Financing nationally appropriate mitigation action in developing countries – the EU's collaborative approach

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Climate Action

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1. EU external climate finance - Main figures

- Since 2002, the European Commission has provided more than €3.7 bn climate change-related official development assistance. Significant funds also from EU Member States (MS).
- Copenhagen Accord/Cancun Agreements: EU commits to provide €7.2 bn 2010-12 fast start finance. Achieved €7.34 bn. Ca. 41% mitigation, 30% adaptation, 13% REDD, rest: multi-purpose.
- Doha 2012: Several EU MS pledge ca. €5.5 bn for next years.
- EU budget 2014-2020 (MFF): 20% climate-relevant at ODA concessional terms
- EU committed to mobilising, with others, US$ 100 bn per year by 2020, from a variety of sources, in the context of meaningful mitigation.

1. EU external climate finance - Policy frameworks

1. Development Cooperation: European Consensus on Development (2006), EU Agenda for Change (2011):
   - **'Primary objective of EU development cooperation is the eradication of poverty in the context of sustainable development'**
   - **'Improving the resilience to the consequences of climate change'**
2. Climate Policy: Commitments under UNFCCC (1992). Article 4.3: Developed countries provide new and additional funds to help developing countries in their emission inventories, technology transfer, …
3. Post-2015 Development Agenda: after MDGs; SDGs Rio+20. Climate change essential cross-cutting concern to be mainstreamed into overarching development policy framework.

2. Concrete collaborative actions

Assisting the most vulnerable

The **Global Climate Change Alliance** (GCCA) is an initiative of the EU and MS launched in 2007 to support developing countries most vulnerable to climate change, esp. Least Developed Countries & Small Island Developing States. Currently 35 partner countries. Programme will be expanded in 2014-2020. Examples of current programmes:

- Bangladesh Climate Change Resilience Fund (GCCA M€ 37 + EU MS M€ 81)
- Nepal Strengthening district and village committees (GCCA M€ 9 + EU MS M€ 8)
- Mozambique Disaster Risk Reduction/REDD (GCCA M€ 15 + M€ 32)
- Guyana Adaptation/REDD (GCCA: M€ 4)
- Samoa Adaptation/DRR/Water and Sanitation (GCCA: M€ 3)

2. Concrete collaborative actions

LEDS, NAMAs, SE4All, other key sectors

The **Low Emission Capacity Building Programme** is a flagship initiative by the EU, Germany, Australia and UNDP to help formulate/ implement NAMAs and LEDS in the context of national development. It builds private sector (industry) capacity for mitigation actions and supports GHG-Inventories and MRV. Currently 25 partner countries.*

The UN **Sustainable Energy for All** initiative is strongly supported by the EU and will be an increasing funding focus. M€ 400 have been committed until now, with further funds under MFF/11th EDF.

Further main sectors for climate cooperation include UNFCCC-related **TA, renewables, technology transfer, agriculture, REDD+.**

* Argentina, Bhutan, Chile, China, Colombia, Costa Rica, DRC, Ecuador, Egypt, Ghana, Indonesia, Kenya, Lebanon, Malaysia, Mexico, Moldova, Morocco, Peru, Philippines, Tanzania, Thailand, Trinidad and Tobago, Uganda, Vietnam, Zambia.

2. Concrete collaborative actions

Working with partners (examples)

- Since 2007, the EU has set up regional blending facilities with the EIB, EBRD and other international and MS-**financial institutions**. (see next slide).
- Work with **World Bank** in the Partnership for Market Readiness.
- The Global Energy Efficiency and Renewable Energy Fund/GEEREF mobilises **private risk capital** for EE+RE projects (M€ 200-250)*
- EU MS are the main buyer of **CDM** credits, € 2.9 bn in 2008-12.
- **International Cooperative Initiatives** with active developing countries, to phase out HFCs and fossil fuel subsidies, and push EE.
- Technical cooperation on regulatory measures, e.g. with **China** on Emission Trading Systems.
- Support for poor countries' participation in **UNFCCC**.

* Targeted total fund size

2. Concrete collaborative actions – EU Financial Institutions mobilising private finance

- European financial institutions (EFIs) are setting climate standards for project appraisal and assessment of climate impacts and risks.
- Since 2007 the EU has set up regional blending facilities with the EIB, EBRD and MS development banks, such as KfW and AFD.
- Investment volume of projects addressing climate change in all EU investment facilities ('**climate windows**') already amounts to more than €12 bn.
- Under the Latin America and Asian Investment Facilities 2 pilot NAMA carbon performance based projects co-financed by KfW **
- The experience from EFIs should be used to influence private sector actors, and national development banks which are strong in-country actors for driving action in developing countries.

*** "Facility for Performance Based Climate Finance in Latin America" and "Carbon-linked Incentive Scheme to support the implementation of Indonesia's energy efficiency and renewable energy policy in industrial processes and product use"*

3. Practicalities:

- In meeting the US$ 100 bn per year financing objective by 2020, **NAMAs** and LEDs will play an **important role**.
- **Country ownership** of low emission priorities essential through **mainstreaming** into national development plans and budgets, and country initiative needed in dialogue with potential financiers.

There are mutual learning challenges:

- Defining an appropriate policy framework to mobilise private finance will be central. Programmes written only for donors will not work.
- Climate and development agendas need to be mutually supportive via the same cooperation channels.
- Matching actions with climate finance: EU/donor coordination in partner countries to be reinforced.

Thank you !

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