



Climate Financing by Austria¹

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¹ Austria (2010). Fifth National Communication of the Austrian Federal Government in Compliance with the Obligations under the United Nations Framework Convention on Climate Change, according to Decisions 10/CP.13 and 4/CP.5 of the Conference of the Parties, and in Compliance with the Obligations under the Kyoto Protocol, according to Decisions 8/CMP.3 and 15/CMP.1 of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, February 2010, 303 pp.

Austria is contributing to the Global Environment Facility, which was set up to tackle climate change and other global environmental problems in developing countries, since its inception. In addition, Austria is offering financial support for the implementation of the convention in various forms and initiatives, above all by contributing to funds and programmes of the European Community, the UNFCCC Trust Fund and the LDCF, other MEAs and multilateral institutions. Austria's bilateral ODA is another source for funding UNFCCC related activities. Respective programmes target both mitigation and adaptation. Renewable energy and energy efficiency, sustainable forest management, sustainable agriculture and land management in the framework of rural development programmes are preferred areas of co-operation in several developing partner countries. Besides, all bilateral assistance programmes and projects are subject to environmental appraisals that integrate climate change related issues. The structure of this chapter follows the UNFCCC Reporting Guidelines on National Communications; information related to Art. 10 and 11 under the Kyoto Protocol is included in the relevant sections.

1. Provision of "New and Additional" Resources

The Global Environmental Facility (GEF) was set up in 1991 as a three-year experiment (pilot phase) and, since restructuring in 1994, has seen substantive replenishments, whereby Austria has contributed its share. The GEF's objective is to assist developing countries and, to some extent, countries with economies in transition in the protection of the global environment and promote thereby environmentally sound and sustainable economic development.

With regard to the UNFCCC, GEF supports developing countries with measures that increase resilience to and reduce the risks, or the adverse effects, of climate change. The Austrian contribution to the GEF is financed in addition to existing commitments and payments to other international finance institutions. During the pilot phase Austria contributed a comparatively large share (about US\$ 35 million or about 2.7% of the GEF Trust Fund) in order to underline its interest in international cooperation for the protection of the environment. In the 1st replenishment, Austria contributed another US\$20 million. In addition, Austria financially supported a bilateral GEF Consultant Trust Fund. Table 1 offers an overview of Austrian contribution to the GEF from 2005 to 2008 in terms of ODA shares (i.e. 96% of actual amounts). In total Austria provided about US\$ 30 million during this period.

2. Assistance to Developing Country Parties that are Particularly Vulnerable to Climate Change

The least developed countries are those countries that suffer most from climate change. They have fewer resources for coping with storms, floods, drought, disease, and with climate change induced challenges concerning food security and water supplies. Although regional and local effects will differ widely, some regions can be identified that are particularly vulnerable to the adverse effects of climate change.

2008 total ODA of Austria amounted to US\$ 1,714 million. Roughly 70% (US\$ 1,234 million) qualified as bilateral ODA. LDCs received US\$ 123.03 million or about 10% thereof. Several priority regions and

countries are supported by Austria in long-term partnership programmes (see <http://www.entwicklung.at/en/countries-andregions.html>).

In relation to climate change adaptation, the priority region for assistance is Sub-Saharan Africa. Whereby measures to reduce the vulnerability and increase the resilience to climate change related effects are integrated in the bilateral co-operation programmes with selected partner countries. Co-operation is grounded on the fact that poverty, inequality and insecurity, social conflicts, poor health, lack of access to education and training, as well as the depletion and degradation of natural resources are continuously increasing in developing countries in such a way that the development perspectives of all countries are affected. Contributing to poverty alleviation, to the prevention of conflicts, to the conservation and sustainable use of the natural resources consequently forms the overarching framework. Working to achieve the MDGs, which address all these issues, is the fundamental objective.

Environmental sustainability, including measures related to climate change, is thus highly significant as an integral crosscutting issue of Austrian support to developing country Parties.

This crosscutting approach expresses itself on three levels.

- Possible effects and causes of climate change are treated alongside economic, social or environmental factors in programme and project development, for instance in standardised environmental programme or project appraisals.
- Climate change related interventions are taken into consideration as part of partner country strategies where high synergy concerning poverty reduction is identified.
- Mainstreaming the mitigation of and adaptation to climate change into national development strategies and action programmes, such as PRSPs, receives high attention in the policy dialogues with partner country institutions and NGOs.

3. Provision of financial resources

The following sections refer to Austrian ODA.

3.1 Bilateral financial contributions

Data on Austria's bilateral financial contributions can be accessed through the OECD DAC Creditor Reporting System. A substantial share of about 35% or about US\$ 50 million of Austrian Development Co-operation's operational core budget managed by the Austrian Development Agency in 2008 were spent on measures that addressed, among others, environmental objectives.

According to the cross-cutting nature of support to climate change, activities that mitigate GHG emissions or support adaptation focus on:

1) **Technical assistance** for sustainable use and management of natural resources respecting local needs, perceptions and knowledge, as well as measures in support of socio-cultural development and political integration of local populations in order to improve their livelihoods, and thereby

- reducing the vulnerability and increasing the capacities for adaptation to the effects of climate change,
- contributing to the conservation or rehabilitation of GHG-sinks.

Special emphasis is given to rural development in African partner countries, e.g. in Burkina Faso. Technical support to regional government institutions and civil society organisations is given to assist the local population to embark, among others, on reforestation measures and sustainable agriculture. Similar co-operation programs are financed in Mozambique and Ethiopia.

In Latin America, Austria finances the conservation of forests. In the Amazon region indigenous/local communities are supported in the field of organizational development, education, health, food production and income generation. By doing so, sustainable regional development respecting the conservation of the tropical rainforests is facilitated.

In Nicaragua's Southwest tropical rainforests are threatened by the continuous immigration of peasants in search for land. Austria is supporting the improvement of peasants' livelihood situations and measures to create awareness of the problematic environmental situation caused by forest degradation and deforestation. The stabilisation of settlement boundaries and the sustainable management of remaining forest areas are the long-term goals of these efforts.

In Bhutan Austria is co-financing the first ever project implemented with financial support from the LDCF. The project focuses on reducing glacial lake outburst flood risks.

2) Capacity building, technology and know-how transfer related to initiatives in the field of renewable energy, energy efficiency and cleaner production.

Co-operation projects in eastern and south-eastern Europe are noteworthy. Austria was involved in the rehabilitation of the Drin hydropower plants in Albania, and assisted the FYR Macedonia in the field of geothermal energy. In both countries, a program for the promotion of solar-thermal energy was carried out. Environmental education, institutional support to organisations and government institutions responsible for environmental issues, as well as the transfer of technology with regard to environmentally sound and efficient production are further important components of bilateral co-operation throughout the region.

The long-standing relationship with Bhutan must be particularly highlighted, too. Austria is collaborating with the Department of Energy in Bhutan since several years in the field of hydropower infrastructure, maintenance and management training, rural electrification and efficient use of biomass.

3.2 Multilateral financial contributions

In 2005 an Austrian strategy vis-à-vis the International Financial Institutions (IFIs) has been developed for the first time. An update of this strategy has been published in 2009. The strategy contains two chapters on energy and the climate process. They form central and clearly interlinked elements. Therein Austria endorses the continuous expansion of financing volumes for renewable energies as envisaged by

some IFIs, in particular the World Bank. In the consultation process on the energy policy of IFIs, Austria is committed to a distinct promotion of renewable energy and energy efficiency projects and programs and seeks to heighten its involvement in IFIs' special programs for renewable energy. In accordance with Austria's nuclear energy policy, IFIs should not finance nuclear facilities or projects involving the utilisation of nuclear energy.

IFIs should be promoted as participants in the carbon market. They should continue to be involved in the preparation of CDM projects in the pipeline. Finally, Austria remains actively engaged in the debate on the polluter pays principle within IFIs.

Austria's contributions to multilateral institutions like the International Development Association, the African and the Asian Development Fund and the International Fund for Agricultural Development could not be attributed specifically to the implementation of the Convention, as such attribution has to be done at the level of each of the institutions in accordance with the activities they have financed.

4. Activities Related to Transfer of Technology

Austria is a member of institutions and initiatives that have the exchange of research results and transfer of technology as a main target, e. g. the International Energy Agency and the Climate Technology Initiative. Bilateral assistance projects are another important means for technology transfer, often even if technology transfer is not the main target.

4.1 Technology transfer in energy technology and R&D collaboration programme of the International Energy Agency

Austria is a founding member of the International Energy Agency (IEA), which was founded in 1974. A lot of climate change issues are processed in so-called joint Implementation Agreements, where international partners collaborate on different research topics. Austria has joined several agreements, e. g. "Solar Heating and Cooling", "Advanced Fuel Cells", "Heat Pumping Technologies", "Energy Conservation in Buildings and Community Systems Programme", "Bioenergy", "Wind Energy Systems", "Demand Side Management", "Photovoltaic Power Systems", "Hybrid and Electric Vehicles", "Advanced Motor Fuels", "Solar Heating and Cooling" or "Climate Technology Initiative". The IEA's Directorate of Global Energy Dialogue works with member and non-member countries to promote cooperation and dialogues on all aspects of energy policy and technology. Non-member countries can and do already participate as full members in the IEA network of energy technology Implementing Agreements.

4.2 Austria's participation in the 7th Framework Programme for Research & Development of the EU Trans-national cooperation is an important objective of the Research Framework Programmes of the European Union.

Energy and environment including climate change are important thematic areas within the 7th Framework Programme, which has started in 2007. Already under the 6th Framework Programme several European Technology Platforms (ETPs) regarding energy and other environmentally relevant topics have been established. ETPs are particularly relevant for industrial research and Austrian research institutions and enterprises actively participate in several platforms. The Austrian Ministry of Transport,

Innovation and Technology has joined and built up several multilateral programme cooperations with other countries in the EU, so-called “European Research Area Networks” (ERA-Net). With respect to climate change issues the ERA-Nets “Bioenergy”, “Erabuild”, “Hydrogen and Fuel Cells”, “Photovoltaic”, “Smart Grids ERA-Net” need to be mentioned and the “Smart Grids D-A-CH”-cooperation. Each ERA-Net is joined by several partners of different countries, including the new member states of the European Union from Central and Eastern Europe.

4.3 Climate Technology Initiative

Austria is member of the Climate Technology Initiative (CTI, <http://www.climatetech.net>), which was established in 1995 at the Conference of Parties to the UNFCCC and has a new status as an IEA Implementing Agreement since 2003. Its mission is to promote the objectives of the UNFCCC by fostering international cooperation for accelerated development and diffusion of climatefriendly technologies and practises for all activities and greenhouse gases.

The main principles of CTI are close collaboration with developing countries and economies in transition and partnership with stakeholders, including the private sector, non-government organisations (NGOs), and other international organisations.

CTI performs a. o. capacity building and technical assistance for technology needs assessments as well as technology implementation activities and organizes seminars, symposia and training courses.

4.4 Capacity Building for CDM

In 2006 the Federal Ministry of Agriculture, Forestry, Environment and Water Management launched the Austrian CDM for Africa Initiative with the goal to promote the CDM in Sub-Sahara Africa. It both offered capacity development activities and support for concrete projects in four focus countries: Ethiopia, Ghana, Tanzania and Uganda. The initiative cooperates with the local DNA and/or project developers. The work programme for 2008 had a strong energy focus:

- Calculation of “grid emission factors” for the electricity grids in the four focus countries
- Compilation of a handbook and “hands on” training for the DNA on applying and updating the factors
- Review with regard to a compilation of an information pack for the DNA concerning CDM-potentials in the cement industry

Furthermore, Austrian Development Cooperation has been supporting Capacity Building and preparation of CDM documents for a hydropower plant in Bhutan from 2005 to 2008. This activity was embedded in the wider policy framework of Austrian Development Cooperation for Energy for Sustainable Development.

Besides, the Austrian JI/CDM Programme supports Non-Annex I Country Kyoto Parties with grants in the project development phase.

4.5 Further Initiatives

Since 1999 Austria is playing a key role as initiator and supporter of the Global Forum on Sustainable Energy GFSE. GFSE is a neutral multi-stakeholder platform which is facilitating international dialogue on energy for sustainable development by taking into accounts the special interests and challenges of developing countries. It plays a crucial role in facilitating sustainable energy projects, by bringing together donors, investors and project developers. Their interaction produces new opportunities and enhances existing initiatives in the field of sustainable energy. Annual conferences are the visible peak of the GFSE activities. They are feeding into the international energy discourse, raising awareness, and disseminating information.

An initiative for the development of an Austrian Master Plan Environmental Technology has been launched by the Federal Ministry of Agriculture, Forestry, Environment and Water Management and the Federal Province of Lower Austria in 2006; the Master Plan has been published in 2007. It is supported by the Competence Center for Environmental and Energy Technology which has been set up in 2008. The environmental technologies industry in Austria has a considerable share of small and medium size enterprises which often have a strong focus on their home market. One of the objectives of the initiative is to promote the international networking of the enterprises and to support exports. As a forerunner the Export Initiative Environmental Technology should be mentioned, which was launched in 2005. In a joint effort by the government and the private sector, numerous presentations of Austrian environmental technologies were held by business delegations under the auspices of the government, raising the awareness level of Austrian technologies in foreign countries.

4.6 Selected Projects

Many projects funded by ODA, by NGOs and industry facilitate the transfer of environmentally sound technologies and know-how to developing countries. Even if transfer of technology is not the main goal of a project, the use of environmentally sound technologies within the project facilitates access to, and understanding for, these technologies for people involved in the developing countries. Use of environmentally sound technology is an important principle for Austrian ODA projects. However, in most cases it is rather difficult to separate the costs related to sound technology from total costs of a project and virtually impossible to get an estimation of the impact on greenhouse gas emissions.