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Climate Financing by European Union

Contents

2009 fifth national communication[1]

Key developments

- Since the 4th National Communication, more accurate and representative categories have been used to provide a clearer picture of the level of financial contributions dedicated to climate change, with increased use of the Rio Markers to identify the climate change element in projects.
- EC financial contributions related to climate change projects in developing countries have steadily increased from €160 million in 2004 to €318 million in 2007.
- The importance of climate change adaptation has continuously grown, as indicated by the increasing number of programmes and activities dealing with this issue – such as the Global Climate Change Alliance.
- There are a number of new EC initiatives and instruments to support this increased focus on climate change, such as the Global Energy Efficiency and Renewable Energy Fund (GEEREF), the Global Climate Change Alliance (GGCA) and the EU-ACP Energy Facility, the latter has a different scope but contributes equally significantly to the fight against climate change.
- Climate change has taken a more prominent role within the (7th) European Research Framework Programme, with a number of initiatives and projects having the specific objective of assisting developing countries with climate change related issues.

1. Introduction – European Community Objectives for Climate Change in the Context of Development Co-operation

The European Union reconfirmed in 2008 its role as the world leader in terms of overall development financing (on all issues not just climate change related): it increased its spending by 8 % reaching almost €50 billion, an all-time high in current prices.

The European Community is strongly committed to assisting developing countries in the fight against poverty and the achievement of the UN Millennium Development Goals. Combating climate change forms an integral part of this agenda. In recent years specific cooperation on climate change has been strengthened significantly across a range of different frameworks.

Achieving the Millennium Development Goals will require substantial investment to adapt to climate change. For the Least Developed Countries (LDCs), the United Nations Framework Convention on Climate Change (UNFCCC) established the Least Developed Countries Fund to prepare National Adaptation Programmes of Action (NAPAs) that describe the priority adaptation activities to be funded.

[1] European Commission (2009). Fifth National Communication from the European Community under the UN Framework Convention on Climate Change, (required under Article 12 of the United Nations Framework Convention on Climate Change), Technical Report - 2009 – 038, 461 pp.

In the context of the EU Global Climate Change Alliance (GCCA) support to non-LDCs for implementing climate related policies via sectoral budget support has been mentioned as an option.

These activities generally fall within categories that are receiving overseas development assistance (ODA) funding: e.g. irrigation and water management, flood protection, developing drought-resistant crops and reforestation. The UNFCCC Secretariat estimates that adaptation costs in all developing countries could range from €23 billion to €54 billion per year in 2030. Further study of the economics of climate adaptation is required, but the needs are large in comparison with the present size of ODA. Future climate aid will compete with other internationally agreed development objectives.

The Communication 'Stepping up international climate finance: A European blueprint for the Copenhagen deal' an EC policy paper, adopted on 10th September 2009 presents a blueprint for scaling up international finance to help developing countries combat climate change. It recognizes that the financing issue is central to prospects for reaching an ambitious agreement in Copenhagen. According to the European Commission estimates by 2020 developing countries are likely to face annual costs of around €100 billion to mitigate their greenhouse gas emissions and adapt to the impacts of climate change. Much of the finance needed will have to come from domestic sources and an expanded international carbon market, but international public financing of some €22-50 billion a year is also likely to be necessary. The Commission proposes that industrialized nations and economically more advanced developing countries should provide this public financing in line with their responsibility for emissions and ability to pay. Within this overall framework between 2010-2012, fast-start financing will be needed for adaptation, mitigation, research and capacity building in developing countries in the range of €5 to 7 billion per year (with adaptation estimated at 2-3 billion mainly to increase knowledge on likely impact of climate change, integrating adaptation into national development strategies and financing priority investments i.e. from the NAPAs).

In 2004 the EC underlined its commitment to help developing countries tackle climate change by adopting a Strategy and Action Plan on Climate Change in the Context of Development Cooperation for the period up to 2008. Alongside dedicated project and programmes the EC aims to address climate change adaptation and mitigation as crosscutting issues in its external cooperation, exploiting synergies with, and building on long standing commitments and efforts to promote environmental integration. This has been a clear policy objective since the adoption of the EC Action Plan on Climate Change in the context of Development Cooperation and has been reaffirmed ever since in key policy documents and recent initiatives, such as the Global Climate Change Alliance.

Significant efforts are currently directed at the ongoing Mid-term Review of EC country strategies for Asia and Latin America, which offer opportunities to strengthen consideration of climate aspects in the policy dialogue, country diagnosis and response strategies that underpin the programming and delivery of external assistance. General and sector specific guidance has been developed to support greater uptake of climate change during programming and further downstream in the formulation and implementation of operations.

In this context; climate risks screening methodologies at the level of country programmes and for projects are being tested in a selected number of EC cooperation countries with a view to scaling up application in a near future. An ambitious programme of training seminars on environmental integration for staff involved in the delivery of EC external cooperation (including a very large proportion of staff from partner countries), but also open to other development partners has been running since 2005 and in this framework emphasis on climate aspects will be considerably strengthened from 2008.

2. EC Key Financial Instruments to Support Climate Change Activities Worldwide

Since the publication of the 4th National Communication, climate change has become a key priority for the EC and the increasing number of financial contributions related specifically to climate change activities reflect this. In addition, the EC has developed a greater level of detail in recording the resources directed to climate change; this enables a more in-depth analysis of such resources, as well as implementing monitoring tools to identify those programmes and activities which are particularly successful. This chapter focuses specifically on the EC commitment to supporting non-Annex I countries, taking into account the relevant activities coordinated at the EC level.

The financial resources reported in this chapter come directly from the budget of the EC and the European Development Fund (EDF) (The European Development Fund receives funding from the Member States, and is subject to its own financial rules and is managed by the European Commission. AIDCO project database covers projects funding by EC and EDF, but not bilateral Member States' contributions), and are separate from Member States' contributions which are reported in their corresponding National Communications. All financial figures are expressed in current prices.

2.1.Candidate Countries and Potential Candidates

Whilst this chapter focuses on funding allocated to non-Annex 1 countries, some candidate and potential candidate countries to the EU are also non-Annex 1 countries which are therefore covered by the Instrument for Pre-accession Assistance (IPA). This instrument includes a wide range of interventions in South East Europe including climate change. The average annual allocation for the Western Balkans under IPA for the period 2007-2011 is approximately €800 million. This is by far the highest per capita amount provided by the EC to any region in the world (around €30 annually). The IPA offers support through its five components: Transition Assistance and Institution Building, Cross-Border Cooperation (CBC), Regional Development, Human Resources Development and Rural Development. Priorities for funding are agreed within the framework of multi-annual strategies, which are developed on the basis of consultations between beneficiaries and the European Commission, and from which individual programmes or projects are then supported.

The IPA (2007-2013) replaces the 2000-2006 pre-accession instruments, including:

- Phare, the scope of which supported the implementation of the acquis communautaire in the form of institution building and related investments, investments in economic and social cohesion and cross-border cooperation;

- ISPA, which was the precursor of the Cohesion Fund and deals with environment and transport infrastructure;
- SAPARD, the precursor of Rural Development plans, dealing with Common Agricultural Policy acquis and Rural development;
- Turkey pre-accession, with the same scope as Phare;
- CARDS, which covered the Western Balkans, providing Community assistance to the countries of South-Eastern Europe (2000-2006), supporting the reconstruction process in the Western Balkans.

In 2007, the Commission adopted a Decision regarding a horizontal programme on the Energy Efficiency Finance Facility for Albania, Bosnia and Herzegovina, Croatia, Montenegro, Serbia including Kosovo, Turkey and the FYR of Macedonia under the IPA Transition Assistance and Institution Building Component. The maximum contribution to this initiative is €34.7 million financed through the main EU budget.

This programme will financially assist the IPA countries to promote investments in energy efficiency and renewable energy generation in order to improve the energy performance of the building and industry sectors offering opportunities for the highest savings in energy and reduction in CO2 emissions.

The IPA contributes funding to the working group on climate change of the Regional Environmental Network for Accession countries (RENA), to be launched in 2010. RENA is aimed at Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Kosovo and Turkey with an EC contribution of €5,900,000 from 2010-2012. Its objective is to enhance regional cooperation in the Western Balkans and Turkey in the field of environment in the prospect of accession to the European Union. RENA will build on the results achieved so far by the Regional Environmental Reconstruction Programme (REReP), which will end in 2009. One of the Working Groups will focus on capacity building, information exchange and ad hoc assistance in relation to the implementation by RENA beneficiaries of EU requirements on Climate Change and particularly the following aspects:

- EU/national/regional policies on Climate Change, post-2012 regime, elements of the EU's climate policy initiated through the European Climate Change Programme (ECCP) and GHG monitoring and reporting requirements;
- Creation of inventories, implementation of Monitoring Mechanism Decision (280/2004/EC), including institutional arrangements and resources needed, preparation of reports on emission inventories and emission projections;
- Development of adaptation strategies;
- Establishment of Emission Trading Schemes (ETSs).

2.2.Bilateral Contributions Related to the Implementation of the Convention

The EC implements climate change programmes and projects around the world. It delivers support through regional and country-specific approaches across a variety of sectors; there are climate change related activities ongoing in almost all the countries in which there are EC development cooperation activities.

For each of the relevant regions, the most significant regional programme is described in the following sections. These programmes are not explicitly climate change related, but rather are the instrument through which a significant amount of resources are dedicated to climate change.

2.3.Africa, Caribbean and the Pacific (ACP)

The Commission finances most of its development programmes for African, Caribbean and Pacific partner countries through the European Development Fund (EDF). A heading has been reserved for the Fund in the Community budget since 1993, following a request by the European Parliament. The Commission has repeatedly asked for it to be included in the overall EU budget. However, the European Council of December 2005 decided that the geographical cooperation granted to the ACP States (except South Africa) and OCTs should continue to be funded by the EDF for the period 2008-2013. It is funded by the Member States according to a specific contribution key, is subject to its own financial rules and is managed by a specific committee. Each EDF is concluded for a multi-annual period and is implemented within the framework of an international agreement guiding the relations between the European Community and the partner countries; two EDFs cover the reporting period for the 5th National Communication and future commitments:

- Ninth EDF: 2000-2007 (Cotonou Agreement, 2000-2020)
- Tenth EDF: 2008-2013 (Cotonou Agreement, revised in Luxembourg, 2005)

The EDF consists of grants managed by the Commission and risk capital and (concessional) loans managed by the European Investment Bank (EIB) under the "Investment Facility". The Cotonou Agreement signed in June 2000 streamlined the EDF and introduced a system of rolling programming, making for greater flexibility and giving the ACP States greater responsibility.

The ninth EDF was allocated €13.8 billion for 2000-2007. To this initial amount were added uncommitted funds from previous EDFs and unspent funds released at the end of projects funded from the EDF (so-called "decommitted funds"). At the end of 2007, the funds committed under the 9th EDF amounted to €17.9 billion. The tenth EDF (2008-2013) has been allocated €22.682 billion. In addition to managing part of the EDF's resources under the investment facility, the EIB will contribute up to €2 billion from its own resources for the period covered by the tenth EDF.

Geographical cooperation with the ACP under the EDF is complemented by development aid provided by the Community's general budget and by bilateral cooperation and contributions from individual Member States to multilateral development cooperation.

For the period between 2004 and 2007, €394 million were allocated to climate change related projects in the ACP zone, of which €327m from the EDF. For the ACP region, the most important EDF programme which co-finances projects that deliver energy services to poor rural areas is the ACP-EU Energy Facility, launched in 2007.

The ACP-EU Energy Facility is a contribution under the EU Energy Initiative to increase access to energy services for the poor. The Facility was approved by the joint ACPEU Council of Ministers in June 2005, with an amount of €220million. The main activity of the Facility is to co-finance projects that deliver energy services to poor rural areas. Four key principles underpin the Facility:

1. Governance: The Energy Facility targets in particular ACP countries which pursue or are firmly resolved to create a sound national energy policy, based on good governance principles. The Facility helps countries to establish their institutional and regulatory framework and to attract additional financial resources for public-private partnerships.

2. Ownership: The Energy Facility is to be fully demand driven. It will be an instrument to support and deepen the involvement of actors in ACP countries in the design and implementation of energy policies.

3. Flexibility: Maximum impact is sought by offering creative combinations of grants with other sources of financing. The Facility is open to joint financing with Member States, other international financing institutions such as the European Investment Bank and private sector investments via public-private partnerships.

4. Innovation: The Facility is intended to offer innovative responses to the challenge of providing sustainable energy services to the poorest areas. Projects can include electrifying rural areas, improving the efficiency of households' cooking and promoting sustainable energy generation through bio-mass, small hydro-electric plants and wind turbines.

The EC has identified three Priority Activity Areas to be funded under the Energy Facility:

1. Delivery of energy services: The largest financial contribution from the Facility is designed to improve rural people's access to modern energy services, particularly in Africa. Priority is given to people in unserved areas. Proposals must ensure the economic, social and environmental sustainability of the investment.

2. Creating an enabling environment: Where governance conditions are not in place for delivery-oriented intervention in the field, up to 20 % of the Facility supports the development of an enabling environment for the energy sector based on good governance principles. The Facility facilitates the implementation of sound national energy policies and strategies, improves the institutional, legal and regulatory framework, strengthens the capacity of key stakeholders, and improves monitoring and evaluation capacity.

3. Supporting future large-scale investment programmes: Up to 20 % of the Facility resources is devoted to preparatory activities required to facilitate future large-scale investment plans for cross-border interconnections, grid extensions and rural distribution, preparing them for financing by international finance institutions.

The Energy Facility was mainly implemented through a €198 million Call for Proposals which was launched in June 2006. Out of 307 proposals received, 74 projects have been contracted by the end of 2008 for a total amount of €196 million from the Energy Facility, with a total project cost of €430 million.

The main activities performed through Energy Facility projects can be classified into three different groups: (1) energy production, transformation and distribution, (2) extension of existing electricity grids and (3) "soft" activities such as governance, capacity building or feasibility studies. This classification is based upon the main activity of the project, but it should be highlighted that all projects include capacity building activities.

The sources of energy used for electricity generation were mainly renewable energies (77 % of the projects). Only one project using exclusively fossil fuels was funded. In total, €81 million of commitments have been marked has climate change related under the Energy Facility, as support to enhance use of renewable energies or increase energy efficiency.

2.4.Overseas Countries and Territories

The EC is also contributing financial resources to climate change related activities to climate change related projects in Overseas Countries and Territories (OCTs) through the EDF. €28 million were allocated to climate change related projects between 2004 and 2007 in the OCT region mainly on energy, sustainable development and preservation of natural areas.

2.5.Asia

The main programmes for Asian countries were the Technical Assistance for the Commonwealth of Independent States (TACIS) and the Asian and Latin America (ALA) Regulation until 2006. These were replaced by the Development Cooperation Instrument (DCI) from 2007 to 2013, as the main instrument through which the EC commits financial resources to climate change related projects in Asia. The overall goal of the DCI instrument is the eradication of poverty in partner countries and regions in the context of sustainable development, including pursuit of the Millennium Development Goals. €134 million were allocated to climate change related projects between 2004 and 2007. Most of the programmes related to climate change are implemented on a national basis following the main challenges of the countries, such as deforestation in South East Asia, Energy in China, Environmental integration and governance in Central Asia. The SWITCH Programme, launched in 2007, works through calls for proposals all over Asia to promote sustainable production and consumption.

2.6.Latin America

The Development Cooperation's (DCI) geographic programmes also cover Latin America, replacing the ALA programme for developing countries in Latin America. The Regional Cooperation Programmes cover the whole of the region of Latin America.

The fields concerned include education, SME development, local government, information technologies and social cohesion. They aim to reinforce ties with the EU through the exchange of experiences and the creation of networks. €118 million were allocated on climate change related activities between 2004 and 2007, with a particular focus on sustainable forest management.

A key programme is the Euro-Solar Programme, aiming to reduce poverty, allowing remote rural communities currently without access to electricity, to benefit from renewable electric energy. Approved in May 2006 and extended in December 2008, the Programme's total budget amounts to €35.8 million, of which €6.9 million will be provided by the Programme's eight beneficiary countries.

A specific study on climate change issues, the "Review of the Economics of Climate Change in South America", was approved in December 2008 for twelve-month duration and an EC contribution of €500,000 to make an economic analysis of the impacts of climate change in selected countries of South America in the areas of mitigation and adaptation of selected sectors.

2.7.European Union's Southern and Eastern Neighbours

The European Neighbourhood and Partnership Instrument (ENPI) has been operational since 1st January 2007. The ENPI is the main source of funding for the 17 partner countries. The ENPI replaces the co-operation programmes TACIS for the Eastern European Neighbours and MEDA for the Mediterranean Partner Countries. The ENPI provides continuity with enlarged objectives of the former TACIS and MEDA programmes. The main purpose is to create an area of shared values, stability and prosperity, enhanced co-operation and deeper economic and regional integration by covering a wide range of co-operation areas. For the period between 2004 and 2007, €120 million were allocated to climate change related activities, with a focus on the energy sector.

3. Provision of 'New and Additional' Resources

The growing importance of climate change is evident through the EC's increasing contributions to climate change activities internationally over the reporting period. Since the 4th National Communication, it has been possible to clearly identify the climate change component and corresponding financial contributions of such activities with greater accuracy than before, therefore the figures are a more precise reflection of contributions related to climate change activities.

Since the 4th NC, some new and additional resources have been made available under the EC Thematic Budget Lines. The Environment and Natural Resources Thematic Programme (ENRTP), including Energy, have been allocated an amount of €450 million for 2007-2010 (+ €400 million foreseen for 2011-2013) - this amount being more than twice, annually, the resources allocated to environment under previous thematic budget lines (2000-2006). The allocation per sector within the ENRTP also shows a positive trend as regards the most climate change sensitive sectors with around 67% of commitments (around €85 million annually) for 2007-2010 on Forests, Energy and actions explicitly targeting Climate Change - compared with the 52% (around €25 million annually) on the same issues during the 2002-2006 period.

The ENRTP 2007-2010 also comprises two new important initiatives, Global Climate Change Alliance (GCCA) and the Global Energy Efficiency and Renewable Energy Fund (GEEREF), specifically targeting Climate Change. The increasing trend as regards climate change is also demonstrated by the increased importance given to energy efficiency and renewable energies within the energy sector of cooperation. Whereas during 2002-2005 period, the commitments in the field of renewable energy end energy efficiency remained quite low, an important effort has been made since 2006 - notably due to the Energy Facility for ACP states.

Table 1 below shows the financial resources in category headings most relevant to climate change. The figures shown are wholly directed to climate change. In order to avoid double counting, projects that could have been classified under more than one category have been attributed to the category most relevant to the project objective.

The EC is able to report more accurately on the financial resources attributed to climate change due to the increased and consistent use of the Organisation for Economic Co-operation and Development's Rio Markers for biodiversity (1), climate change (2) and desertification (3). The Directives on the use of the Rio Markers provide concise definitions to be used.

The Rio Marker "Climate Change" is particularly relevant and the criteria for eligibility are that a project contributes to:

- The mitigation of climate change by limiting anthropogenic emissions of GHGs, including gases regulated by the Montreal Protocol; or
- The protection and/or enhancement of GHG sinks and reservoirs; or
- The integration of climate change concerns with the recipient countries' development objectives through institution building, capacity development, strengthening the regulatory and policy framework, or research; or
- Developing countries' efforts to meet their obligations under the Convention

A further feature of the Rio Markers is the Develop Assistance Committee policy marker system, which enables increased accuracy when calculating financial expenditure towards climate change, as it allows a different weighting to be given to the total project value depending on how significant the climate change objective is.

The use of this procedure is also consistent with the EC's reporting for the Bonn Declaration. Some climate change adaptation programmes have also been included in this table – even if there are not yet concerned by the Rio Markers definition. Only programmes clearly linked to adaptation to already identified consequences of climate change has been taken into account. The "adaptation specific" category should be considered as an attempt from the EC services to better identify adaptation actions, while a more systematic methodology is under development with the OECD. To avoid double counting, projects with positive impacts both on adaptation and mitigation (for example in agriculture, forestry or biodiversity management) has not been included under "adaptation specific". Therefore, support to adaptation is considerably higher than the one under "adaptation specific" category.

Using the same categories as the EC to classify climate change projects, resources are directed to climate change activities in the following areas:

- Agriculture
- Protection of biodiversity and protected areas (Primary objective is mitigation, providing carbon sinks, however it also has a secondary adaptation element, including support to management of protected areas such as forests, mangroves and coastal areas.)
- Capacity building
- Promotion of energy efficiency and conservation
- Forestry
- Support to Kyoto mechanisms including CDM
- Pollution control
- Promotion of renewable energy technologies
- Waste management
- Awareness raising
- Adaptation specific (Adaptation specific category includes some of the EC funded programmes with specific objectives on climate change adaptation within the following sectors: disaster risk reduction, policy support, water use and sanitation, research and rural development & food security. OECD guidelines for Rio Makers do not include adaptation and no other guidelines exist on adaptation for the EC to use, so this category should be considered as is an attempt to identify the adaptation element.)
- Multi-sectoral (This category includes environmental projects and programmes that are not solely focusing on climate change alone but on a number of environmental issues including climate change, and support to environmental NGOs and ministries.)

3.1.Identifying Financial Resources Relevant to Climate Change

Based on these categories, it is possible to produce an overview of those resources specific to climate change, in Table 1 below. Financial contributions to climate change projects have steadily risen between 2004 and 2007, reflected by total figures rising from €160 million in 2004 to €318 million in 2007.

Table 1 Financial Resources relevant to climate change

Official Development Aid (commitments, million €)	2004	2005	2006	2007
Agriculture	14	9.88	13.92	9.43
Biodiversity/Protected Areas	51.43	50.88	56.28	6.66
Capacity building	1.58	2.05	4.15	10.96
Energy Efficiency	5.37	2.72	31.27	42.97
Forestry	60.21	52.42	48.02	24.01
Support to Kyoto /CDM	0.47	2.31	1.00	4.80
Pollution control	7.00	0.00	6.19	1.48
Renewable energies	3.48	14.64	41.75	145.45
Waste Management	6.33	0.92	1.93	8.31
Awareness Raising	0.71	0.36	0.82	0.04
Others / Multi-sectoral	5.67	4.05	9.51	29.14
Adaptation Specific	4.00	23.66	17.38	35.04
Total	160.24	163.89	232.22	318.30

The figures in Table 8-1 reveal some key trends:

- EC financial commitments follow specific programming cycles, which can explain the year-by-year variability of figures for specific categories or regions. One such example is the funding committed via the EU-ACP Energy facility, which improves the access to energy for the poor in African Caribbean and Pacific countries and is financing many energy efficiency and renewable energy activities, having a large impact on the 2007 figures.

- The categories to which the European Community contributes most are: biodiversity and protected areas, renewable energies, energy efficiencies, forestry and adaptation specific activities.

- Climate change adaptation in developing countries has risen in importance in the EC's agenda and has been an area of growing activity, a trend reflected by a rise in financial contributions from €4 million in 2004 to €35 million in 2007342.

3.2.Summary of Bilateral Contributions

A table summarises total financial commitment for bilateral contributions related to the implementation of the Convention for five regions, excluding candidate countries and potential candidates. A more detailed breakdown of these figures, per country, within each region is available in Appendix G-G1. The EC also runs a number of programmes or initiatives that cover more than one region, which are classified as "Global".

Increasing levels of funding are allocated in the latter part of the reporting period, reflecting the fact that relevant climate change activities and projects have been identified and funding approved. There is an ongoing trend of steadily increasing levels of funding allocated within the ACP region over time.

Appendix G-G1 provides the further breakdown of the nature of the resources, illustrating the size and number of climate change projects on an annual basis from 2004-2007 in each of the five regions ACP, Asia, OCT, Latin America and Neighbourhood, respectively.

In addition, in December 2007, the EC agreed to provide €24.5 million to the Global Index Insurance Facility (GIIF) Trust Fund. This 60 month project aims to mitigate weather and catastrophic risks in ACP states through the application of index insurance. The budget allocated for the first phase of the facility is € 12 million (EU ACP Natural Disaster Facility).

3.3.Resources Allocated in 2008

A significant amount of bilateral funding has been approved and allocated to climate change related projects in developing countries in 2008. Table 2 excludes funding allocated to Accession countries, as it is not possible to identify the climate change element of these figures for inclusion. The table indicates that there is a significant amount of funding allocated in 2008 to climate change activities in developing countries:

Table 2. Allocated funding for 2008 climate change activities (Mitigation & Adaptation)

Region	Number of projects	Total value projects (million €)
ACP	47	114.1
Asia	28	114.4
Latin America	21	42.4
Neighbourhood	23	163.5
OCT	1	2.0
Global	23	74.2
TOTAL	143	510.6

4. Provision of Financial Resources to Multilateral Institutions and Programmes

In addition to bilateral and multilateral contributions, and whilst the European Community does not contribute directly to the Global Environment Fund (GEF), the EC also provides parallel co-financing for some climate change related projects funded by the Global Environment Facility (GEF). One such example is a 2004 project in Vietnam, “Support for Forest Sector Development”, which benefitted from a €3 million grant. €2 million of this grant went towards supporting the Vietnam Conservation Trust Fund. This project was implemented via the World Bank.

In addition, the Adaptation Fund was established in 2007 to support developing countries that lack resources to cope with adapting to and mitigating climate change and to be financed mainly from a share of Clean Development Mechanism (CDM) revenues. There have been no EC contributions to date;

more detailed information on Member State contributions can be found in their National Communication.

The European Community contributes to multi-lateral institutions and programmes for climate change activities in developing countries. It has been possible to identify the climate change element of funding projects and programmes more accurately than in previous National Communications due to enhanced data management by the EC; as a result the figures are more accurate and reflect more adequately the proportion of contributions relevant to climate change. This explains why some figures, such as the European Community's contributions to UNDP, appear lower than the figures which were reported in the European Community's 4th National Communication.

Table 4. Financial contributions to multilateral institutions and programmes (million €)

Institution or programme	2004	2005	2006	2007
Multilateral Institutions				
CIFOR	0.00	0.00	0.00	2.00
EBRD	0.00	1.57	13.74	0.00
FAO	0.00	1.21	6.85	14.48
IUCN	0.00	0.00	0.24	0.00
OECD	0.00	0.00	0.00	0.20
UN RISD	0.00	1.43	1.45	0.00
UNDP	30.00	11.48	1.07	4.00
UNEP	2.40	1.64	3.52	19.00
IEA	0.40	0.40	0.40	0.40
UNFCCC	0.55	0.95	2.15	4.25
UNICEF	0.00	0.00	1.78	0.00
UNOPS	0.00	0.00	9.90	0.00
WB	16.10	3.00	3.42	6.48
Multilateral scientific, technological and training				
1. WWF	1.83	1.53	3.50	1.55

5. Future Commitments

Beyond these initial figures available for 2008, there are a number of significant activities that the EC has already planned for beyond 2008. To reflect the EC's commitment to climate change support for developing countries, the EC has announced that climate change will be a priority in the upcoming Country Strategy Papers mid-term review exercise in 2009-2010. This will contribute to redirect strategies to ensure that climate change becomes more prominent in the 2007-2010 programming cycle.

The Global Climate Change Alliance (GCCA) became operational in 2008 and is already a key element of the EU's external development action in the area of climate change, providing a platform for dialogue and exchange as well as practical cooperation between the EU and those developing countries that are most vulnerable to climate change, in particular the least developed countries (LDCs) and small island developing states (SIDS).

The European Commission has earmarked €70 million in additional funding from the Environment and Natural Resources Thematic Programme (ENRTP) over the period 2008-2010 to start up the GCCA and finance country interventions. A significant share of existing geographic and thematic funding will also serve the objective of the initiative. Around €30 million of ENRTP funds are expected to contribute to REDD.

Under the 10th EDF 'intra-ACP' regional funding of €40 million is allocated to the implementation of the GCCA at regional level in Africa, the Caribbean and Pacific and with a strong focus on adaptation and capacity building. This is in addition to €180 million allocated for the implementation of the EU strategy for supporting Disaster Risk Reduction in the ACP. The Commission also appealed to the EU Member States to contribute resources to the GCCA.349 The GCCA was discussed with the EU Member States, who endorsed its objectives, indicating that support should be complementary to existing initiatives. The European Council of June 2008 called for the effective implementation of the GCCA and invited the Commission to consider innovative means of financing.

There are a number of future commitments mentioned throughout this report, namely

in sections 7.4.2.3 and 9.1.3 which cover relevant future commitments on climate

change activities both within and beyond the EU which will benefit from EC funding.

Further information on future financial commitments relating to financial instruments

already covered in this chapter are described in earlier sections 7.2.1, 7.2.3 and 7.3.

A replenishment of the ACP-EU Energy Facility has been decided under the 10th European Development Fund for the period of 2009-2013. Endowed with €200 Million, it will focus on improving access to safe and sustainable energy services in rural and peri-urban areas. The new Energy Facility will also contribute to the fight against climate change by emphasizing the use of renewable energy sources and energy efficiency measures and by taking into account impacts of climate change on energy systems. The new Facility would start being implemented by the end of 2009.

Following the 5th Summit between Heads of State and Government of the EU and Latin American and Caribbean countries and the subsequent Lima Declaration in May 2008, the European Commission foresees to encourage bi-regional cooperation between Latin America and the European Union on climate change issues (exchange of experiences, strengthen institutional capacities, etc.). The EUrocLIMA Initiative is planned to start beginning of 2010 with an EC contribution of €5 million. The Initiative envisages to focus on improving the knowledge of the decision-makers and the scientific community on problems and consequences of climate change, particularly in view of integrating these issues into sustainable development strategies.

The European Commission also plans to establish the Latin America Investment Facility (LAIF) through the DCI. The LAIF will focus on energy, environment and transport investment, contributing to cleaner transport infrastructure, improved energy efficiency and energy savings, the use of renewal energy, low-carbon production and of climate change adaptation technologies. It will also provide support to SME development and to social sector infrastructures. The LAIF will operate by providing financial non-refundable contributions to support loans to partner countries from the European Investment Bank (EIB) and other European, multilateral and national, development finance institutions and will encourage the beneficiary governments and public institutions to carry out essential investments in the relevant sectors. The contribution of the Commission to the LAIF will be decided annually. For the year 2009, the Commission will allocate a budget of €10.85 million.

6. Activities Related to the Transfer of Technology

Technology Transfer (TT) in the context of climate change is defined as: "A broad set of processes covering the flows of know-how, experience and equipment for mitigating and adapting to climate change among different stakeholders." More specifically, the transfer and development of technology activities can be hard or soft in nature. These categorisations are defined in the Technology Transfer Framework as:

- "soft" technologies: capacity-building, information networks, training and research.
- "hard" technologies: equipment to control, reduce or prevent anthropogenic emissions of greenhouse gases in the energy, transport, forestry, agriculture, and industry sectors, to enhance removals by sinks, and to facilitate adaptation.

The framework also lists five themes for technology transfer, enabling more precise identification of projects that are of relevance:

1. Technology needs and needs assessments
2. Technology information
3. Enabling environments
4. Capacity-building
5. Mechanisms for technology transfer

6.1.Overview of EC Funded Technology Transfer Initiatives and Programmes

All development aid cooperation projects in the field of climate change, and described in the previous section, involve technology transfer activities as defined by the technology transfer framework. It is in most case impossible, within a given programme, to get a breakdown of the technology transfer activities and related financial resources; therefore, all development cooperation programmes have been considered as technology transfer in the following section.

In addition to these, there are a number of other climate change activities involving technology transfer funded by the EC, most notably in the area of research. The following section provides an overview of such programmes.

EC Framework Programmes

The 7th Framework Programme for research and technological development (FP7) remains the most important EC financial mechanism to support research on climate change and the development of energy technologies, including cooperation with non-EU countries, with resources for research in support to TT and capacity building with third countries. Many specific FP instruments are developed to promote and support international cooperation including on climate change technologies.

The main component of FP7, running between 2007 and 2013, is the €32.4 billion “Cooperation” programme, which is divided into research themes, one of which is called “Environment (including climate change)”: with a total budget of €1.89 billion, it will be the cornerstone of environmental research in Europe but will also expand to developing countries, as a number of projects under FP7 are specifically targeted at these countries.

Strategic Energy Technology Plan

The Strategic Energy Technology (SET) Plan provides a blueprint for Europe to develop a world-class portfolio of affordable, clean, efficient and low emission energy technologies. It puts forward a vision of Europe investing and working collectively to develop and facilitate a global market take-up of such technologies, with European industry leading the way. SET Plan also includes a substantial international cooperation dimension with industrialised, emerging and developing countries that should create new opportunities for cooperation between the EU and international partners.

Near-zero Emissions Power Generation Technology through Carbon Dioxide Capture and Storage

The EU and China committed to cooperate on Carbon Dioxide Capture and Storage (CCS) in the framework of the "Near-zero Emissions Power Generation Technology through Carbon Dioxide Capture and Storage" programme (NZEC). This cooperation aims at demonstrating the CCS technology in China to enable deployment from 2020. The EU-China NZEC was launched in 2005 and is part of the wider EU-China Partnership on Climate Change. Phase 1 of NZEC (R&D) is currently being executed under the umbrella of an EU-China Memorandum of Understanding. Several FP6 and FP7 research projects support the implementation of Phase 1 to be completed at the end of 2009. The next two phases will follow: PHASE II (site selection and design of plant) and PHASE III (construction and operation of the plant).

European Energy Technology Platforms

The European Energy Technology Platforms (ETPs) were set up to define, at European level, common strategic research agendas which should mobilise a critical mass of national and European public and private resources. The ETPs also represent a forum for discussion and exchange views on R&D cooperation with international partners.

There are 6 ETPs in non-nuclear energy (PV, SmartGrids, Biofuels, Zero-emission fossil fuel plants, Solar Thermal, Wind) and one Sustainable Nuclear Energy Technology Platform (SNETP).

ITER

The Joint International R&D project ITER translates the political will into a large scale concrete international instrument pooling resources from different key international partners. ITER is a joint international research and development project that aims to demonstrate the scientific and technical feasibility of fusion power. The partners in the project are the EC, represented by EURATOM, Japan, the China, India, the Republic of Korea, the Russian Federation and the USA.

CO2 Coach

The COACH project aims at establishing broad cooperation between China and the EU in the field of CCS . It will prepare the ground for implementation in China of large scale poly-generation energy facilities with options for coal based electric power generation as well as production of hydrogen and synthetic fuels. For these facilities, CO_2 capture and geological storage (including use for enhanced oil or gas recovery) constitute an inherent and decisive prerequisite.

More information about projects can be found on the CORDIS website, an information space for European Research and Development (R&D) and exploitation of European R&D results. Examples of projects under the environment theme of the EC FP6 and FP7 relevant to non-Annex I countries regarding technology transfer for climate change activities also include:

- TETRIS (Technology Transfer and Investment Risk in International Emission Trading),
- ADAM (Adaptation and Mitigation Strategies: Supporting European Climate Policy),
- GAINS-ASIA (Greenhouse Gas and Air Pollution Interactions and Synergies),
- TOCSIN (Technology-Oriented Cooperation and Strategies in India and China: Reinforcing the EU dialogue with Developing Countries on Climate Change Mitigation),
- ClimateCost (Full Costs of Climate Change),
- HighNoon (Impacts of Himalayan glaciers retreat and monsoon pattern change on the water resources in Northern India, and adaptation strategies),
- Climate for Culture (Development and application of methodologies, technologies models and tools for damage assessment, monitoring and adaptation to climate change impacts).

6.2.Financial Resources Dedicated to the Transfer of Technology

Funding for technology transfer in climate change has more than doubled by the end of the reporting period, from €160 million in 2004 to €318 million in 2007. The majority of resources are directed to soft technology transfer activities over the reporting period, which includes capacity building: €552 million compared to €219 million on hard technologies. It may appear that there is a trend from these figures in a shift towards hard technology transfer, as the figures are now higher than soft transfer of technology for 2007 from a much lower base in 2004, however, this is mainly due to resources committed via the Energy Facility.

6.3.Promoting International Co-operation in the Private Sector

The European Community is undertaking a number of activities to involve the private sector in projects and programmes relating to the transfer of technologies to mitigate and adapt to climate change. There are number of projects between 2004 and 2007 that aim to promote or encourage private sector involvement, ranging in size and geographical location, including one project with an EC contribution of over €23 million, the EU-China CDM Facilitation Project. This provides training and capacity building programme on the Clean Development Mechanism. This project is part of the China-EU Climate Change Partnership that was signed in 2005.

In addition to the above mentioned initiatives, the EC is interested in analysis of sectoral approaches, best described as “cooperative sectoral approaches and sector specific activities”. These have emerged as a promising tool to motivate developing countries and industry to reduce greenhouse gas emissions (GHG) in key economic sectors. Energy intensive industries (aluminium, cement and steel), are a particularly attractive focus for sectoral approaches as they account for a considerable proportion of GHG emissions. Sectoral approaches can also help developing countries meet their responsibilities for financing sustainable development and technology transfer.

Therefore, the EC is currently running a study with a budget of €1.9 million from 2008-2010 being undertaken with industries and governments in China, Brazil and Mexico to analyse their performance with the aim of seeing whether sectoral approaches are viable.

6.4.Innovative Instruments to Engage the Private Sector

In addition to providing financial assistance directly to projects that have the objective to promote private sector involvement, the European Community has launched an innovative pilot instrument to involve the private sector. The Global Energy Efficiency and Renewable Energy Fund (GEEREF), launched in 2007, is focused on energy efficiency and renewable energy projects in developing countries and economies in transition. GEEREF invests in regionally-orientated investment schemes and prioritises small investments below €10 million.

In December 2008, The GEEREF Investment Committee gave preliminary approval to investments totalling €22 million in two commercial renewable energy investment funds, one focusing on projects in sub-Saharan and southern Africa and the other in Asia with a primary focus on India. Both funds will invest equity in renewable energy projects such as wind energy generation, small hydro-electric generation, biomass and methane recovery. In the regions where the two funds operate, there is a lack of equity investment available through the market for these types of projects. It is envisaged that GEEREF will invest in regional sub-funds for the African, Caribbean and Pacific (ACP) region, Neighbourhood, Latin America and Asia. Together the European Commission, Germany and Norway have committed about €110 million to the GEEREF over the period 2007-2011, the majority of which is provided by EC contributions. It is envisaged that further financing from other public and private sources will be forthcoming. In 2007, the EC contributed €5 million towards a support facility for the GEEREF and a further €25 million in form of grants.

6.5. Technology Transfer Success Stories

Each climate change project funded by DG AIDCO to non-Annex I countries contains a considerable technology transfer element and there are hundreds of individual projects being undertaken across all regions which have technology transfer as a key element to the projects, covering adaptation and mitigation. In order to assess the performance of technology transfer projects, the Results Orientated Monitoring (ROM) database is used to assess the projects against five key criteria: relevance, efficiency, sustainability, effectiveness and impact. Each of these criteria are graded according to the following scale:

- A – Excellent
- B – Minor problems
- C – Some problems which require actions
- D – Major problems which require serious actions

Appendix G-G3 outlines a selection of twelve of the successful technology transfer projects undertaken in each region, assessed with ROM evaluation scores. This includes examples, such as the Regional Solar Programme in West Africa, providing renewable energy as water sanitation, which benefits from €65 million from 2006-2010. As many of the projects are ongoing, it has not been possible to quantify the impacts on GHG emissions or sinks for the 5th National Communication.

2012 Fast Start Financing[2]

Key Messages

- In accordance with developed countries' commitments under the Copenhagen Accord, the EU and its Member States have mobilised in total €4.59 billion (USD 6.39 billion) of fast start finance in 2010 and 2011 as part of its overall commitment to provide €7.2 billion cumulatively over the period 2010 – 2012. The funds committed in 2011 to date are € 2.33 billion. These are preliminary figures as the accounting year for many Member States has not been concluded yet. Considering the economic and fiscal challenges we are faced with, this demonstrates our strong commitment to deliver on the Cancun agreement and to the G20 commitment to fight climate change.

- The swift and effective implementation of EU fast start finance is enabling developing countries:

  - to better protect themselves against severe weather events and other adverse effects of climate change, including by promoting national adaptation planning, and funding for science and analysis to support decision making;

  - to grow and develop on a sustainable low carbon path, including through supporting projects on low carbon energy, energy efficiency and low carbon transport;

  - to protect forests while also supporting economic development;

  - to prepare for the effective and efficient implementation of a new climate regime and scaled-up financial flows in the longer term.

- Most EU fast start finance is provided through Member State budgets and is allocated on the basis of national decisions. Despite the difficult economic situation and strong budgetary constraints, all 27 Member States and the European Commission are contributing to this funding. Member States' fast start contributions are voluntary and not based on any distribution key. They do not prejudge any burden sharing for future global climate financing.

- Transparency in the delivery of fast start pledges is vital and the EU regularly reported in 2010 and 2011 on the implementation of this commitment and will submit further comprehensive and transparent reports to the UNFCCC Secretariat by May 2012 and 2013 in line with the Cancún Agreements. In addition, the EU supports efforts to enhance the on-line availability of information on fast start finance commitments, and other efforts to promote improved transparency and consistency of climate finance.

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[2] EU (2012). EU Fast Start Financing, Submission by Denmark and the European Commission on Behalf of the European Union and its Member States, Bonn, 25 May 2012, 11 pp.

1. Delivering on Our Commitments

1. The EU Member States and the European Commission have confirmed €2.32 billion of fast start finance in 2011, thereby remaining on track to meet its overall commitment of €7.2 billion cumulatively across the 2010-12 fast start period.

2. To be effective and to enable the fastest possible deployment of the available funds, the EU and its Member States are using existing bilateral and multilateral delivery channels where possible as well as reinforcing existing initiatives. This facilitates access as developing countries are able to build on existing working relationships with bilateral agencies and multilateral institutions. For example, EU fast start finance is being provided through existing multilateral channels such as the Climate Investment Funds, the Global Environment Facility, the Adaptation Fund, the Least Developed Countries Fund, the Forest Carbon Partnership Facility, and the Multilateral Development Banks.

Table 1: Bilateral and multilateral channels in 2011

BILATERAL	Total amount (billion €)	1.24
	% of total	53.3
MULTILATERAL	Total amount (billion €)	1.08
	% of total	46.4
NOT ALLOCATED	Total amount (billion €)	0.00696
	% of total	0.3
TOTAL		€2.32 billion

3. The EU continues to be the largest contributor of climate finance flows to developing countries and has been so since well before Copenhagen. These climate finance projects and activities are closely aligned with the objectives for fast start finance. The EU and its Member States remain firmly committed to these broader climate finance activities.

4. In addition to fast start finance, the EU will continue to make available considerable amounts of funds for the period 2010-2012 in support of climate actions in developing countries, such as via the European Investment Bank (EIB) which provides diversified financing (with some elements of concessionality). This financing also helps leverage additional investments including from the private sector.

2. Access to EU Fast-Start Funding

5. EU fast-start finance supports immediate action on climate change and preparations for efficient and effective adaptation and mitigation actions in developing countries in the medium and longer term, including measures for reductions in emissions from deforestation and forest degradation.

6. The EU is striving to allocate both bilateral and multilateral funding where it is most needed. In terms of new bilateral projects, in particular for adaptation, the EU and its Member States give priority consideration to most vulnerable and least developed countries. This includes support for capacity building efforts as well as for the development and transfer of technologies.

7. The EU underlines the importance of close dialogue and joint working with partner countries in assessing needs and setting priorities; EU fast-start finance is deployed with full respect for partner countries' national ownership and primary responsibility for their own development.

8. Furthermore, the experience of existing institutions, including multilateral, regional and bilateral development financial institutions, and national governmental and nongovernmental implementing agencies in delivering aid in developing countries is being fully utilized. The agreed principles of aid effectiveness established by the Rome and Paris Declarations and the Accra Agenda for Action are also fully respected.

9. Fast start funding is a voluntary commitment and allocation decisions are made by the respective Member State / the Commission. In this context, their respective local or regional donor representations in developing countries play an important role as a first contact point.

3. Synergies with progress towards reaching the MDGs

10. The EU is committed to ensuring that fast start funding and other climate finance neither undermines nor jeopardises the fight against poverty and continued progress towards the Millennium Development Goals (MDGs). The European Council of 17 June 2010 reaffirmed its commitment to achieve development aid targets by 2015 as set out in its June 2005 Conclusions. The EU remains the world's leading provider of official development assistance (ODA), responsible for almost 60% of all ODA in 2010.

11. Climate issues have become increasingly integrated in broader development strategies (making ODA' climate resilient') so that actions to mitigate and adapt to the negative effects of climate change often support efforts to reach other MDGs and vice versa, e.g. by delivering actions to support climate resilient development and access to renewable energy.

4. Transparent and consistent reporting

12. The EU's fast start finance "package" amounting to €2.32 billion in 2011 includes finance to support: adaptation; mitigation; reductions in emissions from deforestation and forest degradation in developing countries; technology cooperation and capacity building, including for MRV and design of mitigation measures.

13. Adaptation : €750 million in 2011 to accelerate action to help poor and vulnerable countries and their people to adapt to and build resilience to the adverse effects of climate change, particularly in the least developed countries, small island developing states, and African countries that will be most seriously affected. Funding will help developing countries protect their infrastructure, industry and agriculture from changing weather patterns and rising sea levels, support investment water management, drought resistant crops, disaster risk reduction and in improved scientific analysis for decision making, and national planning. Adaptation efforts will take into account the priorities identified in National Adaptation Plans of Action (NAPAs), National Communications and other relevant planning documents. In the area of adaptation, particular attention needs to be paid to enhancing partner

countries' absorption capacities, increasing national ownership, and to verifying the viability and added value of initiatives in the longer term.

14. Mitigation : €1150 million in 2011 to accelerate the transition to a low-carbon global economy and to reduce greenhouse gas emissions by promoting the deployment of renewable energy technologies. Funding will promote projects on: low carbon energy; energy efficiency; low carbon transport; the development of Nationally Appropriate Mitigation Actions (NAMAs) and low emission development strategies; capacity building to measure, report and verify emissions and on new carbon market mechanisms.

15. REDD+: €311 million in 2011 to reduce greenhouse gas emissions by reducing deforestation and forest degradation in developing countries and enhancing the sustainable management and conservation of forest and carbon stocks. Funding will demonstrate ways of changing the economics, build capacity to monitor effectively, report and verify emissions and removals from land-use activities; support necessary policy and governance reforms; work to enhance sustainable management and conservation of forests, and enhancement of forest stocks. Particular attention will be paid to improving forest governance (including land tenure reforms and forest law enforcement), and to ensuring benefits for local communities and indigenous peoples.

5. Longer term perspective on post-2012 financing

16. International fast start climate finance is public funding provided to cover a short interim period until a comprehensive and sustainable global system for support can be developed. Member States' fast start contributions are voluntary and not based on any distribution key. They do not prejudge any burden sharing for future global climate financing. In Cancún the developed countries reiterated their commitment, in the context of meaningful mitigation actions and transparency on implementation, to a goal of mobilizing jointly USD 100 billion per year by 2020 to address the needs of developing countries. Funds provided to developing countries may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources.

17. Despite the achievements of delivering on the strong EU fast-start finance pledge, more leveraging and continued global climate finance contributions will be necessary post 2012 to support initiatives that will deliver substantial results and value for money in helping to support adaptation to climate change and to achieve emissions reductions needed to keep global warming below 2°C. Reiterates in this respect the EU and other developed countries should work in a constructive manner towards the identification of a path for scaling up climate finance from 2013 to 2020. In the years to come special attention should be placed on exploiting existing synergies and complementarities and efficient use of available funding. In order to ensure maximum impact of the different funds and instruments, encourages domestic efforts by developing countries, including the phasing out of fossil fuel subsidies and other distortions as well as in providing good framework conditions for investments, as recipient action is crucial in ensuring ownership of supported action and the right identification of national priorities. Comprehensive and nationally appropriate adaptation and mitigation plans and low emissions development strategies will further help to ensure ownership of supported action and

identification of national priorities. The EU and its Member States wish to remind their partners of the collective nature of the financial commitments made, and call on other Parties to significantly contribute and mobilize climate finance in view of the longer term goals.

18. The mobilization of long-term climate finance for mitigation will depend on meaningful mitigation actions, transparency on implementation, and on a robust governance system inter alia ensuring measurement, reporting and verification being in place, taking into account the particular situation of LDCs. Further improvements in the knowledge base on climate impacts and capacity building efforts will facilitate long-term adaptation actions.

19. The EU will continue to work closely with the recipient countries and with the international community to learn from the implementation of these fast start finance commitments as we move toward operationalizing the longer term financing provisions of the Cancún Agreements. We encourage and support dialogues at national level to facilitate the smart use of the funds made available.

20. In this regard, the Final Report of the UN Secretary General's Advisory Group on Climate Finance (AGF) and the report prepared by international organizations for G20 Finance Ministers provides an important starting point for further consideration, in particular the conclusion that it is challenging but feasible to meet the goal of mobilizing $100bn per annum by 2020 for climate change in developing countries, subject to meaningful mitigation actions and transparency on implementation through a combination of innovative, public and private sources. The public finance contributions of participating parties to post-2012 financing are, in most instances, yet to be determined and should be agreed as part of the ongoing international climate negotiations while taking into account national budgetary rules. ODA will continue to play a catalytic role, particularly in the most vulnerable and least developed countries.

21. A comprehensive and globally uniform set of statistics for climate financing is clearly needed. This should build on experiences with existing reporting systems such as the OECD-DAC system for monitoring financial flows to developing countries and avoid developing competing reporting systems. Also in this context Member States should consider experience with fast start funding when addressing post-2012 climate financing and support.

Annex: Results of Member State Reporting on Fast Start Finance Commitments, 25 April, 2012

1. PLEDGES/ CONFIRMED CONTRIBUTIONS FOR 2010 – 2012

	EU CONTRIBUTION (2010-2012) (billion €)	EU CONTRIBUTION 2010(billion €)	EU CONTRIBUTION 2011(billion €)
NUMBER OF RESPONSES	27+ COM (28)	27+ COM (28)	27+ COM (28)
TOTAL AMOUNT PLEDGED	7.20		
TOTAL CONTRIBUTION	4.59	2.26	2.33
% OF TOTAL AMOUNT PLEDGED	63.8	31.4	32.4

2. PRINCIPAL AND SIGNIFICANT CLIMATE OBJECTIVES IN 2011

Number of Member States reporting on this question		27
Total reported amount of reporting MS (billion €)		2.33
Overall reported amount as % of EU FSF Contribution in 2011		99.9
Climate is principal objective	Total amount (billion €)	1.87
	% of total reported amount	85.7
Climate is significant objective	Total amount (billion €)	0.31
	% of total reported amount	14.3

3. TYPES OF INVESTMENTS IN 2011

Number of Member States reporting on this question		27
Total reported amount of reporting MS (billion €)		2.31
Total reported amount in % of EU FSF Contribution in 2011		99.2
Grants	Total amount (billion €)	1.46
	% of total reported amount	63.3
Loans, equities or others (in concessional nature)	Total amount (billion €)	0.85
	% of total reported amount	36.7

4. BILATERAL & MULTILATERAL CHANNELS IN 2011

Number of Member States reporting on this question		27
Total reported amount of reporting MS (billion €)		2.32
Total reported amount in % of EU FSF Contribution in 2011		100
BILATERAL	Total amount (billion €)	1.24
	% of total reported amount	53.3
MULTILATERAL	Total amount (billion €)	1.08
	% of total reported amount	46.4
NOT ALLOCATED	Total amount (billion €)	0.01
	% of total reported amount	0.3

5. OBJECTIVES AND SECTORS IN 2011

Number of Member States reporting on this question		27
Total reported amount of reporting MS (billion €)		2.33
Total reported amount in % of EU FSF Contribution in 2011		99.9
ADAPTATION	Total amount (billion €)	0.75
	% of total reported amount	32.2
REDD+	Total amount (billion €)	0.31
	% of total reported amount	13.4
MITIGATION (excluding REDD+)	Total amount (billion €)	1.15
	% of total reported amount	49.4
NOT ALLOCATED	Total amount (billion €)	0.12
	% of total reported amount	5.1

6. OVERVIEW OF MULTILATERAL CHANNELS USED FOR FSF IN 2011

Number of Member States using multilateral channels	21
Number of Member States providing details on multilateral channels	21
Total reported amount for multilateral channels(billion €)	1.08
Total reported amount in % of EU FSF Multilateral contribution in 2011	98.1
MULTILATERAL AND REGIONAL INSTITUTIONS (million €)	
CIFs': Clean Technology Fund	365.6
CIFs': Pilote Programme for Climate Resilience	65.7
CIFs: Forest Investment Programme	39.7
WB IFC	8.1
World Bank: Forest Carbon Partnership Facility	19.1
World Bank: others	68.6

EIB	101.6
Asian Development Bank	3.5
Inter American Development Bank	1.0
EBRD	10.0
Global Facility For Disaster Reduction and Recovery	1.0
Global Climate Partnership Fund	5.8
Others	69.0
Subtotal	765.4
UNFCCC and KYOTO PROTOCOL FUNDS (million €)	
GEF	118.1
ADAPTATION FUND	12.5
UNFCCC	0.2
LEAST DEVELOPED COUNTRIES FUND	95.1
SPECIAL CLIMATE CHANGE FUND	33.0
Subtotal	271.0
UN Initiatives / funds (million €)	
UN REDD PROGRAMME	12.0
FAO	8.3
UNEP	9.6
UNDP	11.4
other UN	0.6
Subtotal	41.8
TOTAL	1078.2

2013 Fast Start Financing[3]

Key Messages

- In accordance with developed countries' commitments under the Copenhagen Accord, the EU and its Member States have mobilized in total €7.34 billion (USD 9.79 billion) and thus has fulfilled its commitment to provide €7.2 billion cumulatively over the period 2010 – 2012. The funds committed in 2012 to date are € 2.67 billion. Considering the economic and fiscal challenges we are faced with, this demonstrates our strong commitment to deliver on the Cancun agreement and to the G20 commitment to fight climate change.

- The swift and effective implementation of EU fast start finance is enabling developing countries:

  - to better protect themselves against severe weather events and other adverse effects of climate change, including by promoting national adaptation planning, and funding for science and analysis to support decision making;

  - to grow and develop on a sustainable low carbon path, including through supporting projects on low carbon energy, energy efficiency and low carbon transport;

  - to protect forests while also supporting economic development;

  - to prepare for the effective and efficient implementation of a new climate regime and scaled-up financial flows in the longer term.

- Most EU fast start finance is provided through Member State budgets and is allocated on the basis of national decisions. Despite the difficult economic situation and strong budgetary constraints, all 27 Member States and the European Commission have contributed to this funding. Member States' fast start contributions are voluntary and not based on any distribution key. They do not prejudge any burden sharing for future global climate financing.

- Transparency in the delivery of fast start pledges is vital and the EU regularly submitted comprehensive and transparent reports to the UNFCCC Secretariat in line with the Cancún Agreements. In addition, the EU supports efforts to enhance the on-line availability of information on fast start finance commitments, and other efforts to promote improved transparency and consistency of climate finance.

[3] EU (2013). EU Fast Start Finance Report: Submission by Ireland and the European Commission on Behalf of the European Union and its Member States, Dublin, 29 May 2013, 10 pp.

1. Delivering on Our Commitments

1. The EU Member States and the European Commission have confirmed €2.67 billion of fast start finance in 2012, together with the amount committed in 2010 (€ 2.33 billion) and 2011 (€ 2.35 billion), it has thus fulfilled its commitment to provide €7.2 billion cumulatively over the 2010-12 fast start period and has surpassed the target despite the difficult economic situation and strained public finances.

2. To be effective and to enable the fastest possible deployment of the available funds, the EU and its Member States have used existing bilateral and multilateral delivery channels where possible as well as reinforcing existing initiatives. This facilitates access as developing countries were able to build on existing working relationships with bilateral agencies and multilateral institutions. For example, EU fast start finance has been provided through existing multilateral channels such as the Climate Investment Funds, the Global Environment Facility, the Adaptation Fund, the Least Developed Countries Fund, the Forest Carbon Partnership Facility, and the Multilateral Development Banks.

Table 1: Bilateral and multilateral channels in 2012*

BILATERAL	Total amount (billion €)	1.74
-	% of total	65.6
MULTILATERAL	Total amount (billion €)	0.91
-	% of total	34.4
NOT ALLOCATED	Total amount (billion €)	0.0
-	% of total	0.0
-	TOTAL	€2.65 billion

* On the basis of the data provided by the 25 Member States reporting the division between multi- and bilateral channels

3. The EU and its Member States continue to be the largest contributor of climate finance flows to developing countries and has been so since well before Copenhagen. These climate finance projects and activities are closely aligned with the objectives for fast start finance. The EU and its Member States remain firmly committed to these broader climate finance activities.

4. In addition to fast start finance, the EU and its Member States have made available considerable amounts of funds for the period 2010-2012 in support of climate actions in developing countries, such as via the European Investment Bank (EIB) which provides diversified financing (with some elements of concessionality). This financing also helps leverage additional investments including from the private sector.

2. Access to EU Fast-Start Funding

5. EU fast-start finance supported immediate action on climate change and preparations for efficient and effective adaptation and mitigation actions in developing countries in the medium and longer term, including measures for reductions in emissions from deforestation and forest degradation.

6. The EU and its Member States strove to allocate both bilateral and multilateral funding where it was most needed. In terms of new bilateral projects, in particular for adaptation, the EU and its Member

States gave priority consideration to the most vulnerable and least developed countries. This included support for capacity building efforts as well as for the development and transfer of technologies.

7. The EU and its Member States continue to underline the importance of close dialogue and joint working with partner countries in assessing needs and setting priorities; EU fast-start finance was deployed with full respect for partner countries' national ownership and primary responsibility for their own development.

8. Furthermore, the experience of existing institutions, including multilateral, regional and bilateral development financial institutions, and national governmental and non-governmental implementing agencies in delivering aid in developing countries was fully utilized. The agreed principles of aid effectiveness established by the Rome and Paris Declarations and the Accra Agenda for Action were fully respected and will continue to be so.

9. Fast start funding was a voluntary commitment and allocation decisions are made by the respective Member State / the Commission. In this context, their respective local or regional donor representations in developing countries play an important role as a first contact point.

3. Synergies with progress towards reaching the MDGs

10. The EU and its Member States are committed to ensuring that fast start funding and other climate finance neither undermines nor jeopardizes the fight against poverty and continued progress towards the Millennium Development Goals (MDGs). The European Council of 17 June 2010 reaffirmed its commitment to achieve development aid targets by 2015 as set out in its June 2005 Conclusions. The EU and its Member States remain the world's leading provider of official development assistance (ODA), responsible for almost 60% of all ODA in 2010.

11. Climate issues have become increasingly integrated in broader development strategies (making ODA' climate resilient') so that actions to mitigate and adapt to the negative effects of climate change often support efforts to reach other MDGs and vice versa, e.g. by delivering actions to support climate resilient development and access to renewable energy.

4. Transparent and consistent reporting

12. The EU's fast start finance "package" amounted to €2.67 billion in 2012 and included finance to support: adaptation; mitigation; reductions in emissions from deforestation and forest degradation in developing countries; technology cooperation and capacity-building, including for MRV and design of mitigation measures.

13. Adaptation : €743 million in 2012 to accelerate action to help poor and vulnerable countries and their people to adapt to and build resilience to the adverse effects of climate change, particularly in the least developed countries, small island developing states, and African countries that will be most seriously affected. Funding has helped developing countries protect their infrastructure, industry and agriculture from changing weather patterns and rising sea levels, support investment water management, drought-resistant cops, disaster risk reduction and in improved scientific analysis for

decision making, and national planning. Adaptation efforts will take into account the priorities identified in National Adaptation Plans of Action (NAPAs), National Communications and other relevant planning documents. In the area of adaptation, particular attention was paid to enhancing partner countries' absorption capacities, increasing national ownership, and to verifying the viability and added value of initiatives in the longer term.

14. Mitigation : €1274 million in 2012 to accelerate the transition to a low-carbon global economy and to reduce greenhouse gas emissions by promoting the deployment of renewable energy technologies. Funding has promoted projects on: low carbon energy; energy efficiency; low carbon transport; the development of Nationally Appropriate Mitigation Actions (NAMAs) and low emission development strategies; capacity building to measure, report and verify emissions and on new carbon market mechanisms.

15. REDD+: €322 million in 2012 to reduce greenhouse gas emissions by reducing deforestation and forest degradation in developing countries and enhancing the sustainable management and conservation of forest and carbon stocks. Funding will demonstrate ways of changing the economics, build capacity to monitor effectively, report and verify emissions and removals from land-use activities; support necessary policy and governance reforms; work to enhance sustainable management and conservation of forests, and enhancement of forest stocks. Particular attention will be paid to improving forest governance (including land tenure reforms and forest law enforcement), and to ensuring benefits for local communities and indigenous peoples.

5. Longer term perspective on post-2012 financing

16. The EU fast start climate finance was public funding provided to cover a short interim period in advance of a comprehensive and sustainable global system for support would be developed. Member States' fast start contributions are voluntary and not based on any distribution key. They do not prejudge any burden sharing for future global climate financing. In Cancún the developed countries reiterated their commitment, in the context of meaningful mitigation actions and transparency on implementation, to a goal of mobilizing jointly USD 100 billion per year by 2020 to address the needs of developing countries. Funds provided to developing countries may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources.

17. Despite the achievements of delivering on the strong EU fast-start finance pledge, more leveraging and continued global climate finance contributions will be necessary post 2012 to support initiatives that will deliver substantial results and value for money in helping to support adaptation to climate change and to achieve emissions reductions needed to keep global warming below 2°C. Reiterates in this respect the EU and other developed countries are working in a constructive manner towards the identification of strategies and approaches to scaling up climate finance from 2013 to 2020. In the years to come special attention should be placed on exploiting existing synergies and complementarities and efficient use of available funding. In order to ensure maximum impact of the different funds and instruments, domestic efforts by developing countries are encouraged, including the phasing out of fossil fuel subsidies and other distortions as well as in providing good framework

conditions for investments, as recipient action is crucial in ensuring ownership of supported action and the right identification of national priorities. Comprehensive and nationally appropriate adaptation and mitigation plans and low emissions development strategies will further help to ensure ownership of supported action and identification of national priorities. The EU and its Member States call on other Parties to contribute and mobilize climate finance in view of the longer term goals.

18. The mobilization of long-term climate finance for mitigation will depend on meaningful mitigation actions, transparency on implementation, and on a robust governance system inter alia ensuring measurement, reporting and verification being in place, taking into account the particular situation of LDCs. Further improvements in the knowledge base on climate impacts and capacity building efforts will facilitate long-term adaptation actions.

19. The EU will continue to work closely with the recipient countries and with the international community to learn from the implementation of these fast start finance commitments as we move toward operationalizing the longer term financing provisions of the Cancún Agreements. We encourage and support dialogues at national level to facilitate the smart use of the funds made available.

20. In this regard, the Final Report of the UN Secretary General's Advisory Group on Climate Finance (AGF) and the report prepared by international organizations for G20 Finance Ministers provides an important starting point for further consideration, in particular the conclusion that it is challenging but feasible to meet the goal of mobilizing $100bn per annum by 2020 for climate change in developing countries, subject to meaningful mitigation actions and transparency on implementation through a combination of innovative, public and private sources. The public finance contributions of participating parties to post-2012 financing are, in most instances, yet to be determined and should be agreed as part of the ongoing international climate negotiations while taking into account national budgetary rules. ODA will continue to play a catalytic role, particularly in the most vulnerable and least developed countries.

21. A comprehensive and globally uniform set of statistics for climate financing is clearly needed. This should build on experiences with existing reporting systems such as the OECD-DAC system for monitoring financial flows to developing countries and avoid developing competing reporting systems. Also in this context Member States should consider experience with fast start funding when addressing post-2012 climate financing and support.

Annex: Results of Member State Reporting on Fast Start Finance Commitments, 26 March 2013

1. PLEDGES/ CONFIRMED CONTRIBUTIONS FOR 2010 – 2012 : billion €

	EU CONTRIBUTION (2010-2012)	EU CONTRIBUTION 2010-2011	EU CONTRIBUTION 2012
NUMBER OF RESPONSES	27+ COM (28)	27+ COM (28)	27+ COM (28)
TOTAL AMOUNT PLEDGED	7.20		
TOTAL CONTRIBUTION	7.34	4.67	2.67
% OF TOTAL AMOUNT PLEDGED	101.9	64.9	37.1

2. PRINCIPAL AND SIGNIFICANT CLIMATE OBJECTIVES IN 2012

Number of Member States reporting on this question		19
Total reported amount of reporting MS (billion €)		2.00
Overall reported amount as % of EU FSF Contribution in 2012		74.8
Climate is principal objective	Total amount (billion €)	1.49
	% of total reported amount	75.0
Climate is significant objective	Total amount (billion €)	0.50
	% of total reported amount	25.0

3. TYPES OF INVESTMENTS IN 2012

Number of Member States reporting on this question		24
Total reported amount of reporting MS (billion €)		2.22
Total reported amount in % of EU FSF Contribution in 2012		83.1
Grants	Total amount (billion €)	1.73
	% of total reported amount	78.2
Loans, equities or others	Total amount (billion €)	0.48
	% of total reported amount	21.8

4. BILATERAL & MULTILATERAL CHANNELS IN 2012

Number of Member States reporting on this question		25
Total reported amount of reporting MS (billion €)		2.65
Total reported amount in % of EU FSF Contribution in 2012		99.2
BILATERAL	Total amount (billion €)	1.74
	% of total reported amount	65.6
MULTILATERAL	Total amount (billion €)	0.91
	% of total reported amount	34.4
NOT ALLOCATED	Total amount (billion €)	0.0
	% of total reported amount	0.0

5. OBJECTIVES AND SECTORS IN 2012

Number of Member States reporting on this question		25
Total reported amount of reporting MS (billion €)		2.64
Total reported amount in % of EU FSF Contribution in 2012		99.0
ADAPTATION	Total amount (billion €)	0.74
	% of total reported amount	28.1
REDD+	Total amount (billion €)	0.32
	% of total reported amount	12.2
MITIGATION (excluding REDD+)	Total amount (billion €)	1.26
	% of total reported amount	48.1
NOT ALLOCATED, OTHER	Total amount (billion €)	0.31
	% of total reported amount	11.6

6. OVERVIEW OF MULTILATERAL CHANNELS USED FOR FSF IN 2012

Number of Member States using multilateral channels	19
Number of Member States providing details on multilateral channels	15
Total reported amount for multilateral channels(billion €)	0.85
Total reported amount in % of EU FSF Multilateral contribution in 2011	93.9
MULTILATERAL AND REGIONAL INSTITUTIONS (million €)	
CIFs': Clean Technology Fund	263.4
CIFs': Pilote Programme for Climate Resilience	54.0
CIFs: Small Scale Renewable Energy Programme	50.8
CIF's: Strategic Climate Fund	6.3
IFC Renewable Energy (incl NIPP)	5.8

World Bank: Forest Carbon Partnership Facility	19.3
World Bank: Partnership for Market Readiness	19.7
World Bank: others	3.4
Global Water Partnership	3.3
Green Climate Fund	1.1
Investment Fund for Developing Countries	6.7
International Union for the Conservation of Nature	4.2
Others	54.7
Subtotal	492.8
UNFCCC and KYOTO PROTOCOL FUNDS (million €)	
GEF	115.9
ADAPTATION FUND	12.8
LEAST DEVELOPED COUNTRIES FUND	41.5
SPECIAL CLIMATE CHANGE FUND	17.0
Subtotal	187.2
UN Initiatives / funds (million €)	
FAO	5.0
IFAD	2.4
IFAD Agriculture Smallholders Adaptation Programme	146.8
UNEP	11.6
UNDP	7.5
other UN	1.2
Subtotal	174.4
TOTAL	854.4