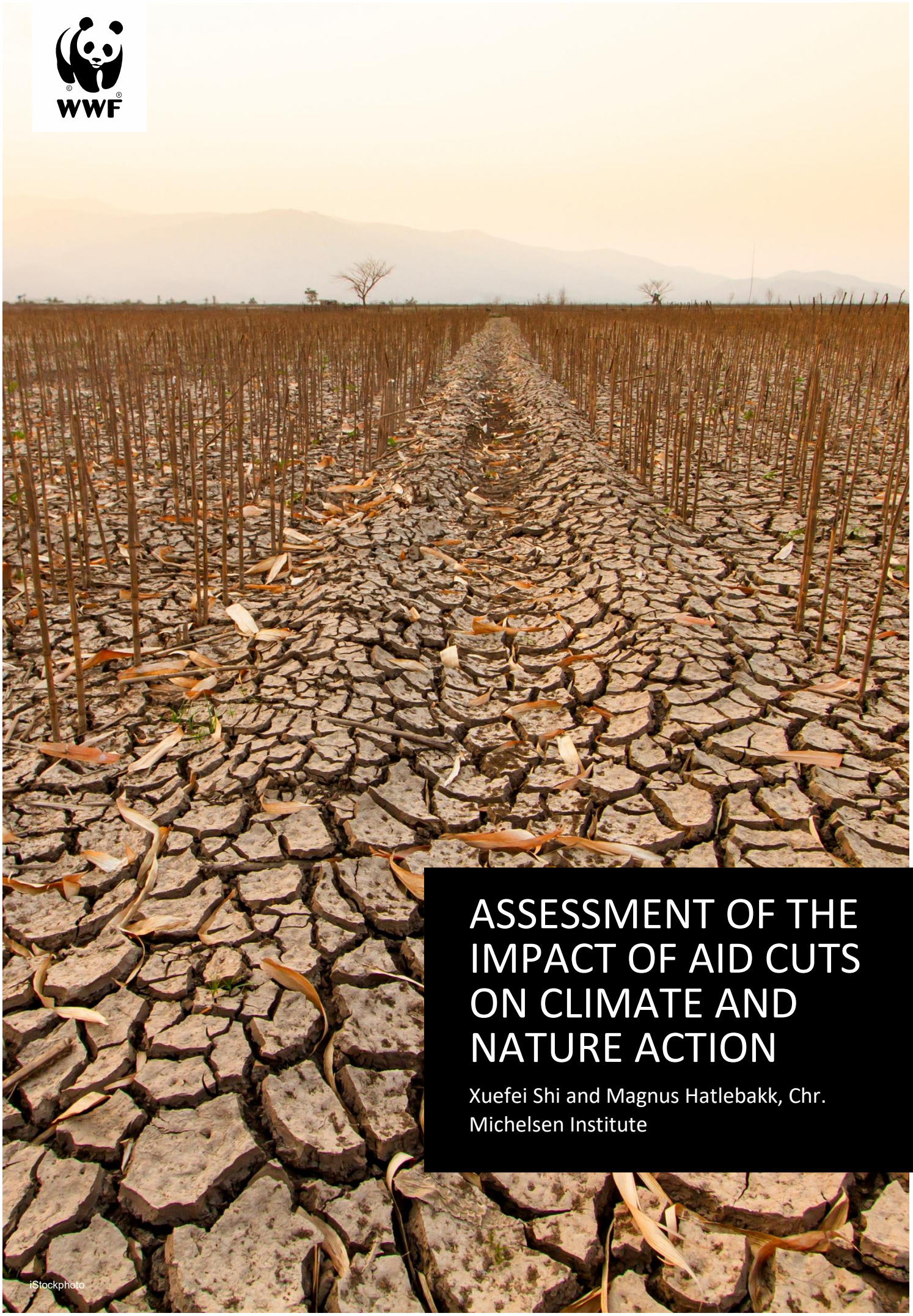

ASSESSMENT OF THE IMPACT OF AID CUTS ON CLIMATE AND NATURE ACTION

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CONTENTS

PREFACE

The World Wildlife Fund Norway commissioned CMI to conduct an assessment of international aid in support of the climate and nature. The assessment should include baseline data as well as information on planned cuts, and likely consequences of those cuts. Magnus Hatlebakk has been responsible for the baseline data (including a separate baseline report with detailed data). Team leader Xuefei Shi is responsible for the main report.

Bergen, August 8th, 2025

EXECUTIVE SUMMARY

THE BIG PICTURE: AID IS SHRINKING

Global Official Development Assistance (ODA) fell by 7.1 % in real terms in 2024, the first drop since 2018. Among the donors that were most important for climate and nature action in 2023 (Germany, EU Institutions, France, Japan, United States and Norway), ODA is projected to fall by roughly US $32 billion by 2026. Because each of these budgets contains a formal or de facto climate finance target, the contraction inevitably cascades into programs with climate and environment objectives.

After tracking historical spending on climate mitigation, adaptation, biodiversity, desertification, and environment using OECD CRS/Rio marker data, this report summarizes the budget decisions announced or enacted for 2024 and 2025 for some of the major donors listed above, and assesses the likely consequences for climate change mitigation, adaptation, biodiversity, and broader environmental goals.

MOST SIGNIFICANT DONOR DEVELOPMENTS

France
France has seen some of the most severe retrenchment amongst the major donors. A core ODA mission reduction by over 30% from 2023 to 2025 forces sharp decreases in France's bilateral climate aid resulting in fewer adaptation, conservation and renewable energy programs. Alongside these cuts, France also moved to terminate its innovative financing mechanisms for development.

Focus 2030 has calculated that the combined effect of the French cuts could amount to over €35 billion in lost development financing between 2025 and 2030. Because climate-related funding was integrated into both bilateral ODA and multilateral contributions, the across-the-board reductions will inevitably hit climate programs.

France's ability to contribute to international climate funds is also severely constrained. France has been a major donor to the Green Climate Fund. It is now uncertain whether France will be able to fulfil its planned contribution of €1.5 billion for 2024-2027.

The United States
With the inauguration of the second Trump administration in January 2025, the U.S. government's approach to foreign aid underwent a sharp reversal. According to a leaked internal list analyzed by Refugees International, by March 2025 over 98% of USAID's programs that included climate-related components had been terminated. This amounted to 147 climate-related projects (worth about $2.1 billion) canceled, leaving only 3 small projects (total $36 million) technically still active. In other words, virtually the entire U.S. portfolio of climate aid, ranging from clean energy initiatives in Africa to climate resilience programs in Asia and Latin America was axed in the first quarter of 2025.

The budget outline released for FY2026 in spring 2025 called for zeroing out most international climate funding. It proposed no new funds for the GCF or other climate funds and cancelling

pending contributions. According to leaked plans, total ODA could be lowered to US $ 38 billion in 2025 and US $ 28 billion in 2026 in the worst case scenario.

The decision to shut down USAID fundamentally reshaped U.S. foreign aid. The implications for climate finance are dire. The primary U.S. vehicles for climate aid such as USAID, State's climate funds, and contributions to multilateral banks, have been drastically scaled back or stopped. The forward outlook under this policy trajectory is that U.S. public climate finance to developing countries will be nearly nonexistent in 2025-2026. Multilateral agreements may also be impacted. For instance, the U.S. is likely to withdraw from the Just Energy Transition Partnerships it had been engaging in and may roll back funding for initiatives like the Climate Investment Funds.

Germany
Germany's ODA has undergone a marked downturn from 2023 to 2024. In grant-equivalent terms, German ODA disbursements fell from about US$37.9 billion in 2023 to US$31.4 billion in 2024.

Germany's budget cuts carry clear implications for international climate and environmental finance. The reduction of the Federal Ministry for Economic Cooperation and Development (BMZ)'s Special Initiatives by 13% in 2024 means that climate-focused programs faced cuts above the average. The International Climate and Environmental Protection Initiative, a key portfolio for supporting climate mitigation, adaptation, and biodiversity efforts abroad, was among those trimmed. The draft federal budget for 2025 confirms further ODA declines: the BMZ's budget is to be held at roughly €10.3 billion in 2025, about €940 million less than in 2024.

Looking ahead, Germany's financial planning indicates a sustained downward trajectory for development spending. While it will remain a top donor in absolute terms and has reaffirmed priorities like humanitarian aid and climate funding where possible, the planned budget reductions are set to constrain Germany's development cooperation in the coming years.

IMPACTS OF THE CUTS ON CLIMATE AND NATURE ACTION

Funding for the Paris Agreement
Funding shortfalls are emerging in the climate finance architecture under the Paris Agreement. Developed countries collectively claimed to finally reach the long-promised $100 billion per year climate finance goal in 2022 (OECD tallied $115.9 billion including private flows). But progress remains fragile and uneven.

The Green Climate Fund (GCF), the largest UNFCCC fund for mitigation and adaptation, had a low replenishment for its 2024-27 period. In October 2023, donors pledged only $9.3 billion, not even matching the $9.9 billion from the prior round in 2019. Germany pledged the largest €2 billion. However, its domestic budget strain casts doubt on whether it can disburse this in full. Overall, with U.S. absence and others not scaling up, the GCF is entering its post-2025 phase billions short.

Other climate funds have seen mixed support. The Global Environment Facility (GEF), which serves both climate and biodiversity conventions, kicked off its GEF-8 replenishment in 2022. Donors like the US and Germany did meet GEF commitments (the U.S. paid $150 million for GEF-8 in FY2023). Similarly, the Adaptation Fund received new pledges from European countries in late 2023. On the other hand, the newly established Loss and Damage Fund has so far attracted only modest contributions (e.g. Germany €92 million, EU €25 million, Japan $15 million, U.S. $17.5 million, etc.).

The Paris Agreement's implementation depends on ramping up support for decarbonization and adaptation in developing countries. Instead, overall climate-related ODA from many donors is flat or falling, and key players are contributing less than promised. This not only reduces tangible resources (fewer projects funded, smaller grants, etc.) but also undermines political goodwill.

Funding for the Global Biodiversity Framework (GBF)
The global biodiversity agenda, which is centered on the Kunming-Montreal Global Biodiversity Framework (GBF), adopted in December 2022 under the Convention on Biological Diversity, also faces a financing challenge in light of donor aid cuts.

Pledges to the GBF were in mid-2025 still below US $ 400 million, barely 2 % of the US $ 20 billion a year that the Kunming Montreal deal says is needed by 2025.

In 2022, several donors did pledge to increase nature funding. Germany announced it would double biodiversity aid to €1.5 billion by 2025, and France and the EU similarly committed to doubling funding for biodiversity to €7 billion by 2027. Now, however, meeting them is in doubt. Germany has acknowledged that climate and biodiversity funds contributions may have to decrease by about 12% after 2025. France's aid cuts mean there is simply less money for all sectors, biodiversity included. France's own public biodiversity funding abroad will likely stagnate or drop given the roughly 40% cut in grant ODA.

Other emerging agreements
The prospects for the financing of the plastic pollution treaty which is currently under negotiation are uncertain under current aid trends. The implementation of this treaty, particularly for developing nations, will certainly require financial and technical assistance. The recent aid trends raise questions about how robust support for the plastics treaty will be.

Donors have in principle shown openness to discussing financial mechanisms. Norway and the EU have voiced support for provisions on financial assistance. France's aid retrenchment means it has less flexibility to sponsor new environmental initiatives, which is notable because Paris has been a proponent of addressing plastics. Germany and the EU might step up. Germany's development minister has mentioned plastic pollution as a priority within circular economy efforts, and the EU is funding some regional programs. Yet, these sums are nowhere near the scale needed to transform waste management systems globally.

1. BASELINE: GLOBAL FUNDING FOR DEVELOPMENT AID ADDRESSING CLIMATE AND NATURE

Our baseline relies on OECD-DAC aid statistics, which record historical disbursement and commitments. When it comes to climate and nature we use Rio policy markers on commitments that divide projects by objective rather than by the budget chapters a donor parliament votes on. The figures on cuts, by contrast, come from national budget bills and midterm expenditure frameworks. They tell us what donor governments are appropriating or planning to spend, often in categories that aggregate several sectors. Those categories vary between donors and are different from the categories used in the OECD-DAC aid statistics. A third layer is public pledges made at summits (e.g., COP, Global Biodiversity Framework Fund) that represent political intentions but may never enter a budget line. Differences in accounting bases (grant-equivalent, constant vs. current USD), timing (commitments vs. delayed disbursements), exchange rate fluctuations, and policy coverage mean that, in many cases, the headline aid cuts cannot be cleanly matched to baseline data. The estimated figures that follow should therefore be read as indications rather than precise calculation.

1.1 METHODS FOR BASELINE DATA

Foreign aid in support of climate and the environment is not assigned sector codes in the OECD-DAC statistics, in contrast to, for example, humanitarian aid. Analysis of aid allocated to climate and the environment must be based on the so-called policy markers.[1] The markers are set by case officers with level two indicating that the project has climate adaptation as a main (principal) objective, while level one means that it is a significant, but not main, objective. There are five climate and environment markers that goes under the name RIO markers, with potentially more than one being used for each project. The data presented here, as a baseline for the analysis of aid cuts below, summarizes the RIO marker data compiled by OECD.[2] This data set only includes commitments, not disbursements.[3] Both grants and loans are counted, and we should already here note that the data are dominated by some very large loans for infrastructure, such as railroads.

The five policy markers are: climate adaptation, climate mitigation, environment, biodiversity and desertification. It is common to count only 40% of the committed amount if the objective is significant and 100% for principal objectives. We report both the total, and the sum where significant projects only count 40%. Based on advice from OECD we only include data from 2010. Last available data, when downloaded, was for 2023. As mentioned, each project in the database can have more than one marker, so that one cannot aggregate over the five markers to get the total amount allocated to climate and environment.

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[1] The list of markers can be found at: https://development-finance-codelists.oecd.org/Codeslist.aspx

[2] https://data-explorer.oecd.org/vis?tm=riomarkers&pg=0&snb=2&df[ds]=dsDisseminateFinalDMZ&df[id]=DSD_RIOMRKR%40DF_RIOMARKERS&df[ag]=OECD.DCD.FSD&df[vs]=1.4&dq=DAC_EC..1000..2.10...Q._T..&lom=LASTNPERIODS&lo=2&to[TIME_PERIOD]=false

[3] As a result the data presented here cannot easily be compared with a similar analysis of disbursements to climate conducted by Norad: https://www.oecd.org/en/topics/sub-issues/development-finance-for-climate-and-the-environment.html

In fact it is not straightforward to calculate the aggregate sum from these files. We have not found any such aggregate and have done our best to calculate these ourselves from the raw data, see Table 1.[4] In the full baseline report we show the three largest donors for each marker, plus Norway. Note that the three largest, and the rank among those, may not be the same for all five markers.

1.2 BASELINE FINDINGS

Table 1 includes the 20 largest climate and environment donors, according to the RIO markers. The "share" columns shows the climate/environment commitments in 2023 as a share of all commitments.

Donor countries	2022	2023	All commitments 2023	Share 2023	All disbursements 2023
Japan*	12191	17359	29090	59.7	15043
Germany*	14522	11381	28412	40.1	25057
United States*	5688	6974	55217	12.6	59221
EU Institutions*	8522	6499	38991	16.7	37456
France *	7341	5779	11281	51.2	9286
South Korea **	2385	3264	4787	68.2	2461
Netherlands*	2002	2659	5139	51.7	5003
United Kingdom*	1916	1695	8690	19.5	12035
Norway*	1120	1653	6261	26.4	4272
Australia**	973	1084	2743	39.5	2717
Canada*	1485	918	6818	13.5	7120
Sweden*	1361	717	2456	29.2	3210
Switzerland	1091	574	3872	14.8	4150
Denmark	424	565	1927	29.3	2089
Belgium	272	425	1322	32.1	1399
Spain	511	336	1494	22.5	1291
Italy*	392	297	2485	12.0	2645

Table 1: *Grants and loans committed to climate and environment (USD millions)*
Numbers are compiled by us from the RIO markers raw data files available at: https://data-explorer.oecd.org/
* Largest overall donors in 2023
** Additional large donors within climate and environment in 2023.

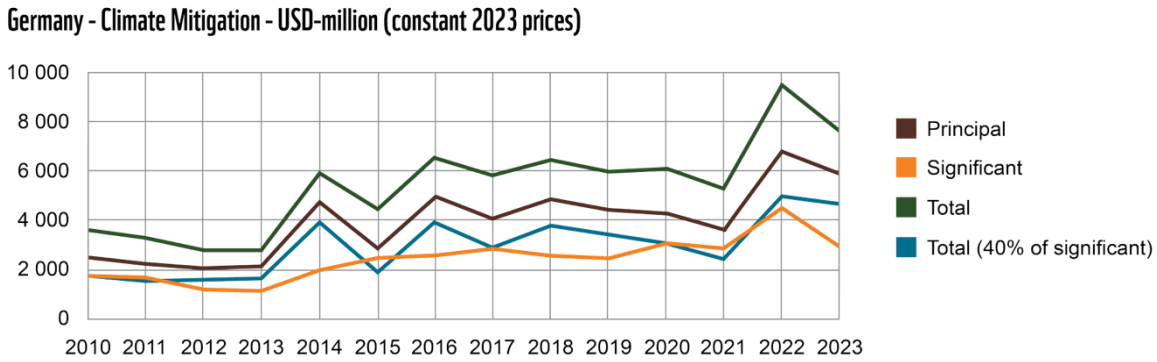
As mentioned, the RIO marker data files are only available for commitments. In the table we have, for 2023, calculated the share of RIO-marked commitments as a percentage of total commitments, see the second last column. In the last column we also show, for comparison, total disbursements.[5]

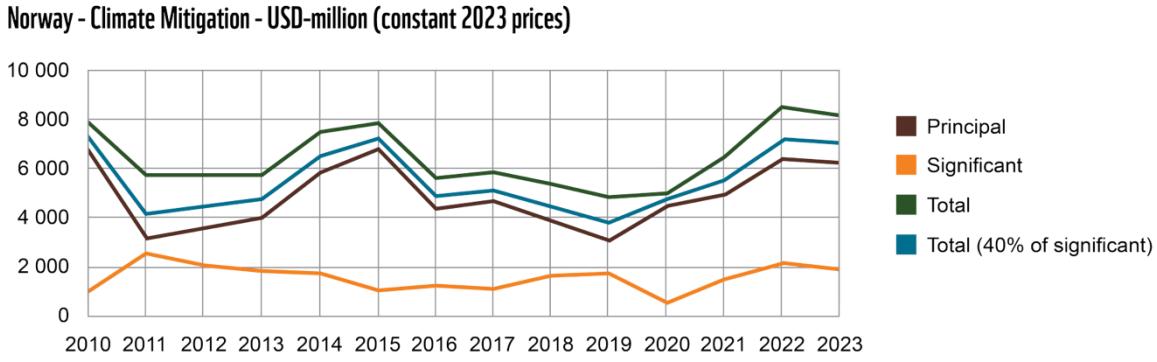
[4] There were multiple lines for each commitment with multiple lines (having the sum repeated in each line) even for each marker as there are also multiple sub-sectors (purposes). It is a cumbersome job to work with the raw data, thus only two years are included.

[5] The disbursements from Norway in 2023, according to the OECD-DAC statistics, are smaller than what Norad reports. The difference is USD 1.2 billion, or about NOK 12.6 billion. Even within the DAC system the numbers differ. In the Credit reporting system (CRS), which we believe is the most reliable as project level information can be checked, the numbers for commitments and disbursements are respectively USD 5874 and 5105 million. Since the CRS has project level data it can be compared to Norad's database. Most project level disbursements are the same. The exception is Norfund. In the OECD

Japan, Germany and EU institutions are the largest donors in terms of commitments to climate and the environment, with Germany and EU having a drop from 2022 to 2023. When it comes to the share, South Korea, Japan, Netherlands and France are the largest. We note that in particular South Korea and Japan have very large general aid commitments in 2023, as compared to their disbursements the same year. This is matched by a large share of commitments to climate and the environment, indicating that the increase in commitments comes within these sectors. Many of the new projects funded by Japan and South Korea are for infrastructure and have climate and environment as a secondary objective, although the largest commitment of USD five *billion* from Japan to a bullet train in India is registered as having climate mitigation as the main objective. We now turn to each of the RIO markers.

Germany, Japan and EU institutions are the three largest donors also when it comes to the individual markers, as shown in the full baseline report, which show the development over time for each marker and donor. The findings show lots of variation. The only general tendency is that aid increases over time as donor incomes increases, and aid as a percentage of national incomes stay relatively constant. The main deviation is the mentioned large increases in investments in transportation infrastructure. As examples of the tables and figures in the baseline report, we here show the findings for Germany and Norway when it comes to climate mitigation.





data Norfund allocations are divided into individual projects, while in the Norad database it is only a few lines of capital replenishment. This is why Norfund does not turn up among the largest allocations that we discuss below. And it probably also explains the discrepancies between the Norwegian and OECD data, since the other large disbursements are the same in the two databases.

For these two donors we note that a larger amount of the aid is recorded with climate mitigation as the principal objective, as the orange line shows the sum over significant commitments, while the dark blue shows the sum over principal commitments. The upper line is the sum of the two, and the light blue is the sum over the two but with the so-called significant aid reduced to 40%. As examples of what is counted as climate and environmental aid, we now present the largest allocations.

1.3 LARGE PROJECTS

Japan has one very large commitment of USD five billion to a highspeed (bullet train) railway in India that is coded with climate mitigation as a main objective. The largest non-transport climate mitigation projects are also related to infrastructure: a USD 108 million project in Jordan for electricity sector reform, USD 85 million in Brazil for electricity transmission and distribution, and USD 83 million for a hydropower plant in Indonesia. On the climate adaptation side the largest are USD 282 million for water supply in Iraq (also coded with the environment marker) and USD 128 million for water supply livelihood improvement in Rajasthan. Japan is not a major donor on biodiversity and desertification.

The largest commitment from *Germany* to a project with climate mitigation as a principal objective was USD 433 million for a "Policy Reform Loan to support the Just Energy Transition" in South Africa (also coded with environment as a significant objective). This is, however, only one of many projects. The principal objective commitments to climate mitigation add up USD 4.68 bn in 2023, which is 16% of Germany's commitments that year.

The largest *EU* project with climate adaptation as the principal objective was a USD 65 million commitment to pastoral development in the Sahel of West Africa, while the largest with climate mitigation was USD 43 million to forestry development in Uganda (also coded with biodiversity as a main objective), and the second largest USD 38 million for a sustainable energy sector in Nigeria. Within environment the largest commitment was USD 115 million for the World Bank's work on environmental policy in Africa.

Turning to *Norway* we note a recent increase in commitments to climate and the environment. Within climate adaptation this appears to be a general increase, not led by any particular project. Despite the increase, climate adaptation as a main objective constituted only 5% of all commitments. In contrast, climate mitigation constituted 10% as the main objective, with the two largest commitments being REDD globally (USD 237 million) and emission reductions in Indonesia (USD 114 million).[6] These two constituted 55% of all allocations for climate mitigation as a main objective. Both were also coded with environment and biodiversity as a main objective, explaining the large increase in 2023 also for these two markers. Emission reductions in Indonesia was also coded with desertification, although not as the main objective, and constituted most of the allocations on this marker. Thus these two projects count heavily in Norwegian support for climate and the environment.

[6] For the project in Indonesia, see: https://resultater.norad.no/avtale/INS-22/0006

2. AID CUTS 2024-2025: IMPLICATIONS FOR CLIMATE AND NATURE ACTION

Global Official Development Assistance (ODA) fell by 7.1 % in real terms in 2024, the first drop since 2018.[7] The contraction is driven largely by major donors that historically supply more than half of the aid.[8] Following the baseline data that quantified each major donor's historical spending on climate mitigation, adaptation, biodiversity, desertification, and environment using OECD CRS/Rio-marker data, this report summarizes the budget decisions announced or enacted for 2024 and 2025 in six major donors (Germany, EU Institutions, France, Japan, United States, Norway), and assesses the likely consequences for climate change mitigation, adaptation, biodiversity, desertification and broader environmental goals.

The preliminary findings show that the 2024-2025 has produced the sharpest contraction in ODA since the aftermath of the global financial crisis in 2008. Across the six donors examined, aggregate ODA is projected to fall by roughly US $32 billion in real terms by 2026. Because each of these budgets contains a formal or de-facto climate finance target, the contraction inevitably cascades into programs with climate and environment objectives.

While pockets of leadership persist (i.e. Norway), the aggregate effect is negative and immediate. Unless new financing instruments or non-traditional sources compensate, vulnerable countries will confront a widening gap between escalating climate-nature risks and dwindling external support.

2.1 METHODS

In the baseline section we used aid commitments as reported by the RIO markers. In this section we first report, in the first columns of Table 2, on the decline in overall aid from 2023 to 2024.[9] All spending is based on constant-2023 US dollars. Then we delve into the details using data from individual donor budgets. Note that budget chapters do not correspond to the DAC categories, so that even the aggregate numbers are not always consistent. We scan ministries' budget bills, committee reports and press conferences for announced aid measures and lines labelled climate, environment, biodiversity or equivalent. Sources such as Donor Tracker, Devex, and CSO briefings are compared against the raw budget to identify hidden or ad hoc reductions. We also build the projection for 2025-26 using data from draft budgets, medium-term spending plans and coalition agreements. Each projection is tagged with a confidence flag (Table 3, Section 2.8): High if already voted into law, Medium if presented before parliament, Low if only an official speech.

[7] https://www.oecd.org/en/about/news/press-releases/2025/04/official-development-assistance-2024-figures.html
[8] https://www.norad.no/en/news/news/2025/historic-decline-in-international-aid/
[9] Note that the disbursements for 2023 differ somewhat from the total disbursements mentioned in the baseline. This is partly due to a difference between the DAC1 numbers reported here and the DAC2 numbers used in the baseline table, and partly because we here report on grant equivalents. DAC1 is designed to best represent aggregate aid from each donor, while DAC2 is the aggregate over more detailed flows on recipients and purposes. In principle they should be the same, but in reality the numbers may differ.

Key to the methodology/data is the fact that Germany (BMZ), EU (NDICI) and France (Mission APD) figures cover only part of each donor's development aid budget, which should not be compared one-for-one with donors whose budget lines already equal total ODA (Japan, US, Norway).

Donor	Grant-equivalent disbursement (USD bn), 2023	2024 (- % Δ)	Budget allocation, 2023	2024 (- % Δ)	Climate & environment line, 23-24
Germany	37.9	31.4 (-17.2%)	€ 12.16 bn (BMZ)	€ 11.22 bn (-7,7%)	-13 % cut to BMZ's "Special Initiatives" envelope that funds the International Climate & Environment Initiative
EU institutions	26.9	26.9 (0 %)	€ 12.25 bn (NDICI - Global Europe)	€ 11.52 bn (-5.9 %)	NDICI climate commitment remained € 3.63 bn
France	15.0	15.0 (0 %)	€ 5.924 bn (Mission APD)	€ 5.10 bn (-12.5 %)	-12.5 % cut hits bilateral & multilateral climate funds (e.g., GCF)
Japan	19.6	17.6 (-10.2 %)	¥ 570.9 bn	¥ 564 bn (-1.1 %)	No targeted cut; cabinet pledges to protect climate share
United States	64.7	61.8 (-4.4 %)	US$ 64.6 bn (FY 2023 SFOPS enacted)	US$ 64.4 bn (-0.3 %)	No headline cut for FY 2024; climate items remain US$ 0.93 bn
Norway	5.5	5.3 (-3.8 %)	NOK 53 bn	NOK 51.7 bn (-2.5 %)	No targeted cut. For 2025, additional NOK 0.38 bn.

Table 2: Grant-equivalent disbursements vs. ODA budgets, 2023-2024 *("budget"=main development appropriation or instrument, not always total ODA)*

2.2 GERMANY

ODA Trends and Budget Adjustments

Germany's ODA has undergone a marked downturn from 2023 to 2024. In grant-equivalent terms, German ODA disbursements fell from about US$37.9 billion in 2023 to US$31.4 billion in 2024, a 17.2% decrease in real terms. This sharp drop ended a multi-year expansion of aid and is the first time since 2019 that Germany will fall short of the international 0.7% ODA/GNI target.[10] Aid is now down to the 2020 level. Germany nonetheless remained the second-largest DAC donor in 2024 (after the United States) in absolute volume.[11]

The contraction is chiefly attributable to budget cuts in Germany's core development institutions. The total 2024 federal budget, while increasing overall spending by 3.4%, imposed significant reductions on aid-related ministries. The Federal Ministry for Economic Cooperation and Development (BMZ), the main development ministry, saw its allocation shrink from €12.16 billion in 2023 to €11.22 billion in 2024 (-7.7%).[12] Within the BMZ budget, certain funding lines were disproportionately affected. Notably, the BMZ's "Special Initiatives" envelope (which funds programs such as the *International Climate and Environmental Protection* Initiative) was cut by

[10] https://donortracker.org/publications/germany-s-2024-budget-massive-oda-cuts-after-a-fiscal-odyssey-2024
[11] https://www.oecd.org/en/about/news/press-releases/2025/04/official-development-assistance-2024-figures.html
[12] https://donortracker.org/publications/germany-s-2024-budget-massive-oda-cuts-after-a-fiscal-odyssey-2024

13% in 2024, a steeper cut than the ministry's average.[13] BMZ supplies roughly 36 % of total ODA; the remainder sits in MFA, Finance Ministry, KfW and in-donor refugee costs.[14]

Impact on Climate and Environment Financing

Germany's budget cuts carry clear implications for international climate and environmental finance. The reduction of the BMZ's Special Initiatives by 13% in 2024 means that climate-focused programs faced cuts above the average. The International Climate and Environmental Protection Initiative, a key portfolio for supporting climate mitigation, adaptation, and biodiversity efforts abroad, was among those trimmed. In addition, the latest budget data show cuts in multilateral climate and environment funding. For instance, funding for the World Food Programme, relevant for climate resilience, was slashed by about 26% in the 2024 budget, and the budget line for contributions to international climate and biodiversity funds is set to decrease by about 12% after 2025.[15] Despite Germany's standing pledge to provide at least €6 billion per year in climate finance by 2025, fiscal constraints are making this difficult to uphold.[16]

Outlook 2025 and beyond

Looking ahead, Germany's financial planning indicates a sustained downward trajectory for development spending. The draft federal budget for 2025 confirms further ODA declines: the BMZ's budget is to be held at roughly €10.3 billion in 2025, about €940 million less than in 2024 (an additional cut of around 8%).[17] The medium-term fiscal plan (2025-2029) foresees German development funding continuing to go low. The BMZ budget would gradually decline and stabilize at approximately €9.3 billion by 2028-2029, entailing roughly a further 10% reduction from 2025 levels.[18] This implies that Germany's ODA/GNI ratio could remain below 0.7% for the foreseeable future, and potentially lower if GNI grows. German officials have signaled efforts to mitigate the impact of cuts, for example, introducing a new aviation ticket levy intended to channel additional revenue into climate and development programs. However, such measures are relatively modest in scale. Overall, while it will remain a top donor in absolute terms and has reaffirmed priorities like humanitarian aid and climate funding where possible, the planned budget reductions are set to constrain Germany's development cooperation in the coming years.

2.3 EU INSTITUTIONS

ODA Trends and Budget Adjustments

Aid disbursements from EU institutions stayed constant from 2023 to 2024 at USD 26.9 bn (€ 25 bn).[19] EU Institutions' own development programs, however, have been stretched by crises like Ukraine without commensurate budget increases. The 2024 budget for NDICI-Global Europe was €11.52 bn, a 5.9% decrease from 2023. Note that NDICI-Global Europe (€ 11.5 bn in 2024, € 10.1 bn in draft 2026) is one pillar of the total EU-institution ODA.

Impact on Climate and Environment Financing

[13] Ibid.
[14] where the total-ODA draft figures for 2025 (US $ 28.5 bn) and 2026 (US $ 27.6 bn).
[15] https://donortracker.org/publications/germanys-draft-2025-budget-downward-oda-trends-confirmed
[16] https://www.cleanenergywire.org/news/germany-struggle-reaching-international-climate-finance-target-govt-officials
[17] https://donortracker.org/publications/germanys-draft-2025-budget-downward-oda-trends-confirmed
[18] Ibid.
[19] https://www.oecd.org/en/publications/2025/06/development-co-operation-profiles_02ffa45c/european-union-institutions_e8346d2a.html

Despite tighter budgets, EU Institutions have maintained its climate spending commitments in relative terms. The NDICI instrument includes a target to spend 35% of its funds on climate-related projects during 2021-2027.[20] Notably, the EU kept its climate earmark in place for 2024. The NDICI's climate-related allocation remained about €3.63 billion. Moreover, European pledges to international climate funds have been constrained. For instance, the latest Green Climate Fund (GCF) replenishment saw lower-than-expected pledges from some EU governments, partly due to budget tightening in 2023-24. The EU touts big initiatives like the Global Gateway (with green infrastructure investments), yet the civil society criticizes that in practice the EU "slashes funding to countries with the greatest human development needs" while diverting aid elsewhere.[21]

Forward 2025 and beyond
No EU-wide announcement of climate aid cuts has been made for 2025, but constraints are evident. For example, member state aid cuts and more aid diverted to domestic uses leave less for climate programs abroad. While EU institutions are seeking to bolster external action through innovative means (e.g. encouraging private investment via the European Fund for Sustainable Development Plus), unless new funds are approved, stagnation of climate funding in a high-inflation environment will erode the real value of the EU's climate finance. The EU's challenge for 2025 and beyond will be to reconcile its climate leadership rhetoric with the reality of tighter budgets, ensuring that climate and biodiversity initiatives are protected even as overall ODA faces cuts or slowdowns.

2.4 JAPAN

ODA Trends and Budget Adjustments
Japan's ODA has undergone a notable decline in 2024. This followed, however, an increase with a top in 2023, so Japan is now back at the 2022 level. Preliminary OECD data show that Japan's total ODA disbursements in 2024 were about US$17.6 billion (0.39% of GNI), making Japan the 4th largest donor but reflecting a 10.3% decrease in real terms from 2023.[22] Turning to the government budget data, the 2024 ODA budget was only slightly reduced (around 1% cut in yen terms to ¥564 billion). Crucially, Japan did not announce any ODA cuts specifically targeting climate or environment programs in 2024. The government emphasized that despite overall fiscal restraints, it would protect green aid projects.[23]

Impact on Climate and Environment Financing
Compared with other major donors, Japan has doubled down on climate finance commitments. In recent years, Japanese ODA for climate mitigation and adaptation has been among the highest globally (over US$17 billion cumulatively in the last few years). There has been a massive increase in loans for infrastructure developments, in particular railways, as discussed in the baseline section. For 2024, Japan's bilateral climate aid (for clean energy, adaptation, etc.) was roughly maintained at prior levels. In April 2025, Japan passed a revision of its ODA Charter to allow more flexible and efficient use of limited funds. The revised law empowers JICA (Japan's aid agency) to mobilize private finance alongside public aid, for example, by supporting

[20] https://donortracker.org/donor_profiles/eu/climate
[21] https://concordeurope.org/2025/04/16/the-eus-short-sighted-aid-cuts-are-a-choice-so-is-the-way-forward
[22] https://www.oecd.org/en/about/news/press-releases/2025/04/official-development-assistance-2024-figures.html
[23] https://english.kyodonews.net/articles/-/53319

companies in developing countries to issue green bonds and by providing credit guarantees to local banks for development-friendly lending. Furthermore, at COP29 (November 2024) Japan made a headline pledge of US$70 billion in climate finance for developing countries through 2025, combining public and private sources.[24] This package includes plans to double Japan's adaptation funding and an initial ¥1.5 billion (US$10 million) contribution to the new international Loss and Damage fund. Japan's Minister of the Environment emphasized the country's role in advancing global climate finance and leveraging tools like carbon markets (Article 6 of the Paris Agreement) to meet these commitments. By prioritizing green finance in its policy and mobilizing private money, Japan signaled that climate and environment remain high-priority areas in its development cooperation.

Outlook 2025 and beyond

On one hand, Japan's 0.7% ODA/GNI target is not within immediate reach (2024 was 0.39% GNI). On the other hand, Japan is proactively adapting its development strategy to maximize impact. The revised ODA charter explicitly acknowledges "massive global development financing needs under [Japan's] limited budget"[25] and seeks to multiply Japan's contribution by partnering with the private sector. We can expect Japan to increasingly use instruments like Private-Sector Investment Finance (PSIF) via JICA, green bond guarantees, and blended finance facilities to support climate initiatives. The COP29 pledge of $70 billion through 2025 (drawing on both public expenditures and mobilized private capital) will guide Japan's actions in the near term. This means that through 2025, even if the absolute yen amount of ODA stays roughly flat, the effective climate financing Japan delivers could grow by involving private investment. In addition, Japan's recent policy shift to emphasize science, technology, and innovation in ODA (announced May 2024) will include areas like climate technology and disaster prevention.[26] In summary, steps taken in 2024-2025 (policy reforms and big pledges) suggest that Japan will try to lead on climate finance through innovation, ensuring its aid cuts do not derail its international climate support but rather force a more efficient approach to sustaining that support.

[24] https://www.env.go.jp/en/focus/statement/kaiken_00254.html
[25] https://english.kyodonews.net/articles/-/53319
[26] https://donortracker.org/policy_updates?policy=japan-looks-to-shift-oda-focus-from-infrastructure-to-science-technology-2024

2.5 NORWAY

ODA Trends and Budget Adjustments

Norway has historically been one of the most generous aid donors, and it continues to exceed the 0.7% ODA/GNI target by a comfortable margin. In 2023, Norway actually reached about 1.0% ODA/GNI (boosted by an extraordinary package for Ukraine). Disbursements have been relatively stable the last years, with a small decline drop from 2023 to 2024. Turning to the budget documents, for 2024, the Norwegian government proposed an ODA budget of NOK 51.7 billion (US$4.7 billion), corresponding to 0.94% of GNI.[27] Norway remained one of only four DAC countries to exceed 0.7% in 2024.[28] By 2025, Norway plans to keep ODA around NOK 52.9 billion (0.92% of GNI).

Impact on Climate and Environment Financing

The recent budgets reinforced Norway's role as a climate finance leader. Within Norway's ODA, funding for climate and environment has not been cut but increased. The 2025 budget adds an extra NOK 380 million (US$35 million) earmarked for climate adaptation and food security initiatives. For example, Norway announced in mid-2025 a contribution of up to US$50 million to the Asian Development Bank's new Climate Action Catalyst Fund (a carbon market fund). [29] Norway's Minister of Climate and Environment stated that this partnership reflects Norway's "continued leadership in climate finance" and its determination to scale up global emissions cuts in line with the Paris goals. Key programs such as the International Climate and Forest Initiative, renewable energy investments via Norfund, and contributions to multilateral climate funds all received sustained or increased funding. The 2024-2025 budgets included dedicated allocations for nature-based solutions, renewable energy access, and climate adaptation in developing countries. For instance, Norway's contribution to the Green Climate Fund (GCF) in its new replenishment round was pledged at NOK 3.0 billion. Additionally, Norway exceeded its previous pledge to double climate finance from 2015 levels: it delivered NOK 16.5 billion in climate finance in 2023, overshooting the target by NOK 2.5 billion.[30] In summary, within an essentially flat aid budget, Norway prioritized climate and environment funding for growth. No significant climate program was cut; on the contrary, more money was directed to climate adaptation in vulnerable countries and to leveraging private climate investments. Norwegian officials highlighted that these efforts are critical to a "just and green transition" globally.

Outlook beyond 2025

The Norwegian government has signaled that it intends to keep ODA around 0.9-1.0% of GNI in coming years.[31] This means the absolute aid budget could gradually increase in line with the economy. The additional NOK 380 million for climate/nature in 2025 may be a baseline for future international climate commitments (such as its Paris Agreement targets and contribution to mobilizing $100 billion climate finance globally). The government's messaging suggests that the priority areas within ODA such as climate, environment, and humanitarian aid will be protected.

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[27] https://donortracker.org/policy_updates?policy=norway-releases-proposed-2024-development-budget-fails-to-achieve-1-oda-gni-2023

[28] The other three are Denmark (0.71%), Luxembourg (1.00%), and Sweden (0.79%). See https://www.oecd.org/en/about/news/press-releases/2025/04/official-development-assistance-2024-figures.html

[29] https://donortracker.org/policy_updates?policy=norway-commits-up-to-us-50-million-to-the-adb-s-climate-action-catalyst-fund-2025

[30] https://www.regjeringen.no/en/aktuelt/target-to-double-climate-finance-exceeded-for-second-year-in-a-row/id3048346

[31] In principle this may change after the election in September. But the moderate Høyre party is also committed to aid volumes close to 1%, as is the smaller partner Venstre. The progress party (FrP) will cut aid to max 0.7%.

2.6 FRANCE

ODA Trends and Budget Adjustments
Our baseline study shows that total ODA disbursements from France have been relatively stable the last years, with no significant change from 2023 to 2024. Turning to the budget documents, there is however a decline due to a policy U-turn. France postponed its timeline to reach 0.7%

ODA/GNI from 2025 to 2030 in mid-2023, signaling a step back in ambition.[32] Subsequently, three successive cuts were made to the French aid budget:

In 2023, France's total ODA fell by 11% in real terms versus 2022, dropping to about 0.48% of GNI.[33] This was the first decline in French ODA in seven years, breaking the trajectory set by the 2021 development law (which had envisioned 0.66% GNI by 2024).

In February 2024, as part of a government-wide cost savings decree, €742 million was cancelled from the 2024 ODA appropriation. This mid-year sudden change amounted to a 12.5% cut to the core "Mission APD" (France's main ODA budget line, initially €5.9 billion for 2024, which was the same in 2023), a hugely disproportionate cut given that most ministries saw only 1.3% cuts. Such an in-year cut to ODA was unprecedented and immediately forced reductions in disbursements to multilateral funds and bilateral programs. Note that Mission APD is grant window only, while total ODA (including AFD loans, FTT revenues still disbursed in 2024) is US $ 12.8 bn in 2025 (-14 % vs 2024).

Alongside these cuts, France also moved to terminate its innovative financing mechanisms for development. Since 2006, France had earmarked a portion of its Financial Transaction Tax (FTT) and a small solidarity levy on airline tickets to its development fund (Fonds de Solidarité pour le Développement, FSD), which financed health and climate initiatives. This hypothecation provided €738 million in 2023 for programs like the Global Fund, UNITAID, the Green Climate Fund (GCF), and others. However, the 2025 budget law abolishes the FSD: henceforth, all FTT and airline tax revenue goes to the general treasury.

Impact on Climate and Environment Financing
The French aid cuts have direct, severe repercussions for international climate finance. Because climate-related funding was integrated into both bilateral ODA and multilateral contributions, the across-the-board reductions inevitably hit climate programs.

The core ODA mission reduction (over 30% cut from 2023 to 2025) forces sharp decreases in France's bilateral climate aid. This means fewer resources for programs like renewable energy partnerships, adaptation projects in Francophone Africa, and tropical forest conservation initiatives that France had championed.

France's ability to contribute to international climate funds is severely constrained. Notably, France had been a major donor to the Green Climate Fund, pledging €1.5 billion to the GCF's

first replenishment (2015-2018) and €1.7 billion for the second (2020-2023). But with the

[32] https://focus2030.org/France-reneges-on-its-Official-Development-Assistance-commitments
[33] https://one.oecd.org/document/DCD%282024%2931/en/pdf

FTT/aviation levy no longer earmarked, any future GCF contributions must come from the much smaller discretionary aid budget. France's planned contribution to the GCF's next replenishment (GCF-2) is now uncertain. Officials indicated that without the FSD, funding the pledge of €1.5 billion for 2024-2027 would be "extremely difficult."[34]

In 2022-23, France positioned itself as a proponent of addressing Loss and Damage from climate change. It hosted the June 2023 Summit for a New Global Financing Pact, where President Macron advocated for climate debt pauses and innovative finance for vulnerable countries. France also made a symbolic contribution (around €5 million) to the emerging Loss and Damage fund in late 2023. These nascent commitments are now in uncertainty. The aid cuts call into question how France can meet any new climate finance pledges.

In short, France's retrenchment is one of the most severe among major donors and has set back international climate solidarity. This comes at a time when climate finance needs are escalating. The cuts are particularly striking given France's prior rhetoric of leadership, for example, Macron's speeches about no country should have to choose between fighting poverty and climate change.

Outlook 2025 and beyond

The French government's decision to delay the 0.7% target to 2030 and execute large cuts means that France will contribute significantly less to global climate financing than previously pledged. The draft Finance Bill for 2025, unveiled in October 2024, slashed the ODA by roughly 23% (from €5.7 billion authorized in initial 2024 to about €4.4 billion in 2025). By year-end, the 2025 Finance Act confirmed an even larger cut. Including an April 2025 decree, the 2025 ODA budget was nearly 40% below the original 2024 plan, a reduction of almost €2.3 billion. In sum, France's grant-based ODA appropriations have been nearly decimated over two years, dropping from around €5.9 billion in 2023 to an estimated €3.5-3.7 billion in 2025. France's ODA/GNI, which was 0.56% in 2022, fell to 0.48% in 2023 and will likely fall closer to 0.3% in 2025. Focus 2030 has calculated that the combined effect of the cuts could amount to over €35 billion in lost development financing between 2025 and 2030, a gap that would heavily impact climate and sustainable development programs.

France's credibility on climate finance is also at stake in international forums. For instance, the Green Climate Fund replenishment in late 2024-2025 expected France to maintain its past contribution. In summary, the outlook for France's climate financing is highly uncertain. Without such corrective measures, France risks a prolonged period of underperformance in aid.

[34] https://focus2030.org/France-reneges-on-its-Official-Development-Assistance-commitments

2.7 UNITED STATES[35]

ODA Trends and Budget Adjustments

The United States also had an increase in aid until a top in 2023, followed by a decline down to the 2022 level in 2024. The budget documents show that the United States entered FY2024 amid budget uncertainty, but ultimately avoided a major cut to foreign aid in that fiscal year. The enacted foreign aid funding (State Department and USAID, primarily under the SFOPS bill) was roughly US$64.4 billion, essentially flat from the FY2023 enacted level of $64.6 billion. In short, U.S. ODA (in budget terms) remained approximately stable through 2024, and there was no headline cut to international climate funding in FY2024. The FY2024 appropriations law specified that the State Department and USAID must spend at least $679 million on bilateral international climate programs (within development aid), divided into sub-accounts such as clean energy ($247 m), adaptation ($256 m), and sustainable landscapes ($176 m). These amounts are on par with (or slightly below) the FY2023 allocations. Notably, only 0.18% of U.S. GNI goes to ODA (far below 0.7%), a figure that did not improve in 2024. The Biden Administration had pledged to substantially increase foreign aid, but encountered opposition in Congress.

Impact on Climate and Environment Financing

U.S. international climate finance in FY2024 can be characterized as maintaining baseline commitments but falling short of stated goals. Congress continued funding for certain multilateral environmental funds. For example, it appropriated $150.2 million to the Global Environment Facility (GEF), fully meeting the U.S. pledge for GEF's 8th replenishment. It also provided $125 million for the Clean Technology Fund (CTF), a World Bank-administered clean energy fund. However, Congress again provided no funding for the Green Climate Fund, despite the Biden Administration's repeated requests (e.g. $500 m requested for FY2024) and an outstanding U.S. pledge of $3 billion to the GCF's replenishment. On the bilateral side, climate-related development programs were funded at roughly $0.93 billion (State/USAID combined) for FY2024. By comparison, Biden had pledged to mobilize $11.4 billion annually by 2024 for international climate finance (including leveraging private finance), and launched initiatives like PREPARE (a plan to spend $3 billion on climate adaptation). The result is that U.S. climate aid remained modest in 2024, without any scale-up. Key programs in renewable energy, climate resilience, and sustainable landscapes continued at previous funding levels but did not expand. Additionally, the U.S. continued to integrate climate considerations into broader development aid. For example, USAID's agriculture, water, and infrastructure projects increasingly include climate resilience components (though these are not always labeled as "climate finance"). By early 2024, the U.S. also began operationalizing the Emerging Market Climate Investment Fund (EMCIF) through the Development Finance Corporation DFC), aiming to catalyze private investment in clean energy in developing countries. This DFC initiative, along with multilateral channels like

[35] Key sources:
1) https://donortracker.org/policy_updates?policy=us-2025-budget-proposes-a-decrease-in-us-foreign-assistance-2024;
2) https://www.congress.gov/crs_external_products/IF/PDF/IF12652/IF12652.2.pdf;
3) https://climateactiontracker.org/countries/usa/; https://home.treasury.gov/news/press-releases/jy1942/;
4) https://www.nrdc.org/bio/kyle-t-jones/funding-government-fy2024-part-2-calamity-house/;
5) https://bidenwhitehouse.archives.gov/briefing-room/statements-releases/2024/11/17/fact-sheet-president-biden-marks-historic-climate-legacy-with-trip-to-brazils-amazon-rainforest/;
6) https://betterworldcampaign.org/impact-of-foreign-assistance-cuts/;
7) https://www.refugeesinternational.org/reports-briefs/the-impacts-of-usaid-cuts-less-climate-resilience-more-forced-displacement/;
8) https://thehill.com/policy/international/5379363-us-aid-agency-closure/;
9) https://www.whitehouse.gov/briefings-statements/2025/05/the-white-house-office-of-management-and-budget-releases-the-presidents-fiscal-year-2026-skinny-budget;
10) https://newsroom.ucla.edu/stories/USAID-cuts-global-impact-14-million-deaths;
11) https://www.climatechangenews.com/2025/02/21/after-us-retreat-countries-clash-over-who-should-make-up-green-climate-fund-shortfall;
12) https://www.cgdev.org/publication/future-us-foreign-assistance-how-low-can-they-go

the Clean Technology Fund, is part of the U.S. strategy to contribute to climate goals outside of traditional aid budgets. In summary, the immediate impact in 2024 was that U.S. international climate finance held steady at baseline levels, but also failing to scale up. As a share of U.S. ODA, explicit climate programs remain relatively small (roughly 1-2% of total foreign aid).

New Development in 2025 and beyond

The landscape for U.S. foreign aid and thus climate financing changed drastically in 2025 due to domestic political turnover. With the inauguration of the second Trump administration in January 2025, the U.S. government's approach to foreign aid underwent a sharp reversal. It moved immediately to freeze most U.S. foreign aid programs. On January 20, 2025, an Executive Order paused the obligation of funds for the vast majority of State Department and USAID programs. According to a leaked internal list analyzed by Refugees International,[36] by March 2025 over 98% of USAID's programs that included climate-related components had been terminated. This amounted to 147 climate-related projects (worth about $2.1 billion) canceled, leaving only 3 small projects (total $36 million) technically still active. In other words, virtually the entire U.S. portfolio of climate aid, ranging from clean energy initiatives in Africa to climate resilience programs in Asia and Latin America was axed in the first quarter of 2025.

The new administration explicitly targeted climate programs as part of eliminating what it termed "radical Green New Deal-type spending." The budget outline it released for FY2026 in spring 2025 called for zeroing out most international climate funding, framing it as cutting waste and "woke" expenditure. It proposed no new funds for the GCF or other climate funds and cancelling pending contributions.

While the Administration's FY 2026 blueprint proposed an unprecedented retrenchment in "State and International Programs", the House Appropriations Committee's FY 2026 NSRP/SFOPS bill advanced a markedly higher topline of US$46.2 bn. Reading these two signals together, we assume a mid-case outcome near US$48.9 bn in ODA terms for 2026 (see Table 3), with a low case scenario in the US$28–31 bn range if the request were enacted.[37]

These developments mark an unprecedented contraction of U.S. development and climate engagement. Leaked plan targets USAID-managed discretionary programs (8 % of total ODA in 2025) and could lower total ODA to US $ 38 bn in 2025 and US $ 28 bn in 2026 in the low case scenario). The decision to shut down USAID (announced formally on July 1, 2025) fundamentally reshaped U.S. foreign aid. The implications for climate finance are dire. The primary U.S. vehicles for climate aid (USAID, State's climate funds, and contributions to multilateral banks) have been drastically scaled back or stopped. Refugees International noted that the cuts to climate resilience programs will impact vulnerable communities' abilities to stay safely in their homes, likely leading to more displacement and crisis.[38] The forward outlook under this policy trajectory is that U.S. public climate finance to developing countries will be nearly nonexistent in 2025-2026. Multilateral agreements may also be impacted. For instance, the U.S. is likely to withdraw from the Just Energy Transition Partnerships it had been engaging in and may roll back funding for initiatives like the CIFs (Climate Investment Funds).

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[36] https://www.refugeesinternational.org/reports-briefs/the-impacts-of-usaid-cuts-less-climate-resilience-more-forced-displacement

[37] https://www.whitehouse.gov/wp-content/uploads/2025/05/Fiscal-Year-2026-Discretionary-Budget-Request.pdf; https://democrats-appropriations.house.gov/sites/evo-subsites/democrats-appropriations.house.gov/files/evo-media-document/fy26-state%2C-foreign-operations%2C-and-related-programs-summary.pdf

[38] Ibid. 36

2.8 INITIAL ANNOUNCEMENTS AND TRENDS FOR 2026

The figure below shows planned changes in total aid according to Donor Tracker.[39] From 2023 to 2026, total aid from the big European countries (Germany, the UK, France) is estimated to drop by about 28 percent. EU institutions and Norway have smaller declines. Following recent increases in aid, the projected levels are now down to about the 2016 level for Germany, and the 2010 level for France and UK (even less for UK if we go by the estimated numbers for 2026).

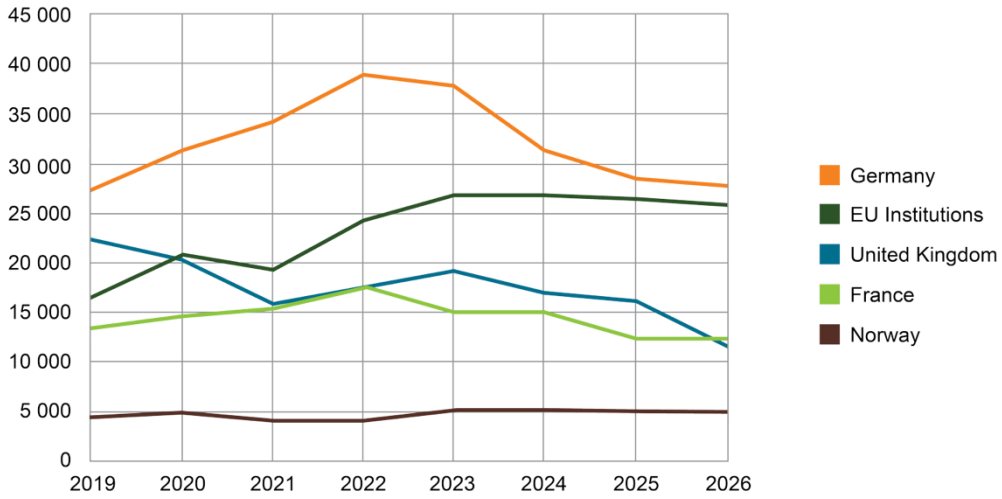

Figure 1: *Changes and planned changes in total aid (Grant equivalent constant USD billions (donortracker)) in Europe (2019-2026)*

The six donors' budget trends collected in Table 3 sketch as well a converging picture of fiscal retrenchment. We aggregated donor's budget documents or announcements for trends and signals beyond 2026. The "confidence" column reflects the legal status of the budget documents (voted, draft, or political intent) that contain figures for the 2026 and post-2026 budget.
The deepest reductions are those embedded, or to be embedded, in legally adopted fiscal plans (Germany, and the U.S. trajectory depends on annual appropriations), whereas EU and French figures still rest on pending budgets. In aggregate, these moves point to a medium-term aid landscape in which financing for climate and environment action shrinks.

[39] https://donortracker.org/publications/budget-cuts-tracker#data

Donor	What is on the table for post-2026	Confidence
Germany	The 2025-2029 federal financial plan shows BMZ falling to €9.3 bn in 2028-29 (-17 % vs 2024). Total ODA projection US $ 27.6 bn (-12 % vs 2024).	High
EU institutions	Draft EU-27 budget for 2026 allocates €10.11 bn to NDICI-Global Europe (-12.3 % in real terms vs 2024). Total EU-institution ODA projection at US $ 26.1 bn in 2026 (-3 % real).	Medium
France	2025 Mission APD proposed at €4.4 bn, -18% fall vs 2024 (total ODA estimate US $ 12.1bn).	Medium
United States	Admin request halves "State and International Programs"; House marks at US$46.2–48.9 bn ODA in 2026.	Medium-Low
Japan	MOFA's FY 2025 White Paper reports the ODA base budget at ¥566 bn and notes an instruction to hold nominal spending flat in FY 2026 while shifting toward blended-finance instruments.	Low
Norway	June 2025 pledge: NOK 10 bn (2026-28) for Gavi + Global Fund while overall ODA/GNI is guided to 0.92 %.	Medium

Table 3: *Aid measures already announced for 2026 and beyond*[40]

Overall, the evidence assembled here shows a synchronization of aid cuts that is already eroding the global climate and nature finance base. Real term ODA from the six major donors fell 7 % in 2024 and is on track to lose a further US $32 billion by 2026.[41] Figure 2 shows the total ODA of the largest donors in 2023 compared with the estimated level after a US $32 billion cut by 2026 (constant 2023 USD). The estimated reduction equals roughly 19 % of their 2023 aid volume.

Among the donors, Germany, France and the EU plan headline cuts or freezes, Japan intends to hold nominal levels while shifting to blended finance, and the United States is poised for halving its ODA. Only Norway offers a pledge of extra funds to stabilize the 0.9 % ODA/GNI envelope, which cannot offset those cuts. Because several donors still earmark a fixed share of its shrinking envelope for climate and nature, absolute resources for mitigation, adaptation and biodiversity slide in tandem, while inflation and exchange rate fluctuations quietly exacerbate the loss.

[40] *Additional sources: Germany: https://donortracker.org/publications/germanys-draft-2025-budget-downward-oda-trends-confirmed;
EU Institutions: https://commission.europa.eu/news-and-media/news/2026-annual-budget-fund-eu-priorities-addressing-global-challenges-2025-06-04_en;
France: https://www.coordinationsud.org/actualite/adoption-du-projet-loi-de-finances-pour-2025-quest-ce-que-cela-change-pour-la-solidarite-internationale; https://www.budget.gouv.fr/reperes/budget/articles/construction-plf-2026;
United States: https://www.americanprogress.org/article/fact-sheet-trumps-rescission-request-would-slash-spending-on-foreign-assistance-programs-that-benefit-american-interests
Japan: https://www.mofa.go.jp/policy/oda/pagew_000001_00277.html;
Norway: https://www.reuters.com/business/healthcare-pharmaceuticals/norway-pledges-close-1-bln-international-vaccines-aids-treatment-2025-06-23/

[41] We calculate the fall by subtracting a 2026 budget-based projection from the donors' 2023 grant-equivalent disbursements. 2023 values (Germany 37.9; EU Institutions 26.9; France 15.0; Japan 19.6; United States 64.7; Norway 5.5; total 169.6) are shown in Table 2 (disbursements). The 2026 projection (Germany 27.6; EU 26.1; France 12.1; Japan 17.6; Norway 5.3; United States 48.9 in a mid-case scenario) consolidates each donor's voted budget or medium-term financial plan as of Aug 2025 and is converted to constant-2023 USD on a grant-equivalent basis (Table 3). The result is 169.6 − 137.6 = 32.0. For the U.S. data, if the FY 2026 request's lower-bound levels are enacted (US$28 bn), the aggregate decline would be US$-53 bn; if U.S. aid holds near 2024 outturn, the decline would be US$-19 bn. Donor Tracker is used for trend context (Figure 1), not as the source of the –32 calculation. Norway's marginal contribution to the fall (US$-0.2bn) is included.

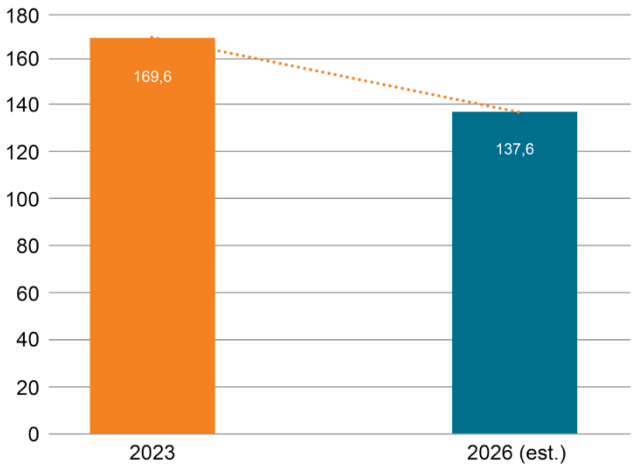

Figure 2: *Total ODA of Six Major Donors: 2023 vs Estimated 2026 (US$ bn)*

3. IMPACT ON CLIMATE AND NATURE INITIATIVES

To understand how recent aid cuts could weaken countries in the face of the nature and climate crisis, we take two steps. We start with the RIO marker database from the 2023 baseline and pull every project that carries the highest “Rio marker 2” score for the environment, biodiversity, climate mitigation, climate adaptation, or desertification. We keep only the large projects from the six donors (those worth more than USD 10 million). For each project we record (i) which of the five climate and nature topics it serves and (ii) where the money is supposed to go: Africa, Asia, the Middle East & North Africa, Latin America, Oceania, Regional Europe, or “developing countries unspecified.” This gives us a picture by topic and by region, of who is giving the most and who is receiving the most (Figure 2).[42] Although governments seldom named the exact projects they will cancel, most have announced the overall size of their aid reductions. Applying this general trend to the map in Figure 2 allows us to see, in rough terms, how much funding each topic and each region could lose. Finally, we ask what those lost funds mean for three key global initiatives that rely on aid: the Global Biodiversity Framework, the Paris Agreement, and the pending plastic pollution treaty. Together, these two steps show which countries and which environmental goals are likely to suffer most if the cuts go ahead.

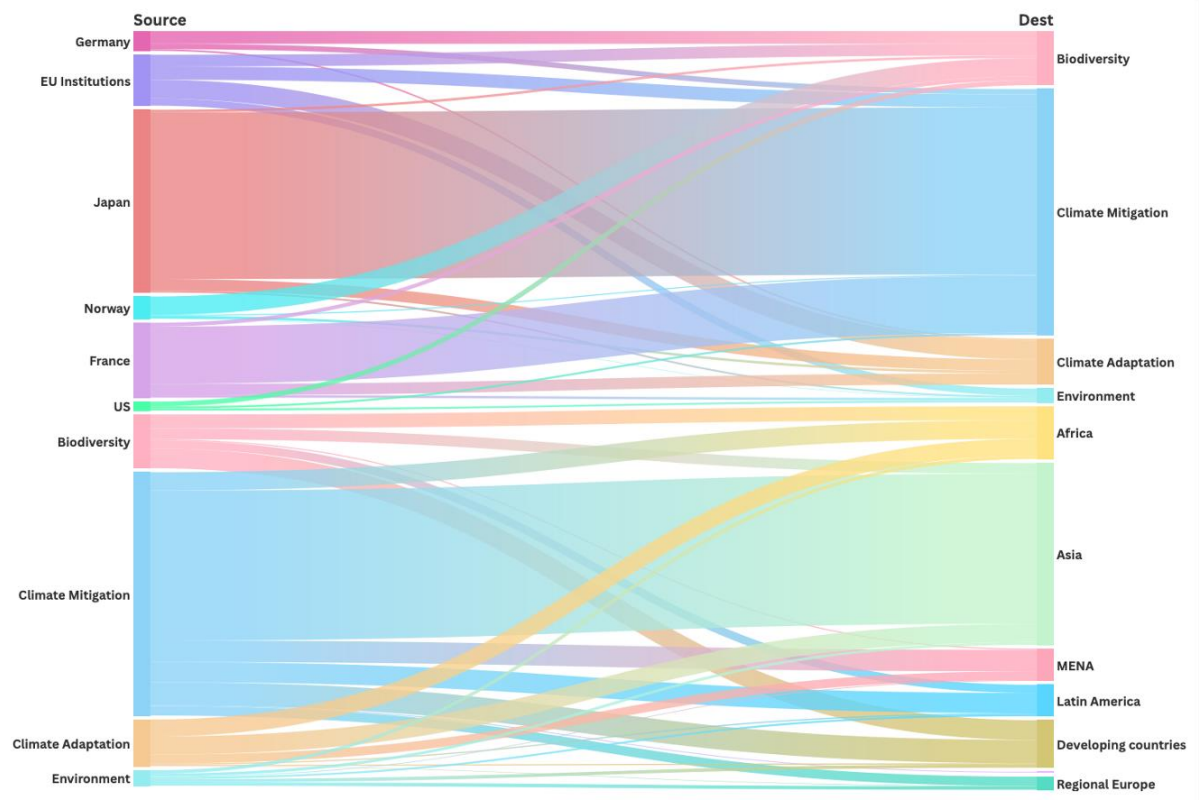

Figure 3: *Thematic and Geographical Distributions of Aid Commitments in 2023*
An interactive version is available https://public.flourish.studio/visualisation/24484473/

[42] Many projects have two or multiple 2-markers. We only calculate each project once. We follow the order shown in the original database “Biodiversity, Climate Mitigation, Climate Adaptation, Desertification, and Environment”. For example, if a project has first of all a 2-marker on biodiversity, then we will not aggregate it to the other topics. No project exists with a sole 2-marker on desertification, most of which are the same projects marked as climate or environment.

Figure 2 shows that most aid for climate mitigation comes from one country—Japan (due to its large loan commitment on transport). France also gives significantly for this purpose, while the EU institutions spread their money more evenly across different goals. Both France and the EU institutions have committed the largest share for climate adaptation. Any policy change of these donors will affect the continuation of global climate adaptation efforts. Norway and Germany look very different, giving more to protect biodiversity. Germany's planned cuts to international climate and environmental initiatives are thus concerning to the biodiversity agenda. About 37% commitment on biodiversity is distributed to unspecified developing countries. This could indicate global and cross-regional programs that provide important global public goods, which can also be under threat of reduced funding.

Asia receives by far the largest share of commitment to climate mitigation (more than sixty percent of the world's total for that goal). Africa is the only region where commitments for climate adaptation are almost as high as for mitigation, showing the continent's urgent need to cope with climate change and its vulnerability to aid cuts on multiple climate and environment issues. Small island states in the Pacific hardly appear at all in the data (lacking larger scale commitment due to their relatively smaller size). Yet, relative to GDP and exposure to climate hazards, they still face some of the world's largest adaptation gaps.

3.1 IMPACTS ON CLIMATE FINANCE AND THE PARIS AGREEMENT

Funding shortfalls are emerging in the climate finance architecture under the Paris Agreement. Developed countries collectively claimed to finally reach the long-promised $100 billion per year climate finance goal in 2022 (OECD tallied $115.9 billion including private flows).[43] But progress remains fragile and uneven. The recent aid cuts threaten to undermine both the actual flows and the good faith needed to implement the Paris Agreement. Key multilateral climate funds are receiving less support than expected.

For instance, The Green Climate Fund (GCF), the largest UNFCCC fund for mitigation and adaptation, had a low replenishment in 2023. In October 2023, donors pledged only $9.3 bn for GCF's 2024-2027 period, not even matching the $9.9 billion from the prior round in 2019.[44] Germany pledged the largest €2 bn. However, its domestic budget strain casts doubt on whether it can disburse this in full. Overall, with U.S. absence and others not scaling up, the GCF is entering its post-2025 phase billions short.

Other climate funds have seen mixed support. The Global Environment Facility (GEF), which serves both climate and biodiversity conventions, kicked off its GEF-8 replenishment in 2022. Donors like the US and Germany did meet GEF commitments (the U.S. paid $150 million for GEF-8 in FY2023)[45], suggesting some multilateral climate funding is holding steady. Similarly,

[43] https://www.diplomatie.gouv.fr/en/french-foreign-policy/climate-and-environment/news/2024/article/france-continues-its-commitment-to-climate-finance-for-developing-countries-in
[44] https://www.germanclimatefinance.de/2023/10/09/green-climate-fund-pledges-do-not-meet-expectations
[45] https://home.treasury.gov/news/press-releases/jy0725; https://www.germanclimatefinance.de/overview-climate-finance/channels-german-climate-finance/global-environment-facility-trust-fund-gef-trust-fund-2

the Adaptation Fund received new pledges from European countries in late 2023.[46] On the other hand, the newly established Loss and Damage Fund has so far attracted only modest contributions (e.g. Germany €92 million, EU €25 million, Japan $15 million, U.S. $17.5 million, etc.).[47] Many donor budgets have limited room for unplanned commitments, if aid continues to tighten.

In summary, the aid cuts have begun to slow the growth of international climate finance at the very moment it needs to accelerate according to international agreements. The Paris Agreement's implementation depends on ramping up support for decarbonization and adaptation in developing countries. Instead, overall climate-related ODA from many donors is flat or falling, and key players are contributing less than promised. This not only reduces tangible resources (fewer projects funded, smaller grants, etc.) but also undermines political goodwill.

3.2 IMPACTS ON BIODIVERSITY AGREEMENTS

The global biodiversity agenda, which is centered on the Kunming-Montreal Global Biodiversity Framework (GBF) adopted in December 2022 under the Convention on Biological Diversity, also faces a financing challenge in light of donor aid cuts. The GBF calls for a massive scale up of resources, at least $200 billion/year globally for biodiversity by 2030, including $20 bn per year by 2025 rising to $30 billion by 2030 in international finance from developed to developing countries. Achieving these targets was always ambitious, and recent developments indicate a growing funding shortfall for biodiversity.

Global Biodiversity Framework Fund (GBFF) as a new instrument to help implement the GBF was launched in 2023. Thus far, however, donor contributions have been unpromising. As of mid-2025, the GBF Fund had received pledges totaling only $386 million.[48] For context, $386 million is less than 2% of the annual $20 bn needed by 2025 under GBF Target 19. About a dozen governments have pledged to the GBFF, including Canada, the UK, EU countries (France, Germany, Denmark, etc.), Japan, and Norway, but most amounts are modest.

In 2022, several donors did pledge to increase nature funding. Germany announced it would double biodiversity aid to €1.5 bn by 2025,[49] and France and the EU similarly committed to doubling funding for biodiversity (the EU to €7 bn by 2027).[50] These promises were highlighted as contributions to the GBF. Now, however, meeting them is in doubt. Germany has acknowledged that, with the current budget cuts, climate and biodiversity funds contributions may have to decrease by about 12% after 2025. France's case is stark where its aid cuts mean there is simply less money for all sectors, biodiversity included. France's own public biodiversity funding abroad (e.g. via AFD projects, tropical forest conservation, etc.) will likely stagnate or drop given the roughly 40% cut in grant ODA.

[46] https://www.adaptation-fund.org/press-release-adaptation-fund-mobilizes-nearly-us-160-million-in-new-pledges-at-cop28-for-the-most-climate-vulnerable; https://www.nrdc.org/resources/climate-funds-pledge-tracker
[47] https://unfccc.int/topics/climate-finance/funds-entities-bodies/fund-for-responding-to-loss-and-damage/pledges-to-the-fund-for-responding-to-loss-and-damage
[48] https://guyanatimesgy.com/world-leaders-hail-president-alis-visionary-leadership-on-biodiversity-preservation
[49] https://donortracker.org/donor_profiles/germany/climate
[50] https://ec.europa.eu/commission/presscorner/detail/en/ip_22_7767

3.3 OUTLOOK ON THE PLASTICS TREATY

The UN Plastics Treaty to end plastic pollution is under negotiation. Its implementation of this treaty, particularly for developing nations, will certainly require financial and technical assistance. The recent aid trends raise questions about how robust support for the plastics treaty will be.

Many of the major aid donors acknowledge that developing countries will need capacity building, technology transfer, and financing to meet treaty obligations. For example, India and many African and Asian countries are calling for a dedicated Multilateral Fund for plastics, akin to the Montreal Protocol's ozone fund, to ensure equitable implementation.[51] Donors have in principle shown openness to discussing financial mechanisms. Norway and the EU have voiced support for provisions on financial assistance. However, the level of ambition here will ultimately depend on funding availability. If donors are cutting overall aid, they may resist creating a large new funding facility under the plastics treaty.

At present, some donor initiatives exist to tackle plastic waste, e.g. Japan's MARINE Initiative and the World Bank's PROBLUE fund, but these are relatively small. Norway recently announced NOK 23 million (US$2.2 million) for 2025 to support projects on integrated ocean management and combat marine pollution.[52]

France's aid retrenchment means it has less flexibility to sponsor new environmental initiatives, which is notable because Paris has been a proponent of addressing plastics.

Germany and the EU might step up. Germany's development minister has mentioned plastic pollution as a priority within circular economy efforts, and the EU is funding some regional programs. Yet, these sums are nowhere near the scale needed to transform waste management systems globally. Also, Germany's "International Climate and Environmental Initiative" has been trimmed, presumably also affecting waste/pollution projects. The United States, under the Biden administration, actively supported launching the treaty talks and has some USAID programming on ocean plastics. However, the Earth.org analysis notes that as of 2024 the U.S. favored a "least ambitious" option in treaty scope and was wary of onerous obligations.[53]

In summary, the prospects for the plastic pollution treaty's financing are uncertain under current aid trends. On one hand, political will for tackling plastics is high. This political momentum might drive new forms of support. On the other hand, the aid retrenchment among donors means they are less likely to commit large public funds through traditional ODA channels for a plastics treaty. We may see more emphasis on private sector responsibility as an alternative to direct aid. Some proposals suggest a global plastics pollution levy on resin producers that could generate billions.[54]

[51] https://earth.org/key-players-and-positions-in-the-global-plastic-treaty-negotiations
[52] https://sdgs.un.org/partnerships/norway-contributes-23-mln-nok-oda-2025-projects-related-integrated-ocean-management
[53] https://earth.org/key-players-and-positions-in-the-global-plastic-treaty-negotiations
[54] https://www.weforum.org/stories/2025/07/plastics-un-treaty-funding-infrastructure

4. CONCLUSION

The world is facing many problems at once, conflict, disease, extreme weather, biodiversity loss and food shortages. At the same time, many donors are cutting aid budgets. Our report shows that by 2026 the six biggest donors alone could remove about US $32 billion from their aid budgets. When the “whole pie” is smaller, every slice that pays for climate, nature, health or humanitarian missions may also shrink. In short, a general wave of aid cuts is deepening global polycrises at once.

We should be aware that climate and nature funding is already insufficient to meet international commitments. Even before the new cuts, public finance for climate and biodiversity was falling short of the targets governments have set for themselves. The Paris Agreement’s US $ 100 billion-a-year goal was only reached in 2022 by adding in mobilized private flows, and pledges to the Global Biodiversity Framework Fund were still below US $ 400 million, barely 2 % of the US $ 20 billion a year that the Kunming-Montreal deal says is needed by 2025-30. In addition, a few very large loans (for example Japan’s high-speed train in India) made the numbers look bigger than they really are. Because the base is small, any reduction hits fast. There are also donors that tie climate funding to total aid. The EU, for example, promises that 35 % of one of its main aid funds must help the climate. So a general budget cut automatically drains climate and nature funds. Donors had pledged to double biodiversity money, fill a new Loss-and-Damage fund, and reach US $100 billion per year for climate finance. Our findings suggest these promises will be hard to keep facing the general aid cut announcements.

For donors, it is still possible to drive meaningful changes by taking key actions for climate and nature. First, protect the green lines in the budget. When budgets have to tighten, it is fiscally smart, not just ethical, to protect strategic allocations for climate and nature actions. This avoids the worst damage that would cost more money to address in the long run. Second, blend public and private funds wisely and create new, fair sources of money. Third, count quality, not just quantity. New plans should aim for projects that give triple wins by cutting emissions, protecting ecosystems and boosting local jobs. Even if cash is limited, smarter project design can stretch each spent dollar further.

For partner governments and civil society, it is time to prioritize and work smarter. First, prioritize and phase projects. They can focus first on actions that save lives and prevent irreversible damage, such as early-warning systems, mangrove restoration and medicine cold-chain upgrades. Second, make national budgets “climate-smart.” Partner countries should mainstream climate risk into transport, water and agriculture spending. Third, hold donors to their words, by tracking closely pledges versus disbursement and making the data public. Transparency creates pressure to close the gap. Fourth, diversify their funding by working with multilateral development banks (MDBs), building partnerships with philanthropies, and sourcing from innovative finance tools like blended finance or impact bonds.

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