



## TIER 2 INDICATOR TECHNICAL NOTE

### *NUMBER AND VALUE OF INVESTMENTS THAT ARE:*

#### *A) CONTRIBUTING TO LOW-EMISSIONS DEVELOPMENT PATHWAYS OR ARE SUPPORTING MITIGATION ACTIVITIES*

#### *AND/OR*

#### *B) IMPROVING CLIMATE CHANGE ADAPTATION AND/OR DISASTER RESILIENCE*

Last updated: February 2024

## DEFINITION

This indicator is designed to track our support for climate change (mitigation and adaptation) and disaster resilient action.

- **Number:** Any investment that proactively supports climate action. These are investments that identify the 'climate theme marker' in AidWorks.
- **Value:** The full value of Australia's investment, not just the proportion of the investment value that is dedicated to climate action or disaster resilience.
- **Low-emissions development pathway:** This refers to supporting efforts to decouple economic and social development from growing greenhouse gas emissions. For example, a DFAT investment in financial sector reforms that directly<sup>1</sup> supports the achievement of a partner country's emissions reduction plan.
- **Mitigation:** Mitigation is the reduction of greenhouse gasses released into the atmosphere, including through activities that remove or reduce emissions—either through natural systems such as forests which absorb carbon emissions, or through technologies such as carbon capture usage and storage, where carbon dioxide can be sequestered. The main source of greenhouse emissions is from burning fossil fuels for energy, but emissions also arise from other sources such as land use, transport, waste, building materials and industrial processes.
- **Climate change adaptation:** Adaptation is the ability to adjust to climate change to minimise potential impacts, take advantage of opportunities or to cope with the consequences of climate change. It could include adaptive capacity, anticipatory capacity, and absorptive capacity. Where available, sources of evidence of improved adaptation need to reflect impact, not just reach of an investment (see below for further detail).
- **Disasters:** Multi-hazard, including weather and geographical hazards.

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<sup>1</sup> Directly refers to investments that have a proactive and explicit climate action component. Where investments indirectly contribute to emissions reduction, this cannot be included as attribution to DFAT's investment is unclear.



- **Resilience:** the capacity of a system, community or society to tolerate shocks or disturbance, and to recover and rebuild a better ‘new normal’. Resilience has economic, social and ecological dimensions. It requires diversity and the ability to adapt when external conditions change, and to respond to new opportunities.

## SCOPE

### *INCLUDES:*

- This indicator includes all bilateral, regional, global or multilateral investments that have an explicit and proactive focus or component that is targeting climate action (mitigation or adaptation) or multi-hazard disaster resilience. These include investments that have a primary or secondary – End of Program Outcomes (EPO) or Intermediate Outcomes (IOs) on climate change. These should all be tagged in AidWorks with the climate change theme.
- Disaster-resilient investments include those that reduce disaster risk, increase disaster preparedness and support efforts to ‘build back better’ following disasters.
- If an investment is cross-cutting, that is, it includes both adaptation and mitigation activities, Investment Managers should firstly assess whether the investment is predominantly adaptation or mitigation and report only against that component. If the investment is equally focused on both activities, it can be reported for both: a) mitigation and b) adaptation/disaster risk reduction (DRR). In such cases, please provide detail in the case-study section.
- Note that some investments may be reported under multiple indicators. For example, an investment that builds climate-resilient agriculture could be reported against both the climate change and food security indicators.
- This indicator lends itself to a case study of up to 150 words to reflect key outcomes in the reporting period.

### *EXCLUDES:*

- › Humanitarian assistance (this is counted in the emergency assistance indicator). Investments that address immediate disaster relief (even if that disaster is climate-related) is not included in this indicator. This should be included in the emergency assistance indicator.
- › Excludes investments that do not have a proactive focus on climate or disaster resilience. For example, education does have long-term benefits that support climate change adaptation and disaster resilience, but without an activity that has an explicit focus on support for climate change or disaster resilience (e.g. relevant curriculum, resilient infrastructure), this would not be included.

## CALCULATION METHOD

No calculation is required. The value recorded should be the full value of Australia’s investment.

## DATA SOURCE/S

AidWorks (especially the Climate Change Theme details).

## DISAGGREGATION

As this indicator refers to number and value of investments there is no requirement for sex-disaggregated data. Where case studies are provided below, we encourage Investment Managers to



report disaggregated data, where possible. Ideally this would be layered disaggregation including gender, age and disability (i.e. number of women/girls, men/boys, people of diverse genders, people where sex is unknown, people with disabilities disaggregated by gender).

## **CASE STUDY**

### **Example 1: Adaptation case study: Roads for Development in Vanuatu**

- The Roads for Development Program was a \$54 million investment (2012–23) that worked to ensure that rural roads linking communities to vital health and education facilities and markets, were designed and maintained to withstand increasingly extreme weather.

### **Example 3: Mitigation case study: Transforming Rice Value Chains**

- Transforming Rice Value Chains (TVRC) is a \$10 million investment in Vietnam that is increasing the resilience of small holder rice farmers by incentivising low emissions and environmentally sustainable technologies in rice cultivation. Research shows that for rice cultivation to remain viable in the Mekong Delta, and for farmers to remain above the poverty line, producers need to switch to higher value markets. TRVC is being implemented across 200,000 hectares of rice paddy and is expected to reach 300,000 smallholder farmers.

### **Example 3: DRR case study: Global Facility for Disaster Risk Reduction (GFDRR)**

- The GFDRR program is a \$4 million investment (2021–28) that supports evidence-based disaster and climate risk management financing in Vanuatu and improves the knowledge and data capacity to enhance the country's investments in risk mitigation and disaster preparedness. A national-level 'building exposure model' was developed and presented to the Vanuatu government. From this work, quantitative Country Disaster Risk Profiles for key hazards and a risk-based inventory of public assets were developed.