European Union fast start funding for developing countries

2010 progress report

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This brochure has been written by the Belgian Presidency of the EU and the European Commission, with support of Member States on specific examples of fast start funding implementation in 2010.

November 2010

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Key facts and figures on EU fast start funding

The EU is delivering

In 2010 the EU has mobilised fast start funding of €2.2 billion to support developing countries' efforts to adapt to and mitigate climate change.

This is part of the EU's overall commitment to provide €7.2 billion for the period 2010-2012.

All 27 Member States and the European Commission are contributing to this funding, despite the difficult economic situation and strong budgetary constraints. Most EU fast start funding is provided through Member State budgets and allocated on the basis of national decisions.

Supporting both urgent action and long-term preparation

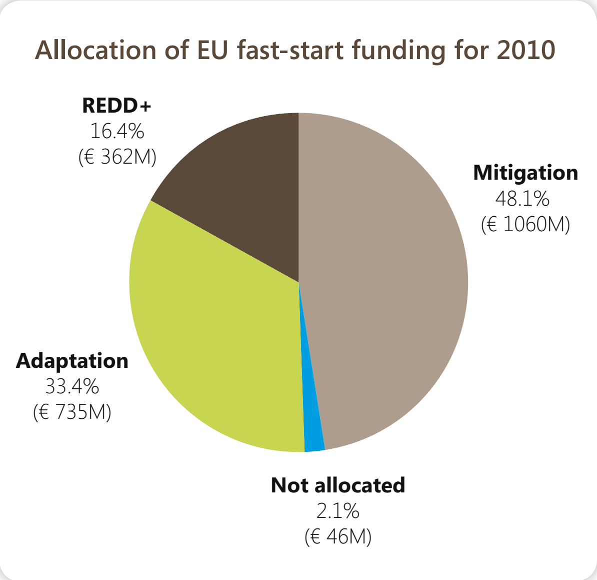
The EU's fast start funding is helping developing countries both to implement immediate, urgent action to respond to climate change and prepare action for the medium and longer term.

Ensuring transparency

Transparency in the delivery of fast start funding is vital. The EU will therefore report annually on the implementation of its fast start commitments and will take up lessons learned towards reporting on its longer term commitments.

Balanced funding between priorities

EU fast start funding is supporting developing countries in the fields of adaptation, mitigation and REDD+ (reducing emissions from deforestation and forest degradation). It includes activities related to capacity-building and the development and transfer of technology.



Directing funding to where it is needed

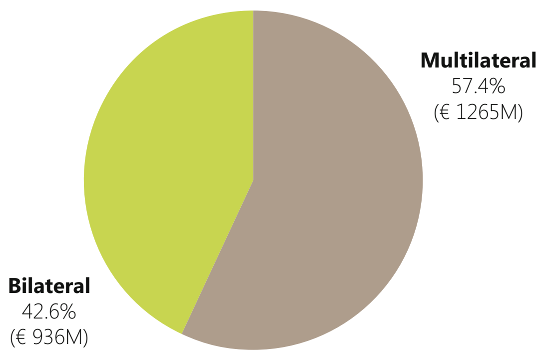
The EU is striving to allocate funding where it is needed most. In particular for adaptation, the EU is giving priority to the most vulnerable and least developed countries.

While the EU encourages all countries to associate themselves with the Copenhagen Accord, developing countries' access to EU fast start funding does not depend on them doing so.

Using bilateral and multilateral channels

The EU is delivering fast start funding as rapidly and efficiently as possible by using bilateral and multilateral channels.

Bilateral channels deliver projects tailored to conditions on the ground. Multilateral delivery channels make it possible to work on a bigger, programme-based scale.

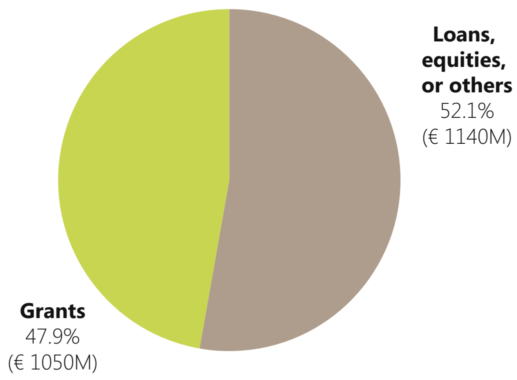


The EU is thus making full use of the experience of existing institutions. It is also enabling developing countries to strengthen their working relationships with, and access to, these institutions.

The multilateral channels used by the EU to disburse fast start funding include the Climate Investment Funds, the Global Environment Facility, the Kyoto Protocol Adaptation Fund, the Least Developed Countries Fund, the Forest Carbon Partnership Facility, and the multilateral development banks.

Grants and loans

EU fast start funding takes the form of both grants and loans. Most loans are concessional[1].



Lessons for the longer term

Fast start funding is a process of "learning by doing." The EU will continue to work closely with recipient countries and the international community to learn lessons from the implementation of fast start funding that will be of relevance for medium- and longer-term financing activities.

[1] *Concessional loans are loans that are extended on terms substantially more generous than market loans.*

Fast start funding in perspective

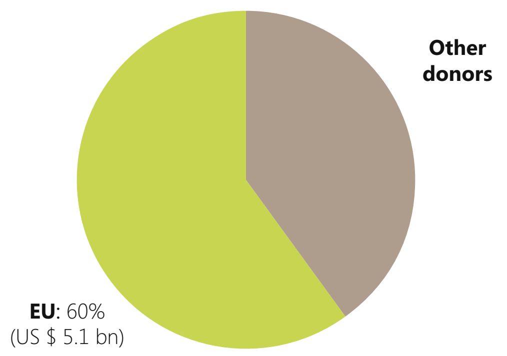
Fast start funding complements the significant climate support already being provided by the EU.

The amount allocated to climate change globally as part of Official Development Assistance (ODA) has increased significantly over time.

Global financing for climate change mitigation through bilateral ODA in 2008 was about US$ 8.5 billion[2].

Of this, the EU delivered US$ 5.1 billion or 60%.

Climate change mitigation-related ODA in 2008



Source: OECD Development Assistance Committee (DAC), Sept. 2010. Not all donors and EU Member States report through DAC.

Increasing synergies between development and climate actions

Combating climate change has long been integrated into the EU's development cooperation strategy.

As the largest contributor of climate finance to developing nations, the EU has a long tradition of working closely with recipient countries to identify their needs and develop relevant projects. Ongoing EU projects and activities target key areas of cooperation such as disaster reduction and recovery, adaptation, low-carbon development and "climate proofing" of infrastructure, all of which are closely linked to the objectives of fast start finance. This approach is also contributing to the achievement of the Millennium Development Goals.

In the Copenhagen Accord developed countries agreed to provide new and additional resources as fast start funding for developing countries. The issue of new and additional is about ensuring that financial commitments are met and secured in such a way that international public funds are not diverted from long-term commitments to support development in poor countries.

The EU is committed to ensuring that fast start funding and other climate finance does not undermine or jeopardise the fight against poverty and continued progress towards reaching the Millennium Development Goals (MDGs).

[2] *As recorded with the use of the Rio Markers developed by the OECD's Development Assistance Committee (DAC)*

Adaptation

The EU vision on adaptation

Adaptation to the effects of climate change is an essential objective of the EU's climate change policies.

Enhanced action and international cooperation on adaptation are urgently needed to strengthen developing countries' resilience to climate change and thus reduce their vulnerability.

Fast start funding for adaptation

In 2010 the EU has mobilised € 735 million in fast start funding for adaptation activities in developing countries.

Focus on the most vulnerable

EU fast start funding for adaptation is focused particularly on the least developed countries, small island developing states and African countries that will be most seriously affected by climate change.

Fast start projects funded by the EU take into account the priorities identified by developing countries in their National Adaptation Plans of Action (NAPAs), National Communications and other relevant planning documents.

Fast start activities

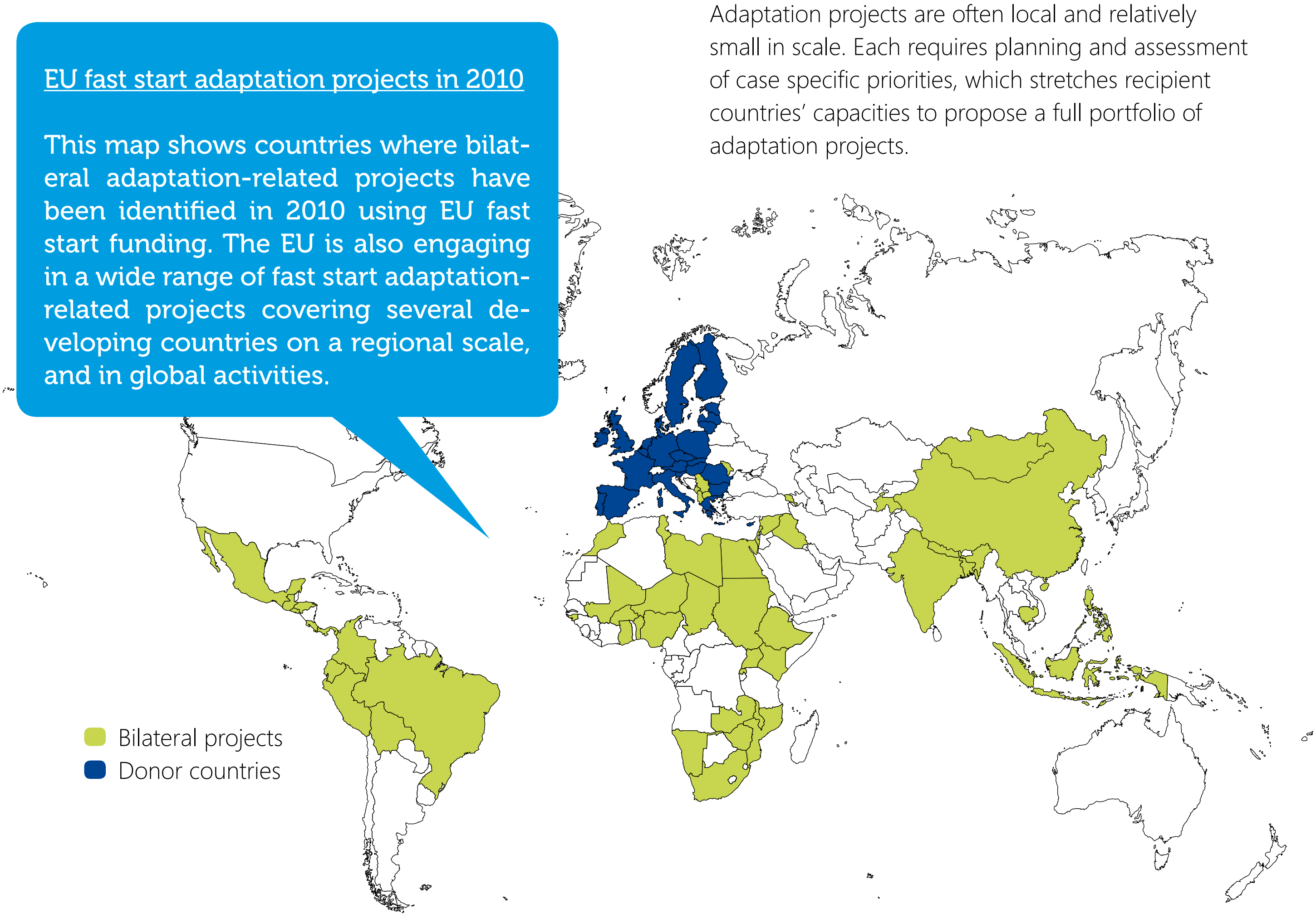
EU fast start support is contributing to an acceleration of action to enable poor and vulnerable countries to adapt to and build resilience to climate change.

EU fast start funding is helping developing countries to:

- implement early adaptation actions to protect infrastructure, industry and agriculture from changing weather patterns and rising sea levels;
- support investment in water management and drought-resistant crops;
- develop their capacities to prepare, plan and implement adaptation, for instance by integrating adaptation into national development planning;
- increase their knowledge resources about climate impacts;
- build experience in disaster risk reduction.

Specific challenges

Adaptation projects are often local and relatively small in scale. Each requires planning and assessment of case specific priorities, which stretches recipient countries' capacities to propose a full portfolio of adaptation projects.



Case example

Identifying cost-effective and appropriate coastland and drainage management and adaptation options in the Maldives

This Danish initiative builds on the Maldives climate change adaptation project on "Integrating Climate Change Risks into Resilient Islands Planning" (ICCR), co-funded by the UNFCCC Least Developed Countries Fund.

The aim of this project is to systematically assess the costs and benefits of different policy options for adapting land use planning, coastal development and coastal protection policies to climate change. This involves developing detailed technical guidelines which will help planners, decision-makers and technical specialists evaluate climate risks when they decide on development and investment.

The project also supports the development of practical, locally prioritised adaptation options for flooding and erosion control. These offer valuable input to the guidelines.

In 2011 the project will be scaled up. In a second phase, it will also support the Maldives in their transition to low-carbon energy generation, as well as in adopting various energy efficiency measures and building capacity to administer CDM-projects.

The project is implemented through the Maldivian Ministry of Housing and Environment, and executed by the UNDP Maldives.

Picture: National Adaptation Program of Action, Republic of Maldives

Building capacities

In helping developing countries build up their capacities to effectively implement adaptation and mitigation actions, the EU is working with them to identify their needs and priorities. Particular attention is also being paid to enhancing partner countries' capacities to absorb funding, increasing their national ownership of activities and verifying the viability and added value of initiatives in the longer term.

Case example

Climate and Development Knowledge Network — CDKN
(Fast start contribution in 2010: £ 8.7 million)

The Climate and Development Knowledge Network (CDKN) is a new 5-year initiative designed to support developing country decision makers in their plans to adapt to the effects of climate change and to build low carbon economies.

The Network was launched in 2010 by the British Government, which is contributing £ 45 million funding over 5 years (£ 8.7 million/€ 10 million fast start funding in 2010-11). It aims to improve the availability and quality of climate change research and knowledge to support locally-owned policy processes.

The Network is an alliance of six private and non-governmental organisations working across four continents. It will work in around 60 developing countries over the first five years providing demand-led support through research and technical assistance to help countries translate climate change knowledge and research into practical implementation on the ground.

For example, CDKN is working with climate risk-management firm Acclimatise to help Caribbean governments come up with a regional Implementation Plan for coping with climate change. CARICOM (the Caribbean Community and Common Market) Heads of Government have already approved a Regional Framework for Achieving Development Resilient to Climate Change. Now, CDKN and Acclimatise are working with country governments to translate this framework into action.

Picture: ODI

Case example

Mitigation

The EU vision on mitigation

Mitigation of greenhouse gas emissions must be at the heart of a global climate change regime. To avoid the most dangerous impacts of climate change, global warming should be kept below 2°C compared to pre-industrial levels. While developed countries must take the lead in cutting greenhouse gas emissions, developing countries also need to take action to reduce their emissions growth rate substantially below projected business-as-usual levels.

Developing countries need help with building up their capacities and capabilities to limit emissions and develop on a sustainable, low-carbon path.

Fast start funding for mitigation

In 2010 the EU has mobilised € 1.06 billion in fast start funding for mitigation activities in developing countries.

Fast start activities

EU fast start funding for mitigation is helping developing countries to:

- Implement mitigation actions such as using low-carbon energy sources, improving energy efficiency and developing low-carbon transport projects;
- Build capacities to develop and implement Nationally Appropriate Mitigation Actions (NAMAs) and low emission development strategies (LEDS);
- Build capacities to measure, report and verify emissions reduction actions;
- Build capacities to implement new carbon market mechanisms.

Case example

EU-UNDP climate change capacity-building programme – building capacity for MRV (measuring, reporting and verification), planning and implementation of mitigation action *(Fast start contribution in 2010: € 13 million)*

The EU-UNDP climate change capacity-building programme will support a set of developing countries in Africa, Latin America and Asia, with the aim of strengthening their public and private sectors' capacity to uptake mitigation actions.

A range of activities are proposed: public sector capacity-building can focus on emission inventories, formulation of effective nationally appropriate mitigation actions (NAMAs) and Low Emissions Development Strategies (LEDS) or enhancement of MRV systems; while the private sector capacity-building activities are expected to focus on mitigation opportunities in emission-intensive sectors. Countries can choose the most relevant actions from that range, depending on their ambitions and current capacities.

The first projects, funded by the European Commission and Germany, will start in 2011. Last year, the European Commission conducted a scoping study, to understand what the capacity gaps are within national MRV and mitigation policies, and to identify the needs of developing countries.

Consultations are currently ongoing with Kenya, Zambia, the Democratic Republic of Congo, Uganda, Tanzania, Egypt, Morocco, South Africa, Peru, Colombia, Chile, Ecuador, Brazil, Mexico and the Philippines. In a later phase, this initiative can be expanded to other countries.

MRV workshop in Thailand (Picture: Gonçalo Cavalheiro)

Capacity building for mitigation of climate change in agriculture

Finland supports FAO's new agriculture mitigation project with € 2.58 million in 2010-2011 and plans for a follow-up contribution for the consequent years of this five-year FAO project (2010-2014).

Agriculture and land use account for about 30% of CO_2 emissions worldwide and have significant mitigation potential. The FAO project enables countries to better realise mitigation possibilities, improve food security and increase resilience of farming systems. The main focus is on the smallholders in developing countries.

The project has five areas of action:

1) Better knowledge support
2) Increased awareness, participation and partnerships
3) Strengthened technical consultative processes
4) Development and advice on mitigation options
5) Developed communities of practice

In 2010-2011 the project focuses on improving knowledge of greenhouse gases emissions and mitigation potentials, and on testing how mitigation promoting techniques can be integrated into agricultural practices at country and field level.

Concrete actions include developing databases on agricultural CO_2 emissions, their costs and mitigation potentials, and assessing synergies and trade-offs between mitigation, agricultural development and food security.

In addition, the FAO will develop and implement five pilot projects on smallholder agricultural mitigation activities.

http://www.fao.org/climatechange/micca/en

Case example

Indonesia Micro Hydro Power
(Fast start contribution: € 22 million)

The Netherlands supports the Indonesia-Netherlands Renewable Energy Programme. It includes assistance to the Micro Hydro Power (MHP) plants through the Indonesian Community Empowerment Programme. The programme will reach 300 MHP plants by 2012 providing access to renewable electricity for 170,000 people.

By using the rivers next to the villages, Micro Hydro Power (MHP) plants generate renewable energy for households and small enterprises in the rural areas of Sumatra, Sulawesi and Papua. Improved access to electricity will replace kerosene and batteries for lighting, which has a positive impact on climate change, indoor air pollution, safety and access to light for education. Having access to electricity will also enhance the quality of social services and will offer income generation opportunities like milling and husking.

The aim of the programme is to create a more sustainable market for small scale renewable energy. It involves technical assistance, transfer of knowledge, and setting up of an institutional framework. Amongst other things, it introduces feed-in-tariffs, i.e. a guaranteed price for electricity.

The MHP equipment and infrastructure is paid by the Indonesian Community Empowerment Programme, which gets investment funds by the World Bank. The programme is a partnership between the Ministry of Energy, the beneficiary communities, the German Technical Cooperation (GTZ) and the World Bank.

Picture provided by GTZ

REDD+

The EU vision on REDD+

Tropical deforestation and forest degradation are responsible for almost 20% of global emissions.

Immediate action to reduce tropical deforestation and forest degradation is crucial for keeping global warming below 2°C. The EU supports the objective of reducing gross tropical deforestation by at least 50% by 2020 compared to current levels and to halt global forest cover loss by 2030 at the latest.

Fast start funding focuses on readiness activities and supports initial implementation of REDD+ measures.

The readiness phase includes assistance in development of REDD+ strategies, the establishment of national forest inventories and monitoring and demonstration activities.

The initial implementation phase supports measures related to forest governance, such as land tenure reforms and forest law enforcement, and biodiversity conservation.

Fast-start funding for REDD+

In 2010 the EU has mobilised € 362 million in fast-start funding for REDD+. Part of it is being channelled through the REDD+ Partnership launched in May 2010.

Fast start activities

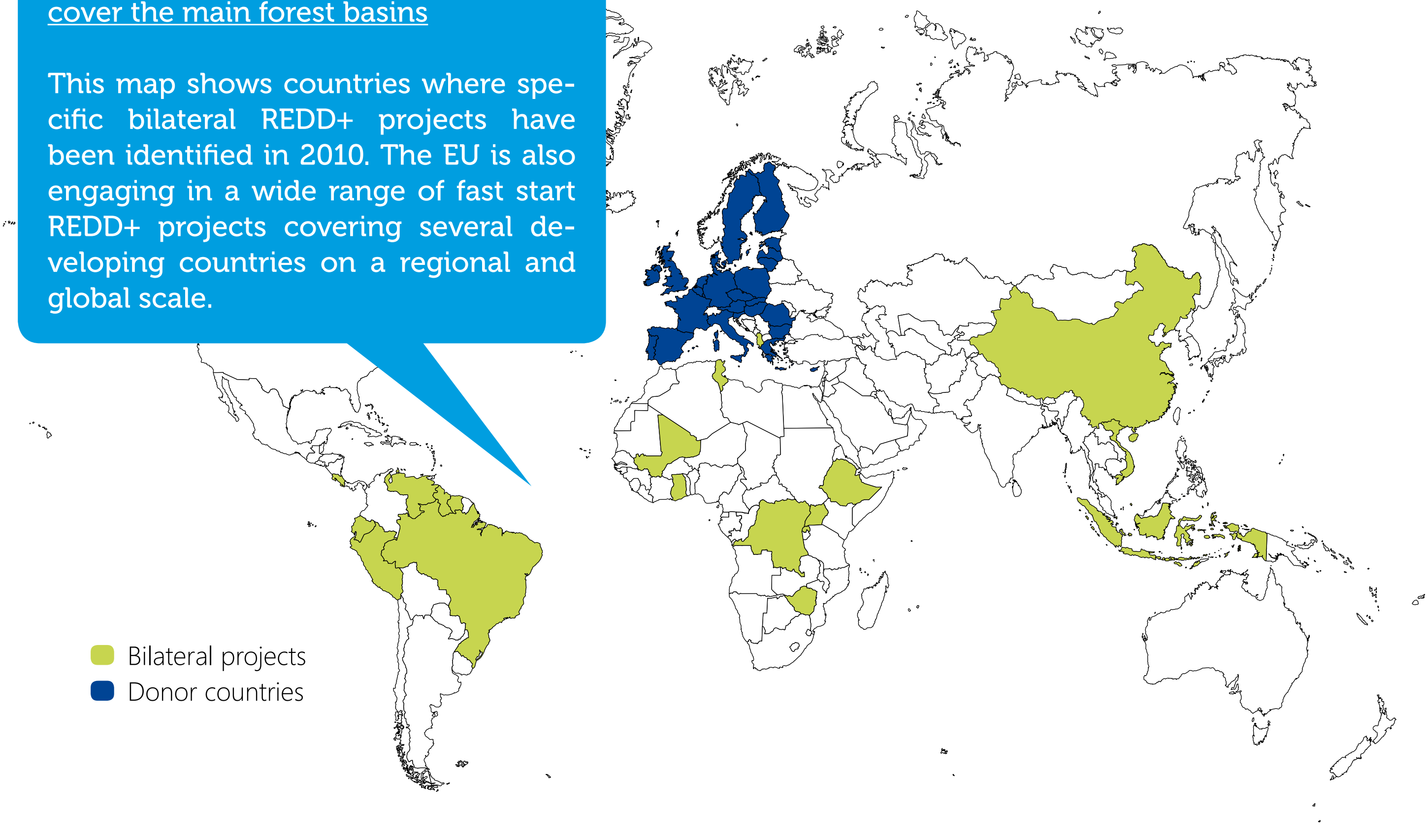
EU fast start funding covers the full scope of REDD+ activities in developing countries. It will:

- demonstrate ways of changing the economics and valuation of forest ecosystems;
- build developing countries' capacity to monitor effectively, report and verify emissions and removals from land-use activities;
- support necessary policy and governance reforms;
- contribute to sustainable management of forests, conservation of forests and enhancement of forest stocks.

Particular attention is being paid to improving forest governance, including land tenure reforms and forest law enforcement. Priority is also given to ensuring conservation and sustainable use of biodiversity and ecosystem services as well as benefits for local communities and indigenous peoples.

EU fast start REDD+ projects in 2010 cover the main forest basins

This map shows countries where specific bilateral REDD+ projects have been identified in 2010. The EU is also engaging in a wide range of fast start REDD+ projects covering several developing countries on a regional and global scale.



Case example

Supporting sustainable forest management in the Democratic Republic of Congo (DRC) *(Fast start contribution in 2010: € 5 million grant).*

This project is an innovative attempt to apply sustainable forest management methods over 10 million hectares of tropical forest in three forest provinces of the Democratic Republic of Congo (DRC): Bandundu, Équateur and Province Orientale.

Congo Basin forests are still relatively well preserved but face major threats. Demographic pressure, agriculture, mining activities, urbanization, deforestation have significant impacts on community livelihoods, biodiversity conservation including fauna species and forest carbon stocks.

The aim of the project is to promote sustainable and concerted forest management and guarantee economic development while preserving and restoring biodiversity and maintaining forest carbon stocks on the long run. It will develop capacities to assist timber companies to elaborate multi-annual management plans and adopt reduced impact logging techniques. The project will set the stage for the deployment of planning activities, such as remote sensing and ground sampling to survey forest timber resources and ecological assets, preparing management plans to be submitted to the forest administration, and getting certification for best available standards. These subsequent activities are to be supported by loans from Agence Française de Développement (AFD) to timber companies.

The project has three components: (i) institutional support at national level; (ii) capacity development for the private sector based on sustainable development principles; and (iii) promoting research, staff training and knowledge transfer. It is based on concerted resource management between operators, States, NGOs and local populations and fosters deep changes in the practices of economic operators. Beneficiaries are (a) national and local forest administration staff, (b) local NGOs and indigenous organizations, and (c) private sector including logging and safari companies.

Picture: Yanne Goossens >

Support for the development of a national REDD system in Peru *(Fast start contribution in 2010: € 6.3 million)*

Peru has not yet started to develop a Readiness Preparation Proposal (R-PP) for the Forest Carbon Partnership Facility (FCPF), which is the key planning document needed to mobilise funding. The aim of this project launched in 2010 is to support the Peruvian government in setting up a national REDD system, which will make it possible to integrate the sub-national REDD projects into a cohesive national policy.

Peru is one of the pilot countries for the FCPF and the Forest Investment Program (FIP), both of which are run by the World Bank. This puts it in the privileged position of being able to channel high volumes of investment into efforts to reduce emissions from deforestation and degradation (REDD) in the medium term. Sub-national REDD initiatives in the Peruvian Amazon region are growing rapidly in number and are relatively unregulated. Currently, there are at least 12 initiatives of this kind, covering over four million hectares, which represents about 5% of Peru's forested area. These initiatives generate innovative concepts that are of central importance to Peru's national REDD approach. There is also a government programme entitled "Conservando Juntos" which aims to preserve another 55 million hectares of tropical forest by making direct payments to local communities.

The project will also establish a national REDD register and implement pilot initiatives to produce sub-national reference scenarios. Furthermore, monitoring, reporting and verification (MRV) protocols will be developed and experience shared in transferring resources and responsibilities to different actors. Additionally, a national fund to finance feasibility studies will be set up and reference scenarios and MRV protocols will be developed for the sponsors of sub-national and national initiatives.

The project is funded with € 6.3 million from Germany and implemented by the German development bank KfW.

The official EU Report on Fast Start Finance in 2010 can be found on the website:
http://register.consilium.europa.eu/pdf/en/10/st15/st15889.en10.pdf

To complement this brochure, which contains the key messages and numbers, the EU refers to the portfolio which contains further information, such as:

- Detailed tables from the official EU Report
- Concrete examples of implementation of fast start funding by several Member States and the Commission
- Lists of recipient countries of bilateral actions on adaptation and REDD
- List of actions

This action list is also available on the website:
http://register.consilium.europa.eu/pdf/en/10/st15/st15889-ad01.en10.pdf

The information in this brochure reflects the EU fast start finance contribution as it was on 17/11/2010.

design: www.tostaky.be