the “principal objective”

or a “significant objective.”

² The figure is the commitment data reported to the OECD.

change as cross-cutting issues in development cooperation. Guided by this systemic tool, negative impacts on the environment and climate are to be reduced or eliminated and all activities must contribute to safeguarding the environment and climate.³

At the project-level, GIZ, the implementing agency of German development cooperation, utilizes a systemic risk management mechanism. This mechanism is a set of safeguards to assess and address the impact of individual activities on cross-cutting issues – climate change mitigation, climate change adaptation, environment, human rights, gender, as well as conflict and violence. According to this system, risks are analyzed in two stages – project design review, and in-depth review of the critical points. Therefore, all risks are addressed in the very early stage of projects and programs, and unintended negative impacts are minimized.

United States

While its proportion of climate-related aid is not as significant as Germany, the United States has committed to providing more than 1 billion USD to climate-related activities in 2018.⁴ The US government has pursued climate-related actions domestically and internationally with a strong political will. Starting from 2009, the US government has published a series of Executive Orders to enhance climate consideration.

In 2012, USAID published a guiding document on climate change and development.⁵ Under the overarching objective of “Climate-resilient low emission development,” this Strategy particularly identified climate integration as a strategic objective (SO3). In 2014, a Framework was announced to provide further guidance on assessing and addressing climate risks at the project-level. Followed by the Framework, Climate Risk Management (CRM) became mandatory for all USAID projects starting in 2015.⁶

CRM is a useful tool to check USAID strategies and activities against any immediate or potential climate risk at the designing phase of projects and strategies. An online platform (Climate Links) is established to provide resources. The platform is an archive of documents and reports on climate vulnerability and risks of certain regions and countries. Resources on past experiences and some success stories are also shared through the platform.

Although domestic politics have changed since 2017⁷, most of the framework and tools aimed at increasing climate resilience in development cooperation remain active.

Switzerland

In its International Cooperation Strategy 2021–24, Switzerland identified addressing climate change as one of the four thematic priorities.⁸ The OECD DAC Peer Review on Switzerland

3 OECD DAC. 2015. Peer Review: Germany 2015, p. 54.

4 The percentage of climate-related aid for the US is 3%.

5 USAID. 2012. Climate Change and Development Strategy 2012-2016 (extended to 2018).

6 USAID. 2015. Climate Change in USAID Country/Regional Strategies. A Mandatory Reference for ADS Chapter 201. Revised April 2017 & Climate Risk Management for USAID Projects and Activities. A Mandatory Reference for ADS Chapter

302 (Partial Revision). Revised April 2017.

7 President Donald Trump was inaugurated in February 2017 and announced the US withdrawal from the Paris Agreement in June 2017.

8 Confederation of Switzerland Website (<https://www.eda.admin.ch/deza/en/home/news/dossiers/alle-dossiers/iza-2021-2024.html>, accessed July 14, 2020).

has also commented that Switzerland has made significant efforts in linking its activities to climate change adaptation.

The Swiss Agency for Development and Cooperation (SDC) has created a dedicated program to support low-emission and climate-resilient development. A strategic framework is established to guide the Global Programme Climate Change and Environment, providing support for climate change and environmental policy, low-emission development, climate-resilient development, and sustainable resource management. The framework also highlights the need to consider climate change and the environment as a cross-cutting issue in development cooperation.⁹

At the project/program level, the SDC utilizes a tool to assess climate, environment, and disaster risks. The SDC's Climate, Environment and Disaster Risk Reduction Integration Guideline helps practitioners in the field to accurately

assess climate, environment, and disaster risks at the project/program design phase, and to adjust the design based on the risks identified. This tool is particularly significant because it takes a holistic integration approach to not only climate change but also the environment and disaster risks.

The table below summarizes some characteristics identified in reviewing climate integration experiences by Germany, the United States, and Switzerland. Based on the review, we concluded that major donors in climate change are pursuing climate action through a strong political will by the government. Following the guidelines set by the central government, these countries are promoting climate integration through tools to identify climate risks or impact at the very early stage of projects/programs and addressing them by adding and adjusting elements to the program/project to reduce and eliminate such impacts and risks. We observed a high-level of awareness by all involved actors.

Table 1. Summary of the Donors' Experience

Integration Measures	United States USAID	Germany BMZ (GIZ)	Switzerland SDC
Overarching Climate Integration Policy/Strategy/ Guidelines	Climate Change and Development Strategy 2012-2018 (published in 2012)	Climate change is a central consideration to all development cooperation activities	Climate change included as a cross-cutting issue in the International Cooperation Strategy
Tools for Implementing Agencies	Mandatory "Climate Risk Management (CRM)" - Requires climate impact assessment for all activities - Tools and vulnerability report available at the USAID climate change information platform	Mandatory "Safeguard and Checklists" - Required for all activities - Follows the GCF standard on safeguards and checklists	Voluntary "Climate, Environment, and Disaster Risk Integration Guideline" - Comprehensive risk assessment on climate, environment and disaster risk

Source: Author's summary.

9 SDC. 2017. Global Programme Climate Change and Environment. Strategic Framework 2017-2020.

III. Korea's Experience

Korea provided 182 million USD for climate-related activities in 2018. This figure accounts for only 6% of the total aid provided by Korea. In other words, the sum nor the portion of climate-related aid is not as significant as in the countries mentioned above. The current Framework Act on International Development Cooperation¹⁰ mentions the need to address global problems. However, climate change is not stated explicitly in this Framework Act announced in 2015.

Nonetheless, the need to respond to climate change and to integrate climate change into development cooperation is increasingly gaining attention since the adoption of the SDGs. Korea's Second Mid-term Strategy for Development Cooperation 2016-20 mentions the need to address climate change by stating its objective as contributing to the achievement of the SDGs. Furthermore, climate change is being emphasized in the Official Development Assistance Annual Implementation Plans. For instance, the Plan in 2017 mentioned the need to address climate change in order to diversify Korea's ODA projects and programs. In 2019, the Plan stated that indicators for cross-cutting issues of the SDGs, including climate change and gender, should be elaborated. In the Plan for 2020, enhanced action on climate change is clearly stated. The Plan includes enhancing the basis to address climate change as one of the tasks. This task is to be implemented by accurately analyzing the current status and trend to increase climate-resilient and low-emission development, increasing awareness at the implementing agency level, as

well as improving results framework and indicators. The Plan also requests for implementing agencies to consider Rio Markers at the early stage of projects and programs, such as project and program design.

At the implementation level, the Korea International Cooperation Agency (KOICA) has adopted an Environment Mainstreaming Guideline as early as in 2012. This document explains how the agency should incorporate the concept of environment mainstreaming at the organization, in its system, and in the programs. It also provides basic tools to integrate environmental issues into strategy and project development, as well as evaluations. Recently, KOICA published its Mid-term Sectoral Strategy 2016-20. Climate change is included as one of the ten priority sectors. The strategy states "improving the lives in developing countries" as the vision, and includes promoting sustainable development by addressing climate challenges, increasing capacity to address climate change, and improving access to resources through the financial mechanism of the UNFCCC as strategic objectives. However, assessing climate risks in development cooperation is not fully addressed.

The Export-Import Bank of Korea, which is in charge of the Economic Development Cooperation Fund (EDCF), has also announced climate change as a priority area in its previous Mid-term Operation Plan. Reflecting on the result of an internal assessment, EDCF attempted to increase projects to address climate and environmental impact. In the current Mid-term Operation Plan, EDCF again states addressing the impact of climate change as a priority.

¹⁰ Act No.12767, 15. Oct 2014. Enforced April 16, 2015.

In an effort to assess the progress and issues of climate mainstreaming in Korea's development cooperation, the Committee for International Development Cooperation requested a review of climate mainstreaming in development cooperation in 2017. ODA projects implemented by all Korean ministries in 2014 and 2015 were reviewed using the OECD Rio Markers. This review provided a number of measures to be taken in the short-term, as well as mid-and long-term to enhance the integration of climate change in development cooperation. These included incorporating climate consideration in the Mid-term Strategy, introducing climate risk checklist, as well as increasing the awareness at all levels.

Despite some progress, further actions are needed to better integrate climate change into Korea's development cooperation. The lessons learned from the previous reviews as well as in this paper calls for increased awareness on climate change by all development cooperation

stakeholders, development of useful tools for practitioners, and also strong political will to address the global challenges involved which will, in turn, flow down to establishing a concrete policy guideline.

The Korean government is currently drafting the Third Mid-term Strategy for Development Cooperation for 2021-2025. In line with the President's speech at the UN Climate Action Summit held in September 2019, we expect the Strategy to include a more comprehensive guideline to incorporate climate change in development cooperation. Under the new Strategy, we look forward to the formulation of detailed implementation guidelines and tools. Through the guidelines and tools, Korea is able to minimize the impact of climate change in its development cooperation, thus, contributing to the achievement of the Sustainable Development Goals (SDGs). **KIEP**