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Climate Financing by Switzerland

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2009 fifth national communication

This digest presents information from Switzerland's fifth national report to UNFCCC[1]. Within the Swiss Federal government, two agencies are responsible for policy formulation and implementation in the area of development cooperation and cooperation with Eastern Europe and the Commonwealth of Independent States (CIS): The Swiss Agency for Development and Cooperation (SDC) deals with technical cooperation, financial aid and humanitarian aid. The State Secretariat for Economic Affairs (SECO) is responsible for measures related to trade and economic development. Both agencies assume a co-responsibility for the international financial institutions.

Swiss development cooperation activities and funding focus on three strategic priorities: 1. Reducing poverty; 2. Promoting human security and reducing security risks; 3. Contributing to pro-development globalisation. Within these strategic priorities environmental and climate protection play an important role. Switzerland engages in policy dialogue and negotiation processes, mitigation, and adaptation. Promoting adaptation to climate change and access to sustainable energy contributes to poverty reduction, avoiding climate related conflicts enhances human security and the promotion of fair climate regulations is one element of a pro-development globalisation. Furthermore, the Bali Action Plan under the UNFCCC with the four pillars of mitigation, adaptation, technology and finance provides a framework for orientation.

At policy level, Switzerland is playing an active role in international climate policy and is making a contribution to fair and binding political framework conditions. By participation and co-financing projects in the main multilateral institutions and by an active political dialogue Switzerland contributes to a climate-sensitive approach within these institutions and aims to ensure a more coherent implementation of policies and strategies and to promote the international division of labour. At bilateral level, Switzerland supports activities in mitigation and adaptation.

SDC has undergone a thorough restructuring process in 2008 and carries out its operations in four divisions: Global Cooperation, Regional Cooperation, Cooperation with Eastern Europe / Communities of Independent States and Humanitarian Aid. Within its Global Cooperation pillar, SDC is addressing global challenges such as climate change, food security, and migration. Building on decades of climate-relevant operational experiences in the fields of energy efficiency, renewable energy, agriculture, and forestry, SDC established a new Global Programme Climate Change. This Programme is operating through multiple partnerships at the political, multilateral and local levels and encompasses activities on both climate change mitigation and adaptation. It acts as a catalyst for the progressive integration of mitigation and adaptation in all of SDCs operations and maintains an agency-wide network for this purpose. Meanwhile, the Humanitarian Aid pillar of SDC is able to draw on its vast experience with climate-related issues in expanding its activities in relevant areas, such as Disaster Risk Reduction.

[1] FOEN (Ed.), 2009: Switzerland's Fifth National Communication under the UNFCCC, Bern, 248 pp.

SECO's Economic Development Cooperation is divided into four operational branches: Macro-economic support, private sector promotion, trade promotion and infrastructure financing. Since 1992, SECO has been pioneering innovative modalities of technology transfer. For this purpose, SECO has partnered with the World Bank, Regional Development Banks, UNIDO, UNCTAD, ITC, ITTO and other specialised organisations, including from the Swiss private sector. SECO's programme benefits from the rich experience of Swiss research institutions and technology suppliers regarding environmentally sound technologies. SECO is continuing its engagement as built up in the last decade, completed by a new engagement around REDD (Reducing Emissions from Deforestation and land Degradation in developing countries).

Section 1 summarizes financial contributions to dedicated funds under the UNFCCC managed by the Global Environmental Facility (GEF). 2 provides in textual format information on Switzerland's bilateral activities related to adaptation including an example of one of the adaptation programmes. Section 3 gives a tabular overview on the financial contributions at multilateral and bilateral level. Section 4 reports on technology transfer activities related to mitigation both from the public and the private sector. Several projects are described in detail, including more information on the technology transferred.

1. Provision of "new and additional" financial resources

Switzerland considers its contributions to the funds under the UNFCCC and its Kyoto Protocol that are managed by the Global Environmental Facility (GEF) as additional resources and continues to strengthen its climate-related activities through its active engagement in a large number of organisations and processes in the field of international cooperation.

Contributions to dedicated funds under the UNFCCC

At COP 6bis in Bonn, 2001, Switzerland signed a political declaration issued jointly with the EU, Iceland, Norway, New Zealand and Canada, committing itself to payments to the Special Climate Change Fund (SCCF) on the basis of the originally proposed emissions-based burden-sharing formula. According to the annex of the Kyoto Protocol, the Swiss share of 1990 Annex I emissions is 0.3%. The base amount of the COP6bis Political Declaration was USD 410 million yielding a Swiss share of CHF 1.5375 million per year. This payment modality was subsequently approved by parliament.

Table 1. Financial contributions to the UNFCCC Climate Funds managed by the GEF

Contributions (CHF)	2005	2006	2007	2008
Least Developed Countries Fund	700,000	700,000	1,000,000	1,000,000
Special Climate Change Fund (Adaptation)	650,000	900,000	500,000	500,000
Special Climate Change Fund (Technology Transfer)	650,000	400,000	0	0

2. Assistance to developing countries particularly vulnerable to climate change

Adaptation in SDC projects SDC has undertaken a broad range of activities to promote climate resilient development especially in the most vulnerable developing countries. It seeks to create awareness on adaptation at different levels, such as at international and national policy level, sector level and at local level. Overall goal of SDC's Global Programme Climate Change in adaptation is to support developing and emerging countries in reducing their susceptibility to unavoidable climate change and minimizing the social and economic costs by:

- Maintaining or increasing productive capital of land (forest, agriculture) at local level
- Reducing susceptibility to natural hazards in highly endangered areas at the local / regional level
- Increasing technology transfer and innovation in the field of adaptation in developing and threshold countries.

SDC's adaptation activities are mostly linked to sustainable management of soils, water and forests and envisage the most vulnerable countries and communities. Management of natural resources is not only at the heart of the fight against poverty (agricultural and forest production, soil moisture regime, bio-mass for energy) but also helps to prevent climatic risks (dryness, extreme events). Furthermore, emphasis is given to linking climate change adaptation activities with efforts on prevention and disaster risk reduction within the humanitarian aid. Switzerland has been active for many years in disaster risk reduction and has developed several methods and tools to better integrate disaster risk reduction into project planning and project management.

Several pilot projects or programmes on adaptation have been launched over the last few years such as the project "Vulnerability assessment and enhancing adaptive capacity to climate change in semi-arid India" or the "Climate Change Adaptation Programme" in Peru.

SDC has also provided support for several climate-related projects at the multilateral level, such as:

- UNDP Climate change capacity development for policy makers in developing countries: The project aims at strengthening national capacity of developing countries to develop policy options for addressing climate change across different sectors and economic activities. The project provides targeted assistance to 20 developing countries, most of them Least Developed Countries or Small Island Developing States.
- World Bank study "Economics of Adaptation to Climate Change": The overall objective is to help decision makers in developing countries better understand and assess the risks posed by climate change and to better design strategies to adapt to climate change. This $8 million study is being financed by the Governments of the UK, the Netherlands and Switzerland and consists of a 'global track' and a set of seven country studies.

- Climate-L.org (IISD in Cooperation with the UN Chief Executives Board for Coordination Secretariat): This innovative knowledge management project is providing consolidated information on the international activities related to climate policy. Web-based tools allow for the provision of high quality and timely information at a global level. Worldwide subscriptions to Climate-L.org have grown rapidly.

Several bilateral projects contribute positively to climate change adaptation although they are not specifically designed for this purpose. Mostly, these projects are aimed at sustainable resource management. Adaptation components are important in projects covering the sectors environment, agriculture and water. An analysis of SDC's portfolio in the field of natural resource management (forest, water, agricultural land) revealed that approximately 15% of all these projects or project components can be attributed to climate change adaptation.

Adaptation in SECO projects: Weather insurance

Since 2002, SECO is supporting the Commodity Risk Management Group (CRMG) of the World Bank by co-founding pilot projects on weather insurance for farmers. Those insurance products are developed according to pre-disaster analysis and index development that is the reference or baseline when weather fluctuations occur (drought, floods). Payments to farmers are triggered by specific patterns of the index, not by actual yields. Therefore weather indexed risk management products are considered as a new alternative to traditional crops insurance programmes. It reduces the occurrence of moral hazard and adverse selection.

In cooperation with Swiss Re (as reinsurer), SECO supported CRMG in its first index-based weather risk management transaction in India in June 2003, the first-ever weather insurance project in the country. Based in Andhra Pradesh, the pilot programme sold weather insurance policies protecting against low rainfall to groundnut and castor farmers. During the 2005 monsoon season 250,000 farmers bought weather insurance throughout the country; a significant portion of this risk was reinsured into the international risk markets. The case of India provides an interesting example how, very quickly, the project reached its exit strategy, that is, commercial markets are developed to the point where risk management products and services are readily accessible to those who need and want them. Experiences are shared with the International Task Force on Commodity Risk Management that offers a platform of dialogue among the private sector, UN organizations, donors and World Bank.

3. Provision of financial resources

From 2005 to 2008, Switzerland's official development assistance amounted to CHF 8.3 billion (between 2 and CHF 2.2 billion per year), whereof approximately 25% have been provided through multilateral assistance (core contributions and programmes) and 75% through bilateral assistance projects. Table 1 and Table 2 give an overview on multilateral and bilateral climate related contributions.

Climate-related contributions from SDC:

- Programmes and projects at global level (specific programme climate change, food security and water): Contributions to mitigation and adaptation components were systematically analysed.

- Programmes and projects in the regions (Latin America, West Africa, East- and Southern Africa, South Asia, East Asia, Central Asia and Western Balkan): Exact information on climate related contributions of these programmes or projects are not available. Based on an analysis of all regional projects the following judgements were made: Out of all activities in the sectors environment, agriculture and water, 20% of projects or project components are attributed to climate change mitigation and/or adaptation. Out of these projects, contribution to adaptation is 75%, contribution to mitigation 25%.

- Humanitarian aid: 60% of all projects or project components in the field of prevention and preparedness are calculated as climate change adaptation projects (as they are climate / weather related). Contributions to climate related emergency relief and reconstruction are not included.

SECO: 10% of bilateral ODA is attributed to be climate-related, mainly mitigation.

BAFU: 1/3 of multilateral contributions to the GEF is for climate-related funding, mainly mitigation. Out of this contribution, currently 97% is counted as ODA.

Table 1. Financial contributions to multilateral institutions and programmes

Multilateral contributions (million CHF)	2005	2006	2007	2008
Global Environmental Facility (GEF)	21.8	20.8	24.4	29.8
Multilateral institutions:				
1. World Bank (IDA)	153.0	159.0	166.0	174.0
2. International Finance Corporation	12.1	15.3	9.1	10.5
3. African Development Bank (BAD)	0	0	4.4	0
African Development Fund	16.5	7.9	0.7	66.3
4. Asian Development Bank (ADB)	0	0	0	0
Asian Development Fund (ADF)	16.7	15.4	15.1	13.4
5. European Bank for Reconstruction and Development (EBRD)	10.5	11.3	1.9	7.1
6. Inter-American Development Bank (IADB)	0	0	0	1.3
7. United Nations Development Programme (UNDP)	52.0	52.0	52.0	54.0
8. UNEP	4.4	4.5	4.5	4.9
UNEP Ozone Fund	3.4	2.0	2.0	2.5
9. UNFCCC and Kyoto Protocol	0.7	0.8	0.4	0.4
Kyoto Protocol Adaptation Fund				0.2
UNCCD	0.4	0.5	0.5	0.9
UNFF				0.1
International Tropical Timber Organization (ITTO)	3.8	3.9	0	0
Multilateral scientific, technological and training programmes:				
Consultative Group on International Agricultural Research (CGIAR)	12.0	12.0	12.0	11.9
International Fund for Agricultural Development (IFAD)	7.5	7.6	7.7	7.8
International Strategy for Disaster Reduction (ISDR)	0.8	0.8	0.8	0.8
International Union for the Conservation of Nature (IUCN)	1.0	1.3	1.0	0.7
UNIDO: Cleaner Production Centres (CPC), metrology and standards	5.1	9.0	3.7	4.1
World Bank Climate Funds: CF Assist; Forest Carbon Partnership Facility	0	2.3	0	8.8

UNCTAD: Biotrade	0.6	1.2	0.8	1.8
IPCC	0.1	0.1	0.1	0.1
UNITAR (climate change, environmental law)	0.6	0.6	0.6	0.3
OECD Climate Change	0.05	0.05	0.05	0.05
Total	323.05	328.35	307.75	401.75

Table 2. Bilateral and regional financial contributions

	Disbursement Mitigation (in CHF)				Disbursement Adaptation (in CHF)			
Recipient region	2005	2006	2007	2008	2005	2006	2007	2008
SDC								
Global	3'993'000	3'930'000	2'705'000	3'547'000	5'153'000	5'432'000	4'339'000	5'875'000
Latin America	1'222'000	1'092'000	1'482'000	1'380'000	3'666'000	3'277'000	4'445'000	4'139'000
West Africa	797'000	632'000	665'000	730'000	2'392'000	1'896'000	1'995'000	2'191'000
East- and Southern Africa	1'228'000	1'281'000	1'111'000	1'348'000	3'684'000	3'844'000	3'334'000	4'044'000
South Asia	1'523'000	1'607'000	1'588'000	1'676'000	4'570'000	4'822'000	4'763'000	5'029'000
East Asia	873'000	1'189'000	807'000	906'000	2'620'000	3'566'000	2'421'000	2'718'000
Central Asia, Western Balkan	1'273'000	1'031'000	1'108'000	1'279'000	3'818'000	3'093'000	3'324'000	3'838'000
Humanitarian Aid (DRR)	0	0	0	0	9'883'000	11'870'000	10'781'000	11'396'000
SECO								
Global	23’800’000	23’300’000	20’200’000	20’500’000	0	0	0	0
Total	34’710’000	34’063’000	29’665’000	31’367’000	35’786’000	37’799’000	35’402’000	39’228’000

Table 3. Summary of information on financial resources and technology transfer

(million CHF)	2005	2006	2007	2008
Official development assistance (ODA)	2’207	2’063	2’022	2’235
Climate-related aid in bilateral ODA	70.5	71.9	65.1	70.6
Climate-related support programmes	IE	IE	IE	IE
Contributions to UNFCCC climate funds managed by GEF	2	2	1.5	1.5
Pledge for third and fourth GEF replenishment (Climate funds)	2	2.1	1.5	1.5
Activities implemented jointly	0	0	0	0
JI and CDM under the Kyoto Protocol (Climate Cent Foundation)*		5.049	9.821	19.999

Abbreviations: CDM: clean development mechanism, GEF: Global Environment Facility, JI: joint implementation. IE: included elsewhere. Explanations: Financial support to climate-related programmes of multilateral institutions is reported under bilateral assistance.

*Annual expenditures according to projects under the flexible mechanisms derive from the Climate Cent Foundation (Climate Cent Foundation 2007 and 2008).

4. Activities related to transfer of technology

Under the Swiss foreign policy on energy of 2008 the Swiss Federal Council has mandated the relevant ministries (1) to increase their engagement regarding promotion of renewable energy and energy efficiency in the programmes of development cooperation; (2) to foster public private partnerships for sustainable energy projects; and (3) to increase relevant contributions to multilateral development banks.

In line with this decision, SDC and SECO have defined climate change mitigation as a priority area, respectively a cross-cutting issue. The focus is on access to modern energy infrastructure, including renewable energies, rural electrification, energy efficiency in the industry and in the buildings/construction sector, and reducing deforestation. Switzerland has a noteworthy track-record in energy projects, particularly in transition countries.

Switzerland has considerably deepened its inter-ministerial coordination through the platform Renewable Energy and Energy Efficiency Promotion in International Cooperation (www.repic.ch). This platform has successfully helped to improve knowledge exchange among the four federal agencies involved: SDC, SECO, Federal Office for the Environment and Swiss Federal Office of Energy. REPIC offers seed money and technical advice for promising climate change initiatives, during the pre-competitive phases of project development, for technology and market testing. REPIC uses and pools the know-how and technology of Swiss companies, NGOs, and researchers. On the international scene, Switzerland participates in the newly established Climate Investment Fund and will be one of the three major driving forces for the "Scaling-up Renewable Energy Programmes in Low Income Countries" under this fund.

Importance of private sector initiatives for technology transfer

Technology transfer and innovation are crucial for any economic development. Technologies are mostly developed and owned by the private sector. In many fields of environmentally sound technologies, Swiss companies are leading in the development, diffusion and implementation of state-of-the-art solutions. Switzerland is an important hub in terms of R&D, foreign direct investment and technology exports. These climate relevant Swiss private sector activities, in the magnitude of several billion CHF per year, are supported by the Swiss export promotion agency "osec - Business Network Switzerland" (www.osec.ch) with its Swiss business hubs in many strategic export markets. Another important service for private technology suppliers is the Swiss export insurance scheme (www.serv-ch.com). The SERV is traditionally very important for Swiss exports e.g. in the context of new hydropower schemes.

Role of the public sector in technology transfer

In order to manage a successful technology transfer which uses the know-how and financing capacity of the private sector, Switzerland is convinced that the following elements need to be taken into consideration by governments; Switzerland is supporting various initiatives in this field regarding its national economy, but also – under its development cooperation – targeting developing and transition countries:

- Create a sound trade framework: Reduction of custom tariffs and non-tariff barriers
- Create an enabling investment framework: protection of private property, intellectual property rights (IPR), reduction of administrative hurdles for companies, fight against corruption; stability of the law, security, appropriate energy tariff setting etc.

- Strengthen financial markets: Improve access to finance particularly for SMEs and strengthen the risk management of financial intermediaries in its partner countries in-cluding capacity building in addressing environmental and social risks.
- Capacity building and information in order to prepare industry in developing countries to deal with the challenges of global production chains and new technologies.
- Realisation of pilot and demonstration projects

SECO activities related to transfer of technologies

The main responsibility for technology transfer matters is with SECO's «Economic Cooperation and Development» division responsible for planning and implementing economic and trade policy measures with developing countries, Eastern European and Central Asian states as well as the new EU Members («enlargement contribution»). Through its technology transfer activities, SECO seeks to integrate partner countries into the global economy and promote their sustainable economic growth.

SECO's role here is to gauge the economic consequences of climate change and support the implementation of suitable measures in partner countries in a manner that also makes economic sense. Its focus is on mitigating emissions of greenhouse gases. SECO also assists in the drafting of strategies in international institutions, such as the World Bank, and participates in international talks.

In December 2008 the Swiss Parliament passed the «Dispatch on the financing of economic and trade-policy measures in the context of development cooperation». This makes provisions for SECO to take on further commitments in climate-related matters. In essence, this focuses on: promoting emissions trading, technology transfer, investments in infrastructure, and market- oriented measures for the sustainable use of resources. Particular importance is attached to promoting energy efficiency and renewable energy sources. In its climate-related activities, SECO works closely with various international partners such as the multi-lateral development banks and international organizations such as UNIDO, UNCTAD and ITTO.

Within the scope of development cooperation, transition assistance and the enlargement contribution, SECO's objective with respect to climate is to foster ecologically sustainable and climate-neutral growth that also helps to lower poverty rates. SECO's activities are based on its specific competences and experience, concentrating on technology transfer in those sectors with the most potential for reducing climate-damaging emissions (i.e. high mitigation effect):

Carbon market

Switzerland has been a pioneer in CDM capacity building activities. After initiating and financing the successful World Bank programme for National Strategy Studies (NSS) on CDM potentials, SECO is a driver behind the Banks "Carbon Finance Assist" trust fund, a global programme for CDM capacity building.

Promoting energy efficiency

SECO contributes to raising energy efficiency by providing financial incentives, financing pilot and demonstration projects, improving the framework conditions and offering professional consultancy services. It specifically seeks to use the know-how and capital available in the private sector, including Swiss companies. Swiss state-of-the-art technology has much to offer in the efficient management of industrial installations and in building technology.

Since more than a decade, together with UNIDO, SECO has created a global network of national cleaner production centres. These centres provide information to the public and private sectors, regulatory advise companies, and provide company assessment services regarding environmentally sound technologies. Thus, they are building grounds for a successful technology transfer in the partner countries. The cooperation with UNIDO includes regional and global knowledge management on the issue of environmental technology transfer.

Based on its positive experience with cleaner production, SECO developed so-called green credit lines in Colombia in 2003, which aim at fostering credit lines to SMEs willing to invest in environmentally friendly technologies. This instrument, which works through local banks, combines a guarantee element for the participating banks with an ex-post subsidy for borrowers subject to the fulfilment of certain environmental target indicators (e.g. emission reduction). The scheme is meant to provide a strong demonstration effect for both SMEs and financial intermediaries, showing the profitability of investing in environmentally friendly technologies. The positive experience of Colombia has led SECO to introduce similar schemes in Peru in 2004 and in Vietnam in 2007.

Further, through SIFEM, SECO is also investing in specific private equity funds in developing and transition countries, targeting companies/projects in the clean energy and energy efficiency sector.

Renewable energy sources

The unregulated use of oil, gas and coal as a source of energy is the main reason behind the incessant release of carbon emissions into the atmosphere and, as such, is a major contributing factor to climate change. Nonetheless, a running supply of energy is absolutely necessary to ensure economic growth and improve standards of living. The diversification of energy production to include renewable sources has a positive impact on the environment and climate and mitigates the adverse effects of fluctuating prices for fossil fuels.

SECO promotes attractive framework conditions, financial incentives, technology transfer and projects with a demonstration effect. This helps to make modern technologies for example hydropower, solar energy and biogas utilization, more easily available to the world’s poorer countries. As a centre of research with significant technology exports, Switzerland also has much to offer in these particular areas.

Sustainable use of natural resources

Apart from energy consumption, the destruction of the rainforest, changes in land use and an intensification of farming are the main causes of climate-damaging emissions. SECO promotes the sustainable management of the tropical rainforest through the creation of sustainability standards and favorable framework conditions. In particular, SECO supports the formulation of global mechanisms that create financial incentives to protect the rainforest as an important carbon sink. In addition, SECO is involved in initiatives that seek to establish international sustainability standards for renewable resources (e.g. soy; cotton; biofuels).

The World Bank was the first multilateral institution to engage in a broad-based global REDD initiative, the Forest Carbon Partnership Facility (FCPF). SECO has supported this initiative from the start and has been an official partner since its launch in December 2007. To date, SECO has contributed USD 8.2 million to the FCPF. This money is used to help developing countries to work towards fulfilling the REDD principles. In doing so, they set up control systems, reinforce training programmes and use pilot projects to test how indigenous peoples can best be incorporated into the implementation of REDD.

SDC activities related to transfer of technologies

Promotion of renewable energy, energy efficiency and sustainable land management has been a priority for SDC since 1992. With its new Global Programme Climate Change, SDC is intensifying its efforts in these areas, under a dual objective of poverty alleviation and climate change mitigation.

Overall goal of SDC's Global Programme Climate Change in mitigation is to support developing and threshold countries in following a sustainable development path with low greenhouse gas emissions and therefore becoming less dependent on fossil fuels. This shall be achieved by focusing on:

- Facilitating and consolidating long-term energy supply in rural areas with a focus on locally available renewable potentials (mainly biomass and small hydro).
- Policy dialogue with authorities and investors in the field of energy efficiency in buildings to establish the basis for improved building standards.
- Promotion of fuel-switching and energy savings through efficiency measures in select small scale industries, including through targeted South-South know-how-transfer.
- Reducing emissions from deforestation and land degradation at the local level.
- Increasing technology transfer and innovation in developing and threshold countries in the field of mitigation.

Technology transfer is recognized as an important means to provide adequate modern energy services for economic development and poverty alleviation without creating adverse environmental effects. Energy is seen as a driving force to achieve sustainability in a broader context.

As far as energy efficiency in buildings is concerned, Switzerland has developed leading technological and scientific expertise. A transfer of this knowledge to developing and emerging countries makes it

possible to save large amounts of energy reducing considerably the growth of emissions in this sector, while yielding important economic savings to energy users.

SDC's activities in the field of sustainable management of soil or forests do not focus too narrowly on emission reductions effects, but tend to yield multiple environmental, economic and social benefits. Better management of these resources is not only a vector for mitigation but is at the heart of the fight against poverty (agricultural and forest production, biomass for energy).

2012 Fast Start Financing[2]

Introduction and Key Parameters

In February 2011, the Swiss Parliament decided to increase the level of Official Development Assistance – ODA to 0.5% of gross national income (GNI) by 2015. This increase was to a considerable extent motivated by international climate change policy, specifically the COP decisions regarding fast-start-financing. Over the coming years, this decision will allow the Swiss Agency for Development and Cooperation (SDC) to expand its technical cooperation and financial assistance for developing countries and the State Secretariat of Economic Affairs (SECO) to expand its support for economic and trade policy measures in the context of development cooperation. Other areas of Swiss international cooperation that are attributed to ODA under the existing rules of the OECD are also set to benefit.

Switzerland was among the few developed countries which increased their ODA in 2011. Compared to 2010, overall Swiss ODA rose from 2'400 million Swiss Francs (0,40% of GNI) to 2'700 million (0,46%). With this, Switzerland is now ranked 11th among the OECD donor countries.

In the context of climate change, Switzerland has a solid track record as a country advocating progressive positions in international climate negotiations as well as in its domestic climate policy. This has also favored Switzerland's position as a major clean technology export country. More recently Switzerland has also submitted an attractive offer to host the GCF in Geneva. For the purpose of this report, however, climate financing from private sector sources is categorically excluded, mainly due to definitional uncertainties and a lack of comprehensive and reliable data. Efforts are currently underway to try and quantify potentially eligible Swiss private sector contributions for future reporting purposes. The FSF figures presented here are exclusively from public sources and are all grant based attributable to ODA, as are the figures Switzerland has been reporting in regular intervals as part of our National Communications to the UNFCCC.

Furthermore, no effort has been made to attribute to FSF any share of Swiss core contributions to the multitude of multilateral organizations and multilateral funds Switzerland contributing to, with the sole exception of the Global Environment Facility. Future reports may contain such elements, provided that they can be elaborated in a plausible and transparent manner in line with the ongoing international efforts in this regard.

Any Swiss private or public funds used for purchasing of international emission reduction certificates with the aim of achieving compliance with Kyoto Protocol targets and/or with national emission reduction obligations under the Swiss CO2 Law have also been excluded. This merely reflects our understanding of the elements of FSF reporting. We do of course recognize the crucial importance of sound and progressively interlinked carbon markets in the global transformation towards a low-carbon economy.

[2] Switzerland (2012). Swiss Fast Start Financing, May 2012, 19 pp.

The general Swiss position on the provision of short and long term international climate change financing from public sources is that it should rest on a fair burden-sharing formula based on both the relative capacity to pay and relative levels of greenhouse gas emissions. The latter should be weighted more heavily, in line with the polluter pays principle and the principle of common but differentiated responsibilities and respective capabilities enshrined in the UNFCCC.

Swiss FSF Agencies and Financing Levels

Switzerland's fast-start-financing uses existing delivery channels. Thus, some 90% of Swiss Climate Change financing is channeled through the Swiss Agency for Development and Cooperation (SDC) and the State Secretariat of Economic Affairs (SECO). SDC coordinates Swiss development policy and provides technical cooperation and financial assistance to developing countries (see www.deza.admin.ch). SECO provides support for economic and trade policy measures in the context of development cooperation (see www.seco-cooperation.admin.ch). The Swiss Federal Office for the Environment (FOEN) provides the remainder of Swiss Climate Change financing, as it is in charge of the Global Environment Facility -GEF, including the climate change funds LDCF and SCCF.

As part of the aforementioned February 2011 decision by the Swiss Parliament to increase ODA, a new and additional amount of CHF 125 million was allocated with immediate effect for the purpose of Swiss Fast Start Financing, in line with the relevant UNFCCC decisions of Copenhagen and Cancun. This amount was added in equal parts to the international cooperation budgets of SDC and SECO.

For the purpose of FSF reporting, an additional CHF 15 million is included. This additional amount is part of the Swiss contribution to the Fifth Replenishment of the Global Environment Facility (GEF-5) and of the regular Swiss contributions to the LDCF and SCCF. For this current phase of the GEF, Switzerland has increased its contribution by some 70% in US Dollar terms. So the 15 Million CHF included in Swiss FSF is the increase in Swiss contributions to the Climate Change Focal Area of the GEF and to its climate change funds LDCF and SCCF, as far attributable to 2010-12.

This makes for an overall Swiss FSF contribution of CHF 140 million. This amount is new and additional to prior levels of Swiss Climate Change financing for developing countries from public sources. As of December 31, 2011, CHF 103 million (74%) had already been committed and the remainder was expected to be engaged during the first months of 2012. Total Swiss Climate Change financing for developing countries from public sources for the Fast Start Financing period of 2010-12 amounts to an estimated CHF 400 million (or about USD 450 million at the average exchange rate for 2011) and will be reported as part of the 6th National Communication to the UNFCCC and/or the First Swiss Biannual Report to the UNFCCC in 2014.

Switzerland currently lacks comprehensive data for climate-relevant financing from other sources, such as private sector investment or export risk-guarantees. These figures are estimated to be very substantial, given that Switzerland is a large exporter of highly efficient clean technologies and an important foreign direct investor in developing countries. Future reports on Swiss climate financing may

contain such elements, provided that they can be elaborated in a sound, plausible and transparent manner consistent with the outcomes of ongoing international efforts in this regard.

Allocation Patterns and Expected Results

Switzerland strives to allocate its FSF funds in a balanced manner to Climate Change programs and projects in developing countries dealing with Adaptation, Forestry, and Energy. This is consistent with established priorities for Swiss international cooperation and also with the letter and spirit of the Copenhagen Accord and the Cancun Agreements. The planning figures for 2010-2012 are as follows:

Sector	Target
Adaptation	20-30%
Forests	20-30%
Energy	35-55%

Switzerland expects that a sound and effective implementation of its FSF Funds will yield verifiable results in developing countries, in areas such as:

- The development of climate change policies and measures that are integrated into public and sectoral policy at various levels (national, regional and local).
- Broader and more reliable access to renewable energy for rural communities and more efficient energy management and monitoring for towns and cities.
- The diffusion of clean technologies and processes that help reduce greenhouse gas emissions and improve the efficiency of industrial and other productive processes.
- The establishment of new financial incentives and mechanisms for sustainable forest management and the conservation of natural resources.
- Increased resilience of social, economic and ecological systems to the impacts of climate change through improved disaster risk management.

Access to Swiss FSF

Switzerland has internationally recognized capacities and expertise in low carbon technology development and deployment, as well as in energy- and resource efficiency. Equally recognized are Swiss capabilities and expertise in economic instruments and natural disaster risk management including through insurance and reinsurance schemes In addition, there are numerous highly regarded climate-relevant Swiss scientific institutions. Our expert knowledge is widely deployed through international scientific collaboration and development cooperation at all levels.

Swiss Fast Start Financing is readily accessible through the established bilateral development cooperation channels i.e. the programs of SDC and SECO (see map below for priority countries). Key multilateral partner institutions include the multilateral, regional, national development banks and numerous UN system agencies. In the category of climate-related global funds and networks, Switzerland supports the GEF, the World Bank's Climate Investment Funds, the Forest Carbon

Partnership Facility, Climate Finance Assist, the Global Facility for Disaster Risk Reduction, as well as the UN Adaptation Fund.

Swiss development cooperation operates in accordance with the principles of the Paris Declaration on Aid Effectiveness. This also applies to international cooperation in the field of climate change. Switzerland strives to improve the quality of aid and its impact on development and has taken several actions to achieve greater effectiveness:

1. Initiatives are concentrated on a reduced number of priority countries and special programs, thus focusing efforts and gathering in-depth expertise of regions and specific issues;

2. Development initiatives are coordinated with other development actors, thus targeting specific capacities more effectively and achieving greater efficiency and higher visibility;

3. Work is implemented mainly with a selection of key national and international partners, thus ensuring a high degree of professionalism as well as continuity in the measures taken.

Implementation and Disbursement

Disbursement levels reflect the relative late start of Swiss FSF (March 2011). The additional GEF funds attributable to FSF are disbursed by Switzerland in the usual agreed manner (e.g. regular encashment of promissory notes by the World Bank as GEF Trustee or bilateral cooperation modalities based on contribution agreements, bilateral treaties, MoUs etc.). At the very end of 2011, a first Swiss contribution to the UN Adaptation Fund was made. By the end of 2012, the combined disbursement levels for Swiss FSF is projected to reach 60 to 80%.

Adaptation

In 2011, Switzerland has engaged CHF 57.9 million in FSF to support adaptation measures in developing countries.

The number of natural disasters and of affected populations has greatly increased over the past thirty years. The increasing frequency of droughts, floods and other extreme weather events has been scientifically linked to increasing climate change. Development achievements are threatened as a consequence and there is a growing urgency to address both development and adaptation deficits as related to current and future climate risks, with a special focus on the poorest and most vulnerable populations.

Thereby it is important to monitor the changing climate, to anticipate its impacts on human and natural systems, and to incorporate these findings into planning processes. This facilitates and enables targeted development programming at various levels on the basis of local climate scenarios, including initiatives to protect infrastructure and to manage water and agricultural resources.

Switzerland is a host country to many climate-relevant international organizations, among them the WMO, the IPCC, or the World Glacier Monitoring Center. In addition, Switzerland has recently offered to

host the new Green Climate Fund and has supported the UN Adaptation Fund since its launching in 1998. Bilaterally, Switzerland concentrates its activities on high-risk areas such as arid (Sahel), mountainous (the Andes and Himalayas) or coastal areas (Bangladesh, Mozambique).

Sustainable Forest Management

Switzerland contributed CHF 10.3 million in 2011 to support measures in sustainable forest management in developing countries

On the global scale, deforestation is responsible for around 17 percent of all greenhouse gas emissions. Almost all deforestation emissions originate from developing countries. Switzerland believes that decisive action in this area is crucial, because tropical forests are enormously important in the fight against climate change. Forests have a big potential for adapting to the effects of climate change. CO2 capture, water regulation, soil conservation, the prevention of natural disasters and the preservation of biodiversity are the most pressing issues.

Relying on its internationally recognized own forest management policies (the forest land cover has increased by 70% between 1876 and 1990), Switzerland supports activities generating both emission reductions and multiple economic, social and environmental benefits. Through sustainable forest management as well as forest governance enforcement, additional income can be created, biodiversity preserved and the source of livelihood of indigenous peoples and local communities can be maintained. Switzerland is also a major donor to the International Tropical Timber Organization and the Forest Carbon Partnership Facility, among others.

Energy Efficiency and Renewable Energies

In 2011, Switzerland engaged CHF 20.3 million for energy projects in developing countries.

Rising world demand for energy is at the heart of the fight against climate change. The expanding global economy is increasing the need for fossil energy. Shortages in these fuels have been forecast, which will drive up prices and render energy unaffordable for the world's poorer populations. Access to modern and reliable sources of energy for these populations is thus a priority for development cooperation. The link to climate change makes energy a global issue, with strong emphasis on the promotion of low-carbon technologies and –development paths.

Switzerland is home to the internationally used MINERGIE sustainability standard for new and refurbished buildings and also to the International Organization for Standardization (ISO). It was ranked the world's most greenhouse-gas efficient economy by Yale and Columbia Universities in 2008. Switzerland capitalizes on this experience to assist developing countries in their efforts to reduce greenhouse gas emissions by promoting high-efficiency technologies and the design of innovative sectoral policies.

Switzerland intends to expand decentralized generation networks for renewable energies such as biomass and hydroelectricity and plans to redouble its efforts to increase the energy efficiency of small

and medium-sized enterprises at home and abroad. Switzerland is also expanding its commitment to a variety of multilateral initiatives for the development and implementation of sustainable infrastructure projects.

Multilateral: Global Environment Facility (GEF)

Increase of CHF 15 million in Swiss GEF-funding for climate change during the FSF period

For this current phase of the GEF (GEF-5), Switzerland has increased its overall contribution by 70% in US dollar terms. The additional CHF 15 m included in Swiss FSF reporting consists of the increase in Swiss contributions to the Climate Change Focal Area of the GEF and to its climate change funds LDCF and SCCF, as far attributable to 2010-12.

The Global Environment Facility (GEF) unites 182 member governments — in partnership with international institutions, civil society organizations (CSOs), and the private sector — to address global environmental issues. About one third of GEF grants are spent on climate change action. GEF adaptation funding is channeled through the Least Developed Countries Trust Fund (LDCF) and the Special Climate Change Trust Fund (SCCF).

The current phase of the GEF (GEF-5) is expected to deliver more than USD 1,5 billion for climate change action and to leverage additional billions from other sources.

2013 Fast Start Financing[3]

Executive Summary

Developed countries have agreed to provide new and additional finance, approaching USD 30 billion for the period 2010-2012, to support developing countries` transition to low-carbon and climate-resilient growth with balanced allocation between Mitigation and Adaptation. This collective commitment is called Fast-Start-Financing (FSF).

In February 2011, the Swiss Parliament decided to increase the level of Official Development Assistance (ODA) to 0.5% of Gross National Income (GNI). As part of this decision, a new and additional amount of CHF 125 million was allocated with immediate effect for the purpose of Swiss FSF. This amount was added in equal parts to the international cooperation budgets of the Swiss Agency for Development and Cooperation (SDC) and the State Secretariat of Economic Affairs (SECO). An additional amount of CHF 15 million is attributed to Swiss FSF as part of the Swiss contribution to the Fifth Replenishment of the Global Environment Facility (GEF). This brings the additional Swiss FSF from public sources i.e. ODA to CHF 140 million. This will bring total Swiss Climate Change financing for developing countries from public sources for the Fast Start Financing period of 2010-12 to an estimated CHF 400 million.

As of December 31, 2012, 149 million of the additional Swiss FSF have been allocated. Disbursements reached CHF 113 million by the end of 2012 and are attributable in roughly equal parts to Mitigation and Adaptation. The largest share of additional Swiss FSF is not country- or region-specific: some CHF 55 million were allocated to global projects. The remainder has gone to projects and programs in Asia, Africa and Latin America. In line with normal implementation time horizons and associated tranche payments, Swiss FSF disbursements are set to continue through 2014. Overall Swiss Climate Change finance levels are projected to increase in line with the general increase of Swiss ODA as decided by Parliament.

Introduction

Climate Change represents a major global challenge and a potential threat to human welfare, economic and social development and to the fight against poverty. Aside from living in countries at greater exposure to extreme weather events such as drought, more intense storms, floods and environmental stress, poor people are also less able to cope with negative climate impacts on goods, infrastructure and income.

[3] Switzerland (2013). Climate Change: Swiss Fast Start Financing from Public Sources (ODA), Swiss Agency for Development and Cooperation SDC, Swiss State Secretariat for Economic Affairs SECO, Swiss Federal Office for the Environment FOEN, May 2013, 17 pp.

Moreover, development benefits already achieved may be put in jeopardy by the continuing increase in global warming.

Long before Climate Change became a major international policy issue, Switzerland has been active in fighting desertification, in prevention and emergency response to extreme weather hazards and cleaner and more efficient production of basic goods. In recent years, Climate Change has become a core issue: both SDC and SECO have progressively established innovative strategies linking policy dialogue with concrete Mitigation and Adaptation actions.

Background Information

During the UNFCCC Conference of the Parties (COP) of 2009 in Copenhagen and again a year later in Cancun, developed countries agreed to a collective pledge to provide new and additional climate finance amounting to USD 30 billion for the period 2010-2012, with balanced allocation between Mitigation and Adaptation. This pledge is commonly referred to as FSF.

At the COP in Cancun, it was further reaffirmed that funding for Adaptation will be prioritized for the most vulnerable developing countries, such as the least developed countries, small island developing States and Africa.

The COP invited developed country Parties to submit information on the extent and use of their FSF resources in May 2011, 2012 and finally in 2013.

Key Parameters of Swiss FSF

In February 2011, the Swiss Parliament decided to increase the level of ODA to 0.5% of GNI by 2015. This decision took into consideration the need for Switzerland to honor its FSF commitment. New and additional resources were provided for SDC to expand its technical cooperation and financial assistance for developing countries and for SECO to expand its support for economic and trade policy measures in the context of Climate Change and development cooperation. Other areas of Swiss international cooperation attributable to ODA under the existing rules of the Organization for Economic Cooperation and Development (OECD) are also set to benefit from this decision of the Swiss Parliament.

Switzerland was one of just a few developed countries who increased their ODA in 2011 and 2012. Swiss ODA rose from 2'400 million Swiss Francs in 2010 (0.39% of GNI) to 2'700 million Swiss Francs in 2011 and to 2`800 million Swiss Francs (0.45%) in 2012. With this, Switzerland is now ranked as 10th largest donor by the OECD.

In the context of Climate Change, Switzerland has a solid track record as a country advocating progressive policy in international climate negotiations as well as domestically (e.g. CO2 Law). This has helped strengthen Switzerland's position as a major clean technology export country. For the purpose of this final FSF report, however, climate financing from private sector sources had to be categorically excluded, mainly due to definitional uncertainties and a lack of comprehensive and reliable data. Efforts are currently underway to try and quantify potentially eligible Swiss private sector contributions for

future reporting purposes. An initial study as part of an OECD points to very large potential amounts, given the strength of the Swiss clean technology export sector. While this work continues, the FSF figures presented here are exclusively from public sources and are all grant based (no loans) attributable to ODA, as are the figures Switzerland has been reporting in regular intervals as part of our National Communications to the United Nations Framework Convention on Climate Change (UNFCCC).

Furthermore, no effort has been made to attribute to FSF any share of Swiss core contributions to the multitude of multilateral organizations and multilateral funds Switzerland is contributing to, with the sole exception of the GEF. The reason for this is the difficulty of reporting the climate-relevant percentage of core contributions to multilateral organizations. The Multilateral Development Banks (MDBs) have launched a collective effort to generate their own climate finance data. We strongly support this effort and would encourage all other multilateral funds and agencies to follow this example, as it is clearly superior and more conducive to overall coherence than individual donor country estimates of such data.

Any Swiss private or public funds used for purchasing of international emission reduction certificates with the aim of achieving compliance with Kyoto Protocol targets and/or with national emission reduction obligations under the Swiss CO2 law have also been excluded in this report. This merely reflects our understanding and interpretation of the key elements of FSF reporting. We do of course recognize the crucial importance of sound and progressively interlinked carbon markets in the global transformation towards a low-carbon economy.

The general Swiss position on the provision of short and long term international Climate Change financing from public sources is that it should rest on a fair burden-sharing formula based on both the relative capacity to pay and relative levels of greenhouse gas (GHG) emissions. The latter should be weighted more heavily, in line with the polluter pays principle and the principle of common but differentiated responsibilities and respective capabilities enshrined in the UNFCCC.

Swiss FSF Agencies and Financing Levels

Switzerland`s FSF uses existing delivery channels. Thus, some 90% of Swiss Climate Change financing is channeled through SDC and the SECO. SDC coordinates Swiss development policy and provides technical cooperation and financial assistance to developing countries. SECO provides support for economic and trade policy measures in the context of development cooperation. In addition, the Federal Office for the Environment (FOEN) provides the remainder of Swiss Climate Change financing through its budget for the Swiss contributions to the GEF, including its Climate Change funds Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF).

As part of the aforementioned February 2011 decision by the Swiss Parliament to increase ODA, a new and additional amount of CHF 125 million was allocated with immediate effect for the purpose of Swiss FSF, in line with the relevant UNFCCC decisions of Copenhagen and Cancun. This amount was added in equal parts to the international cooperation budgets of SDC and SECO.

For the purpose of FSF reporting, an additional CHF 15 million is included. This additional amount is part of the Swiss contribution to the Fifth Replenishment of the GEF and of the regular Swiss contributions to the LDCF and SCCF. For this current phase of the GEF, Switzerland has increased its contribution by some 70% in USD terms. So the 15 Million CHF included in Swiss FSF is the increase in Swiss contributions to the Climate Change Focal Area of the GEF and to its Climate Change funds LDCF and SCCF, as far attributable to 2010-12.

This makes for an overall Swiss FSF contribution of CHF 140 million. This amount is new and additional to prior levels of Swiss Climate Change financing for developing countries from public sources. As of December 31, 2012, the full amount was allocated. Total Swiss Climate Change financing for developing countries from public sources for the Fast Start Financing period of 2010-12 amounts to an estimated CHF 400 million and will be reported as part of the 6th National Communication to the UNFCCC and the First Swiss Biennial Update Report to the UNFCCC in early 2014.

Switzerland currently lacks comprehensive data for climate-relevant financing from other sources, such as private sector investment or export risk-guarantees. These figures are estimated to be very substantial, given that Switzerland is a large exporter of highly efficient clean technologies and an important foreign direct investor in developing countries. Future reports on Swiss climate financing may contain such elements, provided that they can be elaborated in a sound, plausible and transparent manner consistent with the outcomes of ongoing international efforts in this regard.

Allocation Patterns and Expected Results

Switzerland strives to allocate its FSF funds in a balanced manner to Climate Change programs and projects in developing countries dealing with Adaptation, forestry, and energy. This is consistent with established priorities for Swiss international cooperation and also with the letter and spirit of the Copenhagen Accord and the Cancun Agreements.

Switzerland expects that a sound and effective implementation of its FSF Funds will yield verifiable results in developing countries, in areas such as:

- The development of Climate Change policies and measures that are integrated into public and sectoral policy at various levels (national, regional and local).
- Broader and more reliable access to renewable energy for rural communities and more efficient energy management and monitoring for towns and cities.
- The diffusion of clean technologies and processes that help reduce GHG emissions and improve the efficiency of industrial and other productive processes.
- The establishment of new financial incentives and mechanisms for sustainable forest management and the conservation of natural resources.

- Increased resilience of social, economic and ecological systems to the impacts of Climate Change through improved disaster risk management.

Access to Swiss FSF

Switzerland has internationally recognized capacities and expertise in low carbon technology development and deployment, as well as in energy- and resource efficiency. Equally recognized are Swiss capabilities and expertise in economic instruments and natural disaster risk management including through insurance and reinsurance schemes. In addition, there are numerous highly regarded climate-relevant Swiss scientific institutions. Our expert knowledge is widely deployed through international scientific collaboration and development cooperation at all levels.

Swiss FSF is readily accessible through the established bilateral development cooperation channels i.e. the programs of SDC and SECO. Key multilateral partner institutions include the multilateral, regional, national development banks and numerous United Nations (UN) system agencies. In the category of climate-related global funds and networks, Switzerland supports the GEF, the World Bank's Climate Investment Funds (CIF), the Forest Carbon Partnership Facility (FCPF), Climate Finance Assist, the Global Facility for Disaster Risk Reduction (GFDRR), the Green Climate Fund (GCF) as well as the UN Adaptation Fund (AF).

Swiss development cooperation operates in accordance with the principles of the Paris Declaration on Aid Effectiveness. This also applies to international cooperation in the field of Climate Change. Switzerland strives to improve the quality of aid and its impact on development and has taken several actions to achieve greater effectiveness:

1. Initiatives are concentrated on a reduced number of priority countries and special programs, thus focusing efforts and gathering in-depth expertise of regions and specific issues;

2. Development initiatives are coordinated with other development actors, thus targeting specific capacities more effectively and achieving greater efficiency and higher visibility;

3. Work is implemented mainly with a selection of key national and international partners, thus ensuring a high degree of professionalism as well as continuity in the measures taken.

51 countries are benefiting from Swiss FSF. The largest number of countries is in Africa, with a subregional focus on the Sahel and Eastern and Southern Africa. Swiss FSF is also deployed in East and South Asia, as well as in Latin America and the Caribbean.

Implementation and Disbursements

Disbursement levels reflect the relative late start of Swiss FSF (March 2011). The additional GEF funds attributable to FSF are disbursed by Switzerland in the usual agreed manner (e.g. regular encashment of promissory notes by the World Bank as GEF Trustee or bilateral cooperation modalities based on contribution agreements, bilateral treaties, Memorandums of Understanding, etc.). At the end of 2011,

a first Swiss supplemental ODA-contribution to the AF was made. By the end of 2012, the combined disbursement level for Swiss FSF was 75% and has progressed since.

CHF 58 million has been allocated to energy sector projects and programs (39% of the total). Nearly the same amount (CHF 55 million) has been allocated to Adaptation (37%). The disbursement level is higher in the energy sector (93%) than in Adaptation (55%).

Some CHF 22 million have been allocated to forest sector activities (15% of the total) with a disbursement level of 64% by the end of 2012. The additional CHF 15 million for the GEF Climate Change Focal area counted as Swiss FSF have been fully disbursed, so the overall disbursement level was 75% at the end of 2012. This is at the upper end of the range predicted in the Swiss FSF report of May 2012 (60 to 80%).

The largest share (CHF 55 million or 37% of the total) is not country- or region-specific. As Climate Change is a global phenomenon, numerous projects tackle Climate Change at a global level. Examples include the project “Capacity Building for Climate Observation Systems CATCOS” or the “Resource Efficient and Cleaner Production Program RECP”. CHF 42 million have been allocated in Asia, CHF 28 million in Africa and CHF 24 million in Latin America.

Adaptation

The number of natural disasters and of affected populations has greatly increased over the past thirty years. The increasing frequency of droughts, floods and other extreme weather events has been scientifically linked to increasing Climate Change. Development achievements are threatened as a consequence and there is a growing urgency to address both development and Adaptation deficits as related to current and future climate risks, with a special focus on the poorest and most vulnerable populations.

Switzerland has allocated FSF of CHF 55 million in support of Adaptation measures in developing countries.

It is important to monitor the changing climate, to anticipate its impacts on human and natural systems, and to incorporate these findings into planning processes. This facilitates and enables targeted development programming at various levels on the basis of local climate scenarios, including initiatives to protect infrastructure and to manage water and agricultural resources.

Switzerland is a host country to many climate-relevant international organizations, among them the World Meteorological Organization (WMO), the Intergovernmental Panel on Climate Change (IPCC), or the World Glacier Monitoring Service (WGMS). In addition, Switzerland has supported the AF since its launching in 1998, both through supplemental contributions and through continuous representation in the AF Board as representative of our UN Regional Group WEOG. Bilaterally, Switzerland concentrates its activities on high-risk areas such as arid (Sahel), mountainous (the An-des and Himalayas) or coastal areas (Bangladesh, Mozambique).

Example 1: Capacity Building for Climate Observation Systems

Location: Global

Swiss Grant: CHF 2.3 million

Project: Switzerland supports international climate monitoring activities coordinated by the Global Climate Observation System (GCOS) and Global Atmosphere Watch (GAW). This particular intervention establishes the means for long-term climate and air quality observations in currently under-represented areas of the world.

The expected impact of the intervention is an in-creased observational and scientific basis to inform climate and environmental policy decisions needed to predict, mitigate and adapt to Climate Change and health risks such as decreasing air quality, glacier changes impacting on natural hazards, regional landscape and the water cycle. Moreover, improved technical and scientific expertise and an enhanced capacity in the target countries to improve climate and environmental monitoring for the protection of life, livelihoods and property as well as environmental quality are expected.

It will allow climate and environmental data (GHG, aerosol and glacier mass balance data) to be publicly available for policy makers and international data centers. Moreover the capacities in the target countries to produce, manage, and utilize such climate and environmental data should be in-creased.

Example 2: Micro-Insurance against Climate Fluctuations

Location: Southern Africa

Swiss Grant: CHF 0.335 million

Project: To reduce the vulnerability of 100’000 farmers in four countries (Malawi, Swazi-land, Zambia, Zimbabwe) to Climate Change, to promote and protect investment in farming and improve food sustainability through the provision of an additional instrument, Switzerland is assisting in setting up a micro-insurance scheme based on weather station measures of rainfall correlated with agronomic models.

This will provide an instrument to farmers to cope with climate fluctuations and thus enhances the regional program on food security. The project promotes a strong South-South interaction, borrowing from successful experiences in Kenya (in partnership with the leading national mobile net-work operator) and in Bolivia, where a similar micro insurance intervention supported by Switzerland has been successfully implemented.

Example 3: Reducing the Vulnerability of Coastal Areas by Protective Construction Measures

Location: Mozambique

Swiss Grant: CHF 3.575 million

Project: This project is a repair project designed for present climate conditions including forecasted changes up to 2030. Switzerland is in-vesting in a coastal infrastructure project to safeguard the city's development potential and protect the 550`000 citizens of Beira against the effects of Climate Changes by taking preventive measures against rising sea levels and more frequent and stronger cyclones. The erosion and flooding impact caused by waves and storm surges is reduced through the repair and upgrading of groynes (hydraulic structure built from an ocean shore to interrupt water flow and limit sediment movement) in order to enhance the resilience of citizens.

Traditionally, infrastructure maintenance has been rather insufficient. This is addressed through targeted training of municipal technical staff, assisted by a strongly committed policy at municipal level to ensure the sustainability of the project.

Example 4: National Climate Change Adaptation and Mitigation Strategies and climate-related Policy Decisions based on High-Quality Weather and Climate Information.

Location: Peru

Swiss Grant: CHF 3.175 million

Project: An innovative partnership called CLIMANDES (Servicios CLIMáticos con énfasis en los ANdes en apoyo a las DEcisioneS) has been launched at the extraordinary session of the World Meteorological Congress in Geneva in October 2012. By strengthening climate services in Peru through increased numbers of dedicated professionals and students trained in meteorology and climatology by the newly established regional training centre, CLIMANDES aims to provide high-quality weather and climate information. This provides government agencies relying on climate information with a strongly improved basis for decision-making.

The project will extend through July 2015 under the coordination of the WMO and with several implementing partners such as the Peruvian National Service for Meteorology (SENAMHI) and the Federal Office of Meteorology and Climatology (MeteoSwiss).

Example 5: Adaptation to Climate Change through Integrated Flood Risk Management

Location: China

Swiss Grant: CHF 520`000

Project: Water resources in Changjiang River are distributed unevenly in both time and space, which results in frequent flooding during the wet season, while in the dry season, people may suffer from water shortages. Therefore, appropriate integrated water resources management with multiple objectives such as flood management and drought relief or social-economic development are in strong demand and will significantly improve Changjiang River basin management. Current needs are strongly accentuated by increasing Climate Change. The project's purpose is to develop, implement, and then share China's experience in integrating climate Adaptation into risk management in the water sector,

which reduces China's vulnerability to Climate Change. This effort is resulting in lessons transferable to other developing countries and also to Switzerland.

Forests

At a global scale, deforestation is responsible for up to 20 percent of global annual GHG emissions. Most emissions from deforestation emissions originate in developing countries. Decisive action in this area is crucial, because tropical forests are of enormous importance in the fight against Climate Change. Forests have a big potential for adapting to the effects of Climate Change. CO2 capture, water regulation, soil conservation, the prevention of natural disasters and the preservation of biodiversity are the most pressing issues.

Switzerland contributed CHF 22 million to support measures in sustainable forest management in developing countries during the FSF period.

Relying on its internationally recognized own forest management policies (the forest land cover has increased by 70% between 1876 and 1990), Switzerland supports activities generating both emission reductions and multiple economic, social and environmental benefits. Through sustainable forest management and enhanced forest governance enforcement, additional income can be created, biodiversity preserved and the source of livelihood of indigenous peoples and local communities can be maintained. Switzerland is also a major donor to the International Tropical Timber Organization (ITTO) and the Forest Carbon Partnership Facility (FCPF), among others (see example be-low).

Example 6: Forest Carbon Partnership Facility and REDD+

Location: Global

Swiss Grant: CHF 8.5 million

Project: FCPF is a major global partner-ship, which supports developing countries to get ready for REDD+. FCPF aims to reward countries and local communities for GHG emission reductions and avoided emissions achieved through sustainable forest management and forest conservation.

Switzerland is a founding member of the FCPF and contributes not only financially but also through the provision of Swiss expertise. In 2011, the FCPF has launched a second phase, which includes pilot schemes and benefit-sharing mechanisms based on verified emission reductions. Switzerland has contributed an additional CHF 8.5 million to this new phase of the FCPF. At the moment, an additional third phase is under review.

Example 7: REDD+ Presidential Task Force

Location: Indonesia

Swiss Grant: CHF 990’000

Project: Home to the world's third largest tropical rainforest, Indonesia is a key country in fighting deforestation and in the implementation of the REDD+ program. Switzerland finances the REDD+ Presidential Task Force, supported by leading ministers and government officials in forestry, which will see the establishment of a REDD+ agency, the completion of a national REDD+ strat-egy and which aims to improve coordination be-tween the government and local authorities.

Example 8: Regional Forests and Climate Change Program

Location: Andean Region

Swiss Grant: CHF 0.272 million

Project: The overall goal of the program is to reduce vulnerability to Climate Change of Andean forest ecosystems and of the people that depend on them, by strengthening the linkages between Adaptation and Mitigation, within the framework of sustainable ecosystem management. With the underlying aim to improve livelihoods of communities depending on Andean forests, the programmes objective is to address the existing gap of knowledge and know-how to integrate Andean forests biomes to help to adapt to Climate Change and to mitigate GHG emissions in an integral way.

Example 9: Indigenous People and Climate Change

Location: Mekong

Swiss Grant: CHF 0.92 million

Project: Deforestation in Association of Southeast Asian Nations (ASEAN) countries con-tributes significantly to global GHG emissions, but forests also contribute to Mitigation and yield multiple benefits for the poor. In the countries of the Mekong subregion, ethnicity and poverty are highly correlated.

In countries like Laos and Vietnam, the recognition of the rights and interests of ethnic groups is a complex matter. In the name of forest conservation, they are often excluded from consultative processes about sustainable forest management. Therefore it is urgent to find ways for local forest communities and indigenous forest peoples to be included in decision-making. Building the capacities and modalities for a partnership between indigenous communities, civil society organizations, government agencies, and donors will pave the way for inclusive development and implementation of rights-based, equitable and pro-poor national strategies. The aim of the project is that national strategies take into account long-term forest conservation goals and the rights and concerns of indigenous peoples/ethnic minorities.

Energy

Rising world demand for energy is at the heart of the fight against Climate Change. The expanding global economy is increasing the need for fossil energy. Shortages in these fuels have been forecast, which will drive up prices and render energy unaffordable for the world's poorer populations. Access to modern

and reliable sources of energy for these populations is thus a priority for development cooperation. The link to Climate Change makes energy a global issue, with strong emphasis on the promotion of low-carbon technologies and –development paths.

Switzerland engaged CHF 58 million for energy projects in developing countries.

Switzerland is home to the internationally recognized MINERGIE sustainability standard for new and refurbished buildings and also to the International Organization for Standardization (ISO). It was ranked the world's most GHG-efficient economy by Yale and Columbia Universities in 2008. Switzerland capitalizes on this experience to assist developing countries in their efforts to reduce GHG emissions by promoting high-efficiency technologies and the design of innovative sectoral policies.

Switzerland intends to expand decentralized generation networks for renewable energies such as biomass and hydroelectricity and plans to redouble its efforts to increase the energy efficiency of small and medium-sized enterprises at home and abroad. Switzerland is also expanding its commitment to a variety of multilateral initiatives for the development and implementation of sustainable infrastructure projects.

Example 10: Mobilizing Private Financing and Know-How for Renewable Energy Production

Location: Global

Swiss Grant: CHF 10.71 million

Project: The Private Infrastructure Development Group PIDG – an innovative public-private partnership - mobilizes private sector investment to assist developing countries in providing infrastructure vital to boosting their economic growth and combating poverty.

Since 2002, the PIDG has committed total funds of USD 1.5 billion for more than 200 big infrastructure projects in 50 developing countries.

One out of these 50 projects is the Lake Kivu 25MW methane gas power station in Rwanda. Hidden in the deep waters of Lake Kivu, one of Africa’s Great Lakes situated between Rwanda and the Democratic Republic of Congo, lies a colossal reserve of methane gas. The project represents the first large scale use of this methane. Extracting it will greatly reduce the environmental hazards associated with a natural release of the lake gases, and also provide an environmentally friendly and sustainable source of power generation. The PIDG company, Emerging Africa Infrastructure Fund (EAIF), was the co-arranger for this transaction and invested USD 25 million. It is one of the largest ever private sector investments in Rwanda.

Example 11: Resource Efficient and Cleaner Production Program (RECP) with UNIDO

Location: Global

Swiss Grant: CHF 4.3 million

Project: The global Resource Efficient and Cleaner Production Program (RECP) is a joint-initiative of UNIDO and UNEP. RECP aims at a productive use of all natural resources, including energy, water, materials and chemicals. This not only reduces environmental impact of the industry, but is also good for business. Saving production resources lowers production cost and improves the bottom line of companies. The global program capitalizes on a network of 50 existing Cleaner Production Centers, which promote and support the use of environmentally friendly technology in developing countries. In order to address the challenge of funding technological upgrades, RECP leverages on SECO's Green Credit Trust Fund (GCTF), which facilitates investments of small and medium enterprises into clean technology.

Example 12: Partnership for Market Readiness (PMR) with the World Bank

Location: Global

Swiss Grant: CHF 7 million

Project: The PMR, launched at the Conference in Cancun in December 2010, provides financial and technical support to enhance middle income countries' capacity to build market readiness components and implement market-based instruments, such as domestic emissions trading system (ETS) or a scaled-up crediting mechanism It is targeting a total capitalization of USD 100 million (reached USD 75 million at the end of 2011) and aims to provide grant support to 15 implementing country participants in total. PMR funding and technical assistance place particular focus on "readiness" aspects, including shoring up data collection and management, the establishment of baselines, and the creation and strengthening of domestic measurement, reporting and verification systems, as well as support for policy analysis and the development of a regulatory framework.

Example 13: Topten Energy Efficiency of Appliances

Location: China

Swiss Grant: CHF 2.55 million (grant)

Project: Switzerland has approved a grant contribution to the project "Topten China". The Topten approach, successfully implemented in Europe and the USA, produces reliable information on the energy consumption of appliances (cars, TV, air conditioner, refrigerators, lighting etc.) through independent testing. Topten is now established by Chinese partners: the best performing products on the market are regularly listed - a useful information tool on web or smartphone for consumers, producers and regulators in China. In 2012, the Topten website recorded 1.2 million page views and 4.8 million clicks.

Example 14: Sustainable Charcoal and Biomass Energy

Location: Tanzania

Swiss Grant: CHF 2.91 million

Project: In Tanzania, Switzerland is devoting funds to improve the efficiency and environmental sustainability of the charcoal industry and reduce biomass harvesting rates.

The project promotes the transformation of Tanzania`s charcoal sector and it has two main components: The first component targets charcoal producing households and small-scale farmers in order to establish commercially viable value chains for sustainably sourced charcoal. This will be done through the introduction of village-based participatory forest management systems and the demonstration of forest-friendly agricultural practices. Also, sales and marketing strategy for sustainably sourced charcoal will be elaborated and particularly high-priced market segments will be identified.

The second component addresses the policy level. The project seeks to convince high-level decision and policy makers of critical importance of bio-mass fuels for Tanzania`s socio-economic development. This is expected to contribute to more biomass-friendly policies in Tanzania`s energy sector as well as to an active governance and legalization of the charcoal sector. Finally, this should promote more sustainable charcoal production also to the benefit of Tanzania's rural communities.

Example 15: Green Building Code

Location: Colombia

Swiss Grant: CHF 1.7 million

Project: The construction/building sector in general accounts for 45% of total energy and for 20% of total water consumption and contributes to 30-35% of total GHG emissions, especially in the residential sector. In the case of Colombia, 70% of the population lives in urban residential centers. The overall objective of developing a national Green Building Code is therefore to reduce CO2 emissions by furthering energy efficiency, reducing water consumption during the use of buildings and improving waste management in the building sector. The program supports regulatory reform focused on the introduction of a national Green Building Code, strengthening implementation capacities of national stakeholders, and awareness raising in the academic sector and among end users. A pilot project in the city of Medellín will help to develop the regional extension of the national code. The main results of a mapping study suggest that the reduction in GHG in the construction/building sector could reach 25% in the next 15 years following the gradual implementation of a Green Building Code. This project will be part of a series of "pilots" in various regions at the IFC level - the most advanced being the green building project in Indonesia. According to progress and lessons learned, it has the potential to become a replication model for other countries.

Multilateral: Global Environment Facility (GEF)

For this current phase of the GEF, Switzerland has increased its overall contribution by 70% in US Dollar terms. The additional CHF 15 million included in Swiss FSF reporting consists of the in-crease in Swiss contributions to the Climate Change Focal Area of the GEF and to its Climate Change funds LDCF and SCCF, as far attributable to 2010-12.

Attribution of an additional CHF 15 million in Swiss GEF-funding for Climate Change during the FSF period.

The GEF unites 182 member governments — in partnership with international institutions, civil society organizations (CSOs), and the private sec-tor — to address global environmental issues. About one third of GEF grants are spent on Climate Change action. GEF Adaptation funding is channeled through the LDCF and the SCCF.

The current phase of the GEF is expected to deliver more than USD 1.5 billion for Climate Change action and to leverage additional billions from other sources.

Outlook

Climate finance from public sources should be used in more targeted ways to leverage additional funds from the private sector. Otherwise it is not possible to achieve the massive scale of climate-related financial flows needed to keep global warming within 2 degrees Celsius, in line with the ultimate objective of the Convention.

Current climate finance negotiations are excessively oriented towards financial inputs and need more emphasis on results and impacts. Leading studies on climate finance and the initial findings of the UNFCCC Work Program on Long-Term Finance clearly show that conducive national policies and framework conditions are crucial to at-tract investment in low carbon technologies and enhanced resilience.

It should therefore be a priority for all countries to develop and implement effective multisectoral Climate Change policies and to provide an environment that favors diffusion of low carbon technology and incentivizes investments in low carbon projects.

Regarding the future provision of international Climate Change finance from ODA, Switzerland is projected to increase steadily in volume over the coming years, in conjunction with the general increase of Swiss ODA to 0,5% of GNI by 2015 (decision by the Swiss Parliament of February 2011).