



# Climate finance in the international negotiations

Seminar on Climate Change and Agriculture

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# Outline

1. The Durban package
2. Climate finance in the UNFCCC negotiations
3. Climate finance in practice
4. Work ahead

# 1. The Durban package

- A - Durban Platform for Enhanced Action
- B - Kyoto Protocol: political agreement on a second commitment period
- C - Convention track: operationalisation of the Cancun Agreements
- D - Green Climate Fund

## **2. Climate finance in the UNFCCC negotiations**

# Copenhagen / Cancun commitments (1/2)

## Fast-start climate finance

- Developed countries collectively commit to provide new and additional resources approaching **USD 30 billion for the period 2010–2012** (“fast-start finance”)
- EU commitment of € 7.2 billion (corresponds to about USD 9-10 billion )

# Copenhagen / Cancun commitments (2/2)

## Long-term climate finance

- Developed country Parties commit, **in the context of meaningful mitigation actions and transparency on implementation**, to a goal of mobilizing jointly **USD 100 billion per year by 2020** from a wide **variety of sources** (public and private, bilateral and multilateral, including alternative sources)

## Durban results on climate finance

- Green Climate Fund
- Standing Committee on Climate Finance
- Work programme on long-term finance
- Decision on REDD+ financing

## Green Climate Fund (GCF)

- Durban approved the governing instrument for the GCF
- Key features:
  - **Country driven approach**
  - **Funding of readiness / preparatory activities and investment**
  - **Multiple finance instruments**
  - **Direct access modality available**
  - **Adaptation and mitigation windows but no REDD+ window**
  - **Private sector facility**
- Initial pledges by Germany (40M€) and Denmark (15M€)
- GCF Board tasked to finalise design, pre-select GCF host country, start-up the GCF
- Delays in nominating Board members – first Board meeting postponed to second semester 2012

# Standing Committee on Climate Finance

- Prepare draft guidance for the Global Environment Facility (GEF) and the Green Climate Fund (GCF)
- Support the COP in improving the coherence and coordination of climate change financing
- Biennial assessment / provide an overview of climate change financing
- Organise a forum to facilitate information exchange among climate finance institutions

# Work programme on long-term climate finance

- Lessons learnt from fast-start finance
- Understanding climate finance needs
- Possible sources for climate finance
- Workshops on 9-11 July (in Bonn) and in autumn 2012
- Report by Co-chairs to the Doha Conference of the Parties

## Durban decision on REDD+ finance

- Results-based finance may come from a wide **variety of sources** (public, private and alternative sources)
- Financial mechanism of the Convention (GEF, GCF) is **encouraged** to provide results-based finance
- Appropriate market-based approaches **could** be developed by the Conference of the Parties in the light of the experience gained from demonstration activities,
- Non-market-based approaches, such as joint mitigation and adaptation approaches **could** be developed

# 3. Climate finance in practice

## Basic principles

- Ownership: supporting the agenda of the host country
- Alignment: using country systems
  - *Promoting climate change integration into national development planning and budgeting*
  - *Sectoral budget support for climate change as the preferred access modality (under the condition of sufficient fiduciary standards and effective use of finance)*
- Harmonisation among donors: improved coordination within EU and with other partners

# In practice: integrating climate change into regular EU development programmes

Linking climate change and development in EU external cooperation

- Climate change as a focal area and a cross-cutting issue
- Regional and National Indicative Programmes

=> Climate compatible development (i.e. sustainable energy and energy efficiency, sustainable land use / forestry, clean and inclusive economic development, increased resilience)

## **Ensure consistency and seek synergies between ...**

- National development plans and strategies
- Low Emission and Climate Resilient Development Strategies (LECRDS)
- National Adaptation Plans (NAPs)
- REDD+ strategies

**... and the respective national and international financing instruments**

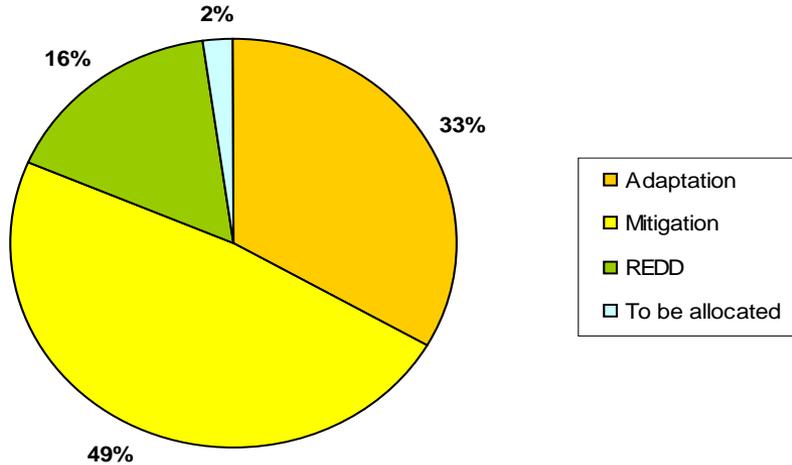
## REDD+ finance in practice

- National implementation capacity is a precondition for accessing REDD+ funding: this is a major bottleneck
- Funding over the coming years will primarily be needed for REDD+ phase II, i.e. for capacity building, implementation and demonstration activities
- New initiatives are emerging to address the drivers of deforestation, for example by engaging with the agriculture sector in REDD+ countries

## EU fast-start finance (FSF) in practice

- Detailed information available:  
[http://ec.europa.eu/clima/policies/finance/international/faststart/index\\_en.htm](http://ec.europa.eu/clima/policies/finance/international/faststart/index_en.htm)
- Possibility to query the list of EU fast start-finance actions (Excel sheet) by recipient, donor or activity type:  
[http://ec.europa.eu/clima/policies/finance/international/faststart/docs/fsf\\_projects\\_2011\\_en.xls](http://ec.europa.eu/clima/policies/finance/international/faststart/docs/fsf_projects_2011_en.xls)
- Project examples
- Further information by EU Member States on fast start financing is available

*2010 FSF Reporting in Cancun*



**EU fast-start finance in 2010:**

Adaptation €735M

Mitigation €1060M

REDD €362M

**EU fast-start finance in 2011:**

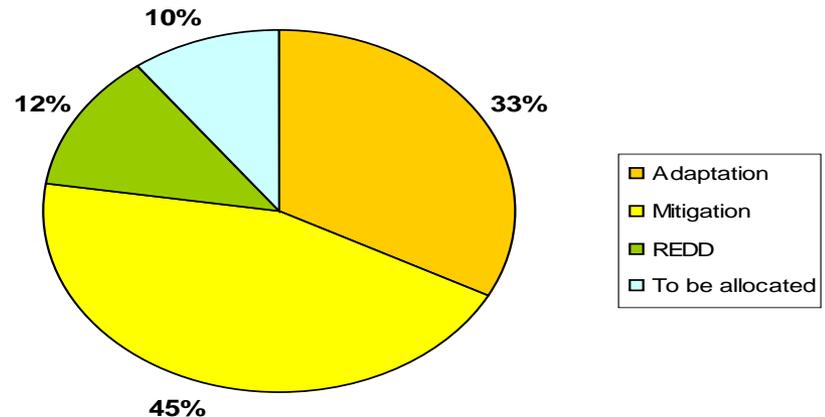
Adaptation €763M

Mitigation €1047M

REDD €284M

....10% to be allocated

*2011 FSF Reporting in Durban*



## 4. Work ahead

# Scaling-up of domestic and international climate change finance

- More finance required for ambitious **mitigation action keeping global warming under 2°C** – and for **adaptation** and **REDD+**
- **Public finance will not be sufficient** – how to mobilise / leverage **private finance**?
- How to mobilise **innovative sources** of finance?
- How to **improve domestic governance structures** and **investment frameworks**?
- How to effectively **use climate finance for mitigation action, adaptation action and REDD+ action**?