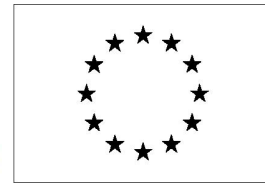
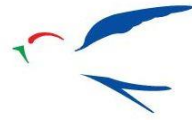




Italian Presidency
of the Council
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SUBMISSION BY ITALY AND THE EUROPEAN COMMISSION ON BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES

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Rome, 29 September 2014

Subject: EU submission 2014 on strategies and approaches for scaling up climate finance

This submission builds on the EU's 2013 submission to the UNFCCC on strategies and approaches for scaling up climate finance. Common elements of the strategies and approaches of the EU and its Member States in scaling up climate finance are highlighted in Section A. In addition, this submission updates the information provided in 2013 by providing further detail on Member States' and the Commission's specific strategies and approaches in Section B.

A. Key common elements of the EU and its Member States approach to scaling up climate finance

- In order to achieve the 2 degree goal agreed at COP16, a transformation is needed to low emission and climate resilient economies and societies. Climate finance is an important means to this end.
- The EU and its Members States have committed to scaling up the mobilisation of climate finance in the context of meaningful mitigation actions and transparency of implementation, in order to contribute their share of the developed countries' goal to jointly mobilise USD 100 bn. per year by 2020.
- The most sustainable and effective strategies for scaling up climate finance will draw on a wide variety of sources. The EU and its Member States have a range of strategies and approaches in place to unlock the potential of different sources.
- The EU and several MS set out in Section B specific information on positive trends in their levels of and/or support for climate finance, forward looking information, and efforts to mobilise various sources . Overall the EU and a number of Member States are increasing their public finance contributions.
- Scaling up climate finance by 2020 will be an iterative process. It will need to go hand in hand with national governments developing enabling environments, such as domestic climate strategies, policies, instruments and mechanisms, and conducive regulatory frameworks. These will facilitate actions and create viable projects which are ready for support. Such approaches will provide incentives to (re)direct private investment towards low carbon development

- In this regard the EU and its member states welcome the decision of the board of the GCF to include in its investments criteria the contribution to a paradigm shift; including through the creation of enabling environments and the contribution to regulatory framework and policies.
- The EU and its Member States welcome and support the implementation of carbon pricing at the global level. In particular, they strongly support the on-going processes within ICAO and IMO towards global and effective carbon pricing schemes and welcome the decision by the ICAO to develop a global market-based scheme by 2016 for implementation by 2020. Carbon pricing is also a potential source of finance that individual Parties could choose to use for climate finance in accordance with national budgetary rules and principles and consistent with a sound and sustainable public finance policy framework.
- Enhancing enabling environments in all countries is essential to the mobilization and effective deployment of climate finance. This could include for example the phasing down of high carbon investments and fossil fuel subsidies, and a broader application of carbon pricing instruments in all countries. Section B describes the efforts of the EU and Member States in this regard, including their support for developing countries to improve their own enabling environments.
- Country ownership of national strategies and donor alignment in delivering support in a coordinated and harmonized way, using country systems where possible and focusing on measurable results, are key to enhancing the effectiveness of climate finance. The EU and its Member States are engaged in implementing the principles and respective lessons learnt from other fields such as development cooperation. In this regard, the EU and its Member States welcome that country ownership and a results-based approach are at the core of the operations of the Green Climate Fund.
- Mainstreaming climate policy into public and private investment is crucial to increase low-carbon and climate-resilient investments, while phasing down high carbon investments. Therefore, development and climate finance, both for adaptation and mitigation, are intrinsically linked. Achieving synergies between Official Development Assistance (ODA), other official flows and climate finance will be crucial.
- Public climate finance has played and will continue to play an important role. The EU and its Member States continue to provide public climate finance (despite being subject to tight budgetary constraints), which together with other interventions by the EU and its MS, such as in the area of public policy measures, will be key to catalysing, facilitating and leveraging larger financial flows from various sources. In this context, the EU and its Member states strongly welcome the on-going process with respect to the initial capitalization of the Green Climate Fund.
- In the context of the commitment to jointly mobilise 100 bn US dollars by 2020, the EU and its Member States stresses the need for fair burden sharing amongst developed countries.
- The EU and its Member States see private finance as key to scaling up levels of climate finance, although not as a substitute for public finance where public finance is needed. Private finance and investment will be pivotal to achieving long-term transformation of developing countries into low-carbon, sustainable, and climate-resilient economies. The EU and its Member States continue to develop public interventions that mobilise private climate finance and note that several effective interventions are already emerging.

- In this regard, the EU and its Member States welcome the decision of the Board of the Green Climate Fund to maximise engagement with the private sector, including through a significant allocation to the Private Sector Facility.
- Financing adaptation actions to make developing countries' development strategies and livelihoods climate-resilient is essential. As requested at COP19, the EU and its Members States are making efforts to channel a substantial share of public climate finance towards adaptation in developing countries and wil strive to reach a collectively balanced allocation between adaption and mitigation over time.
- The EU and its Member States welcome the decision of the Board of the Green Climate Fund to aim for 50:50 balance in allocation of resources between mitigation and adaptation over time.
- A robust and harmonized MRV framework and the development of clear definitions to ensure the necessary transparency and trust are absolutely needed, as already set out in the relevant EU submissions.
- The EU and its Member States are using different channels to provide climate finance and support. The effectiveness of providing climate finance can be enhanced and the EU will put forward its views on this matter.

B. Actions taken by the European Union and its Member States – a summary of key initiatives

European Union

1. Information on EU policies, programmes, priorities and information on actions and plans to mobilise additional finance

The EU's approach to mobilise climate finance to support developing countries comprises a variety of sources and channels (public, private and alternative, bilateral and multilateral). Climate finance needs to be seen in the context of sustainable growth for human development and of transformation to low-emission and climate resilient economies. Public climate finance will continue to play a key role in supporting climate change mitigation and adaptation, especially in the Least Developed Countries (LDCs) and other particularly vulnerable developing countries. However, private climate finance and new and innovative finance are key to achieving this paradigm shift. The EU is working constructively to develop and use public interventions to mobilise private sector finance for climate measures.

The EU's best practice on climate finance delivery consists of a tool kit of different approaches: designing and developing dedicated climate finance vehicles for adaptation, mitigation and REDD+; mainstreaming of climate action into the entire EU budget by setting a dedicated climate spending target; engaging with European Financial Institutions and Multilateral Development Banks on climate standards and investment targets, and exploring alternative sources of finance.

1.1 The European Union budget

Over the years, the EU has steadily increased climate finance for developing countries. Assessment shows that in the EU budget for 2007-2013 around 8% of the total amount committed for projects and programmes in developing countries was for climate projects. The total yearly amount of climate relevant grant funding increased from around €400 million of grant funding in 2007 to €900 million in 2013. It is planned to substantially increase grant funding from the EU budget for climate relevant projects (see below).

The EU has provided substantial support to climate change mitigation, adaptation and REDD+ action in developing countries within its bilateral cooperation programmes with individual countries, in regional and sub-regional programmes and in joint initiatives, which were also supported by individual EU Member States and, in some cases, by other countries.

These are examples of the EU's flagship initiatives:

Since 2007, the EU has set up a range of **EU Regional Investment Facilities**: the ***EU-Africa Infrastructure Trust Fund (ITF)***, the ***Neighbourhood Investment Facility (NIF)***, the ***Latin America Investment Facility (LAIF)***, the ***Investment Facility for Central Asia (IFCA)***, the ***East Asia Investment Facility (AIF)***, the ***Caribbean Investment Facility (CIF)*** and the ***Investment Facility for the Pacific (IFP)***. In 2010, **Climate Change Windows** were established in all the facilities with the aim to improve the project design, so that low carbon and climate resilience considerations are incorporated in strategic infrastructure areas such as transport, energy and environment. Through the facilities EU grants are "blended" with financial

instruments to leverage financing for infrastructure and private sector development (e.g. SME access to finance). Blending aims to make projects with a large development and climate impact financially viable in order to unlock non-grant financing for development. Since 2007, total EU grant for climate contributions of around €1 billion has been combined with additional public and private financing, including more than €6 billion of loans from European public finance institutions and regional development banks. This led to total project financing of more than €25 billion benefiting both low and middle income countries and to more than 120 climate-relevant projects.

The EU has made sustainable energy access a priority and supports the UN initiative ***Sustainable Energy for All (SE4All)***. Sustainable energy is central to providing opportunities for inclusive, equitable and environmentally friendly economic growth that creates job opportunities and contributes to poverty eradication while moving towards low carbon and resource efficient energy models. Over the past two years the EU has mobilized more than €600 million in grants for sustainable energy actions in partner countries. Over the next 7 years the EU aims to allocate more than €3 billion in grants to support SE4All objectives, in particular in the 30 partner countries that have chosen energy as a focal sector in their cooperation with the EU.

1.2 The role of the European Investment Bank (EIB)

In addition to grant funding provided from the EU budget and the European Development Fund (EDF), the EIB is a key actor in the EU's external public climate finance policy. Among international financial institutions, EIB is a leader on support to innovative clean and climate-resilient technologies, by co-financing mitigation, adaptation and other climate-related projects. The EIB is committed to acting as a catalyst for investments with partners both inside and outside Europe.

EIB's climate action financing has grown substantially in recent years in the context of its target that at least 25% of the total activity be for climate action as part of its Operational Plan for 2014-2016.¹ Under this target EIB is financing projects tackling climate change worldwide amounting to €19 billion in 2013 alone, of which €2.2 billion outside Europe, mainly to developing countries. The EIB supports renewable energy and energy efficiency, meaningfully contributing to the EU's climate change and energy sustainability objectives. Since 2011 there has been acceleration in EIB's climate operations in countries within the EU's Eastern and Southern Neighbourhoods, Africa, the Caribbean and the Pacific.

1.3 Mobilising private climate finance

EU has put in place a number of programmes and instruments that support mobilisation of climate finance, including from private sources. Many of these programmes and instruments are co-financed by the EU budget, specific EU Member States and, in some cases, by other countries. Examples of such programmes are presented in the next section of this submission as "Joint Initiatives".

¹ Further details on EIB Climate Action: http://www.eib.org/attachments/thematic/climate_action_en.pdf

1.4 Alternative sources, including carbon markets and pricing measures

Carbon pricing is an important tool for mobilising climate finance and low carbon investment. The use of market-based measures such as emissions trading encourages private sector investments and can generate significant revenues to be used for climate finance.

- The EU is supporting other countries to develop their own market based measures through its external partnership and development cooperation programmes. Wider adoption of market based measures around the world can create budgetary space to increase climate finance. The *development of global market based measures for international aviation and maritime emissions* could be an alternative source to create budgetary space to increase climate finance. Such mechanisms would contribute to financial flows by increasing demand for offset credits generated in other sectors. Emissions trading based approaches could generate revenues which then could be used for climate finance purposes. In relation to aviation emissions, the 2013 ICAO Assembly Resolution recognises that aviation could contribute proportionately to other sectors as a source of climate finance.

2. Information to increase clarity on the expected levels of climate finance mobilised from different sources

In 2014-2015, the EU plans to commit, from the EU budget and the European Development Fund, about **€1.7 billion of public grant funding** to support climate relevant activities in developing countries. This is a first step to achieve the objective of committing at least 20% of the EU's external assistance budget to climate relevant actions during the period 2014-2020. The 20% goal implies that climate relevant funding will more than double as compared to the period 2007 – 2013. Some of the EU's grant funding will be used to leverage public and private low-emission and climate resilient investment via the EU's Regional Investment Facilities.

For the period 2014-2020 the EU agreed that at least 20% of its budget would be spent on climate relevant activities. This objective applies also to spending outside the EU through the development and external action instruments. The allocation to the EU budget heading "Global Europe", covering most of instruments targeting spending outside the EU itself, is close to €60 billion of grant funding for the period 2014-2020. As the 20% goal applies to the overall period up to 2020, there is no yearly target and thus fluctuations of the specific climate support provided to developing countries are expected between instruments and years.

Furthermore, during the period 2014-2020 EU support will have an increased focus on the poorest and most vulnerable countries, but not exclusively. The EU will continue to provide support mainly through bilateral channels, either directly to the partner countries or through partnerships with regional and sub-regional institutions. In some cases, support will be provided through programmes managed by international organisations (e.g. UN system, World Bank and regional development banks).

Furthermore, the EIB will continue to finance climate relevant projects in developing countries. In the period 2014-2016, it can be expected that the **EIB** will provide climate finance loans of around € 2 billion per year to developing countries.

The EU's efforts to scale up climate finance will be an important contribution to the goal of developed country Parties of jointly mobilizing USD 100 billion per year by 2020.

3. Information on how parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change

As outlined in the "Agenda for Change", the EU's Communication on development policy, grant financing will be increasingly targeting countries that are in the greatest need of external support and where it can really make a difference, such as the least developed countries and countries that are particularly vulnerable to the adverse effects of climate change and other external shocks, including fragile states. The EU has not established specific sub-targets for adaptation and mitigation finance, but aims at reaching balanced levels based on the needs expressed by partner countries when programming the specific support. From 2010 to 2012, grant contributions from the EU budget for adaptation and mitigation were at similar levels.

4. Information on steps taken to enhance enabling environments

The purpose of international climate finance is to help implement low carbon development and climate resilient actions on the ground. In this context, enhancing enabling environments is essential. In the EU's experience a broad set of enabling conditions will indeed facilitate a decarbonisation of economic growth. The best known EU enabling conditions is the EU Emissions Trading Scheme that puts a positive price on carbon emissions. Parts of the off-sets have been realized outside the EU, thus contributing to enhancing the global enabling environment and thereby to reducing global greenhouse gas emissions.

At the same time, the EU is also mobilising capacity building and technical assistance for developing countries through a number of bilateral and multilateral programmes and projects. Areas of support include a broad range of aspects: platforms for dialogue and exchange of experience on climate policies, practical approaches to integrate climate change into development policies, strengthening of modelling capacity to support climate change mitigation strategies, elaboration of climate policies in the forestry sector, facilitating inclusion and coordination of the public and private sector in national initiatives addressing climate change etc. For example, the ***EuroClima programme*** has been providing support to 18 countries in Latin America with an envelope of more than €15 million between 2009-2016, the EU's ***Clima East project*** (www.climaeast.eu) has been supporting Eastern European countries (€7 million for technical assistance and €11 million for work on ecosystems based approaches to climate change in the period 2012-2016), and the EU's ***Clima South project*** (www.climasouth.eu/drupal/) has a budget of €5 million for capacity building and information exchange in countries in North Africa and Near East in the period 2013-2016.

Joint Initiatives

This chapter comprises information on initiatives to support climate action in developing countries that are jointly funded by the EU, specific EU Member States and, in some cases, other countries.

1. Information on policies, programmes, priorities and information on actions and plans to mobilise additional finance

EU and its Member States have put in place programmes and instruments that support mobilisation of climate finance, including from private sources.

*The **Global Energy Efficiency and Renewable Energy Fund (GEEREF)*** is a Public Private Partnership that has been initiated by the European Commission as an equity fund-of-funds to accelerate the transfer, development and use of environmentally sound technologies for emerging markets, helping to bring secure, clean, efficient and affordable energy to local people. It is set up as an innovative global equity/risk capital fund that will use limited public money to mobilise private investment in small-scale energy efficiency and renewable energy projects. It is both a development tool and a contribution to global efforts to fight climate change. The EU, Germany and Norway, have committed so far about €127 million of public grant funding to GEEREF and it is envisaged that further financing from other public and private sources will be forthcoming. A fundraising campaign is currently on-going and seven GEEREF investments have been approved, focussing on projects in Sub-Saharan Africa, Asia, Latin America and the Caribbean. More than €5 billion could be mobilised through the funds in which GEEREF participates and the final projects in which these funds invest. (<http://geeref.com>)

NAMA Facility: The NAMA Facility is a joint initiative of Germany and the UK providing support for the implementation of the most transformational NAMAs. The total volume of public grant finance currently amounts to € 120 million., which are expected to leverage significant amounts of additional public and private finance. As of September 2014, five NAMAs are receiving support under this initiative (Chile, Colombia, Costa Rica, Indonesia, Mexico). The second call for NAMA Support Projects Outlines closed on July 15, 2014. Germany and the UK are expecting to be able to announce additional NAMAs to receive support under this initiative before COP 20 in Lima. (www.nama-facility.org)

Global Innovation Lab for Climate Finance: The “Lab” is a unique public-private platform that is comprised of executives from developing and developed countries, institutional investors, investment banks, project developers, and development finance institutions. The goal is to design the next generation of climate finance instruments that most effectively trigger private sector investment in low-carbon, climate-resilient infrastructure. The Lab has been developed by the UK, U.S. and Germany in partnership with Denmark, France, Japan, the Netherlands and Norway, and key private sector representatives. It was launched in June 2014 and will deliver results by 2015. (<http://www.ClimateFinanceLab.org>)

In the future, several EU Member States along with other countries active in the GCF-process aim to mobilize significant financial volumes through the **GCF's private sector facility**. It is envisaged through direct and indirect cooperation with the private sector to shift private sector investments towards a transition towards a low-carbon and climate resilient economy.

2. Information on how parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change

In addition to efforts made in multilateral funds and bilateral programmes, the EU and its Member States have established a major initiative with a focus on adaptation, the **Global Climate Change Alliance (GCCA)**. The GCCA was launched in 2007 and coordinated by the European Commission, which relies on funding from the EU budget, the European Development Fund and contributions from several EU Member States. It supports mainstreaming of climate action into development planning, by providing technical and financial support with a focus on integrating climate change into poverty reduction strategies; adaptation; reducing emissions from deforestation and forest degradation (REDD+); and disaster risk reduction. By the end of 2013, the GCCA has implemented national programmes in more than 35 LDCs and Small Island Developing States (SIDS) and supported 8 regional interventions in Africa, Asia (Lower Mekong Basin), the Caribbean and the Pacific. To date almost €300 million worth of grants have been allocated to GCCA activities. In 2013 €48 million were allocated to Chad, Djibouti, Haiti, Malawi, Mauritania, Myanmar, Sao Tome e Principe, Tanzania and UNCDF.

3. Information on steps taken to enhance enabling environments

In addition to a substantial capacity building work on adaptation provided by the GCCA, the and its Member States have supported several initiatives on REDD+ and on low-emission and climate resilient development.

In 2010, the **EU REDD Facility** was established by the European Forest Institute with €8 million funding from the EU plus funding from several EU Member States. The EU REDD Facility aims at addressing the underlying drivers of deforestation and forest degradation, and to foster sustainable forest management in developing countries. Currently, the facility is engaged in five countries (Democratic Republic of Congo, Guyana, Indonesia, Republic of Congo and Vietnam). Furthermore, the EU and several EU Member States have provided significant **REDD+ support to multilateral initiatives** (e.g. Forest Carbon Partnership Facility, UN REDD).

The **Low-emission capacity building programme (LECB)** supports 25 developing countries all over the world in elaborating low-emission climate resilient development strategies and NAMAs. The LECB is co-funded by the EU (€18 million), Germany (€10 million) and Australia (AUD 5 million) and implemented by the United Nations Development Programme.

Furthermore, the EU and several EU Member States are contributing participants to the **Partnership for Market Readiness (PMR)** implemented by World Bank, which supports countries in exploring innovative and cost-effective ways to scale up emissions reductions

and foster financial flows, including through carbon market instruments. The World Bank established PMR as a grant-based, global partnership of developed and developing countries that provides funding and technical assistance for the collective innovation and piloting of market-based instruments for GHG emissions reduction. The PMR is country-led and builds on countries' own mitigation priorities. Focus is placed on improving a country's technical and institutional capacity for using market instruments to scale up mitigation efforts. Market instruments, such as domestic emissions trading and scaled-up crediting mechanisms, are being targeted for pilot efforts.

Austria

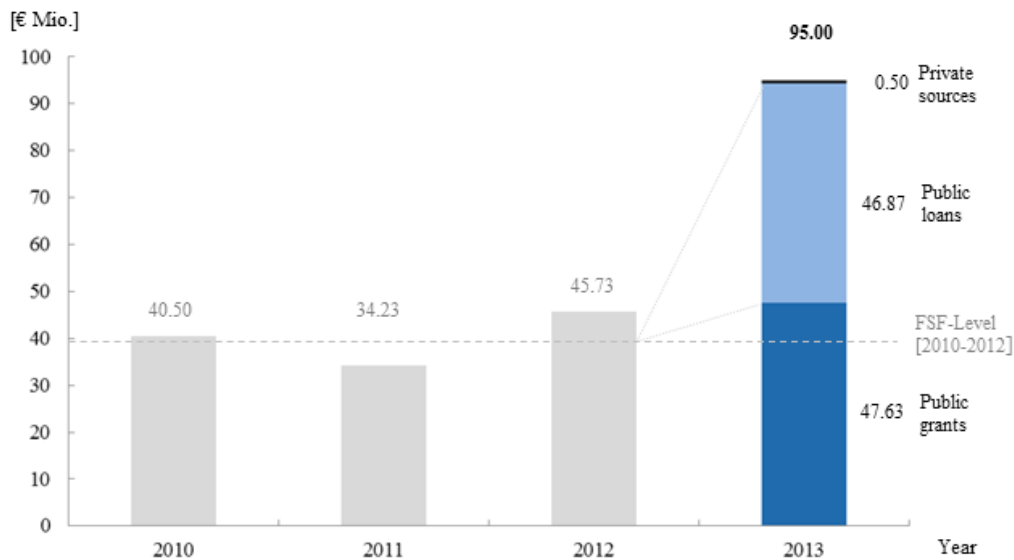
1. Information to increase clarity on the expected levels of climate finance mobilised from different sources

We take our efforts to scale up international climate finance seriously. In 2013, Austria adopted an international climate finance strategy (KFS; available in German)² and established a new inter-ministerial working group (AGIK) dedicated to climate finance. The KFS contains a matrix with an extensive work programme on issues pertaining to climate finance, including (1) identification of sources, (2) leveraging of sources, (3) development of qualitative and quantitative targets, (4) policy coherence, (5) application and further development of OECD DAC Rio markers, (6) optimising project implementation and (7) reporting. The AGIK working group is tasked to implement this matrix with concrete milestones and deliverables. The strategy will be reviewed in 2016.

Working to increase clarity of central concepts, capacity building for domestic actors, and raising awareness relating to the importance of climate finance to effectively meet the climate challenge at the global level are key areas of work in AGIK. The group is also working towards a better identification, mobilisation and reporting of sources at all levels, including at the national level, in bilateral exchanges, at the EU level, through the OECD and other fora.

As part of the EU's contribution to fast-start climate finance in 2010-2012, Austria met – and in fact even slightly exceeded – its national contribution of € 120m. This contribution **included grant-based public sources of climate finance only**. For 2013, we have increased our grant-based public sources by **€ 7.63 m** above FSF-levels (+19%), broadened the base to include public loans (these relate to projects of the Austrian Development Bank OeEB) and we initiated reporting of private finance also. We were thereby able to achieve a significant scaling-up of our overall contribution to climate finance. At a time when our national budget is severely constrained, this represents a serious effort by all domestic stakeholders and underlines the importance given to this topic. The chart below depicts our contributions for 2013 in the context of contributions since 2010:

² <http://www.bmlfuw.gv.at/umwelt/klimaschutz/kyoto-prozess/klimafinanzierung.html>



2. Information on their policies, programmes and priorities

Austria provides public and private climate finance through a series of policies and programmes, which each focus on specific priorities. Bilateral programmes are programmed by the Federal Ministry for Europe, Integration and Foreign Affairs (BMEIA) and mainly implemented by the Austrian Development Agency (ADA). In the ADA contract approval process, all interventions are submitted to an environmental screening including climate-proofing. As far as multilateral programmes are concerned, the Ministry of Finance in its cooperation with **Multilateral Development Banks** has focused on, amongst others, energy efficiency and renewable energy as priority sectors for Austrian cofinancing with these institutions. Also for the Austrian Development Bank (OeEB) renewable energy and resource efficiency represent two out of three focal areas of operation according to its strategy document agreed in June 2014. In addition to the bilateral and multilateral programmes mentioned above, Austria has also established a “fast-track component” to international climate finance in order to address emerging priorities. Through this component, currently implemented by the Federal Ministry for Agriculture, Forestry, Environment and Water Management (BMLFUW), Austria was the first developed country Party to the UNFCCC to match a project through the **NAMA Registry** in early 2014. We were also able to contribute to the **Adaptation Fund** in 2013, helping to address the funding gap that was due to the current low valuation of CERs in the international carbon market.

All policies, programmes and priorities are aligned with strategic criteria as contained in our national climate finance strategy (KFS). These criteria include (1) a balance between adaptation, mitigation and REDD+ activities, (2) consistency with ODA reporting, (3) maximising synergies with other policy objectives, (4) efficiency, effectiveness and transparency of use of funds and (5) development of quality-assurance systems.

Three concrete examples highlight Austrian activities in bilateral and multilateral programmes, respectively:

- **SOLTRAIN – Disseminating solar thermal energy:** Southern Africa numbers among the regions with the highest solar irradiation worldwide. Energy demand is, however, often met from electric power from thermal power stations and/or diesel generators. Heating water for households, hospitals or for the food industry with electricity exacerbates the shortage, frequently causing power failures. This also incurs economic losses. The initiative, Southern African Solar Thermal Training and Demonstration (SOLTRAIN), helps to alleviate this with a capacity development programme. The partners in this Programme financed by the Austrian Development Cooperation are AEE – Institute for Sustainable Technologies, Gleisdorf, Sustainable Energy Society of Southern Africa, Centre for Renewable and Sustainable Energy Studies, Renewable Energy & Energy Efficiency Institute and Eduardo Mondlane University. Results: As per end of 2013, Training of 400 actors in Mozambique, South Africa, Zimbabwe, Lesotho and Namibia in 9 training-of-trainers workshops for about 215 policymakers; Based on analyses and through local monitoring or via the Internet, the four local partner institutes can now prepare and apply proposals for improving solar thermal energy systems. In four countries, new hot water systems have been installed in 60 social institutions, such as schools, infirmaries or orphanages, reducing operating costs. A testing system assures the quality of locally produced and imported solar thermal energy systems.
- **La Vegona Hydro Power Plant, Honduras:** OeEB is supporting the construction of the La Vegona Hydro Power Plant in Honduras. Financing is arranged jointly with partners under the lead of the International Finance Corporation. La Vegona, a hydro power plant privately owned by Compania Hondurena de Energía Renovable S.A. (COHERSA) is being constructed in the north of Honduras on the Humuya/Comayagua river and will carry an installed capacity of 38,5 MW. The La Vegona hydro power plant will contribute to a significant reduction in CO₂ - emissions and a reduction in Honduras' dependency on imported fossil fuels. OeEB is providing USD 23 million out of a total financing volume of USD 98 million. La Vegona will generate approximately 181 GW of power per year, and result in approximately 108,000 tons of CO₂ saved per year.
- Austria was the first developed country Party to the UNFCCC to match a project through the NAMA Registry in early 2014. The Austrian NAMA Initiative was implemented by the Federal Ministry for Agriculture, Forestry, Environment and Water Management (BMLFUW) in order to support NAMAs in selected Developing Countries. These NAMAs will contribute to (i) decrease greenhouse gas emissions,

(ii) foster sustainable development and (iii) build capacity in the host countries. Hereby our main focus lies on Africa and Small Island Developing States. NAMA activities, including projects and programmes, that foster access to sustainable energy, are at the core of the initiative, in order to promote the implementation of small-scale renewable and energy-efficient technologies (such as small hydropower, wind parks of limited size, energy-efficient lighting), as well as, household-centred or community-based technologies (PV panels, solar-thermal installations, efficient cook stoves, and others). The current volume of the initiative amounts to € 1 m, allowing for the support of at least two NAMAs. The Austrian NAMA Initiative is carried out by Kommunalkredit Public Consulting GmbH (KPC) on behalf of the Federal Ministry for Agriculture, Forestry, Environment and Water Management (BMLFUW).

Further examples for current multilateral cooperation include:

- In June 2012 the Ministry of Finance first supported the Global Facility for Disaster Reduction and Recovery (GFDRR) with € 2m and is currently considering further support. Established in 2006, the GFDRR is a partnership of 41 countries and 8 international organizations committed to helping developing countries reduce their vulnerability to natural hazards and adapt to climate change. The partnership's mission is to mainstream disaster risk reduction and climate change adaptation in country development strategies by supporting a country-led and managed implementation of the Hyogo Framework for Action (HFA)

3. Information on actions and plans to mobilize additional finance

Austria is committed to take actions to mobilise additional climate finance. To this end, work undertaken by AGIK (see section (a), above) also covers exploration and mobilisation of additional financial sources. Where such actions require international cooperation, e.g. concerning alternative sources of climate finance, we actively work in relevant fora, such as ICAO, IMO, OECD and UNFCCC.

4. Information on how Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change

We aim for a balance between adaptation and mitigation. Ensuring such a balance is part of our strategic set of criteria (see section (b), above), which we monitor on an annual basis using OECD DAC Rio marker data. However, we understand from many years of devising policies and implementing programmes and projects that “adaptation” and “mitigation” are concepts that can oftentimes not easily be separated in practice. Many projects are cross-cutting in nature; and while in some cases individual project components may be defined around the concepts of “adaptation” and “mitigation”, more often than not the two are inseparable. For instance, projects in the areas of agriculture and water security often

address adaptation and mitigation in a holistic manner. Focussing on targeted thematic projects that address concrete needs and concerns of local communities, is one of the ways to ensure a balance between adaptation and mitigation. Focussing on the poorest and most vulnerable countries – and regions and communities within countries – is another way this can be achieved. Both approaches are part of Austria’s strategic outlook to climate finance.

5. Information on steps taken to enhance enabling environments

The Austrian NAMA Initiative aims to identify NAMAs to be supported in selected countries for preparation and implementation [see section (b), above]. NAMAs supported under the initiative undergo two phases, i) the conceptual and preparatory phase, in which the NAMA will be prepared under close coordination with host country strategies, supported by technical assistance. ii) Under the second phase, NAMAs will be piloted to gain first-hand experience for further replication and up-scaling through additional funding by other donors, financing institutions and the private sector. Financial support provided through the NAMA Initiative is delivered in the form of grants, which serve to mobilise additional funding, including in particular private investment and (concessional) loans from financing institutions.

Further examples include:

- **Improving the sustainability of microfinance institutions in Ethiopia and Nepal through climate finance:** This project is financed by the Austrian Ministry of Agriculture, Forestry, Environment and Water Management with approx. EUR 734,000 and managed by OeEB. The project’s objective is to provide capacity building to microfinance institutions (MFIs), with the overall goal to improve the environmental, financial and social sustainability of MFIs in Nepal and Ethiopia – two countries particularly vulnerable to climate change and variability. The focus lies on capacity building that enables MFIs to provide financing for mitigation and adaptation measures that simultaneously provide value for MFI clients (e.g. by stabilizing and, to the extent possible, improving income).
- **Forest inventory and mitigation measures in Mali:** Savanna ecosystems and other wooded vegetation types represent an important resource for the rural population in the southern half of Mali. Correspondingly, their quantification is of the greatest importance for natural resource planning as well as for the design and implementation of mitigation measures in rural areas (taking simultaneously into account social and environmental safeguards). The development and implementation of a National Forest Inventory will provide the required information for both natural resource and climate policies planning. Moreover, it fosters capacity building and

institutional reinforcement, accordingly contributing to support an enabling environment in the country.

Belgium

1. Information on Belgian policies, programmes, priorities and information on actions and plans to mobilise additional finance

Belgium recognises that the financial resources required to assist developing countries in undertaking mitigation and adaptation activities will become more and more significant in the future as such countries take on more responsibilities to mitigate greenhouse gas emissions and as the impacts of climate change become more prevalent.

International climate finance is dealt with in different coordination mechanisms within Belgium, as both the federal government and the three regions are contributing according to their competences. The high-level representatives of each Belgian government resides in the Committee of Consultation which goal is to keep coherence in all policy matters. The Interministerial Conference Environment is a permanent working group of the Committee of Consultation in which the federal and regional ministers of environment are present. When climate change is on the agenda, the prime minister, the ministers-president and the ministers responsible for finance, energy, transport, taxation, development cooperation and economy are also invited to join the meetings of the Interministerial Conference Environment.

The National Climate Commission guarantees the internal coordination, follow-up and evaluation of the National Climate Plan and the correct fulfilment of the European and international reporting obligations. Several working groups are established under the National Climate Commission to deal with specific topics such as the internal burden sharing of international climate change commitments and the reporting obligations on international climate finance.

Finally, the Coordination Committee International Environmental Policy is responsible for ensuring that the international action of the Belgian nation and its components on environmental policy is coherent. It is in charge of preparing the positions of Belgian delegations to international conferences, to prepare the agenda of the Interministerial Conference Environment and to advise ministers if requested.

These coordination mechanisms are in the forefront of Belgium's strategy to scale-up climate finance and they are working to ensure that Belgium will contribute its fair share, within EU context, of the goal of mobilizing jointly USD 100 billion annually by 2020 to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation.

Belgium continues to support adaptation and mitigation activities in developing countries by mainstreaming climate objectives through its official development assistance (ODA), as this is crucial for increasing climate-resilient and low-GHG emission investments. In this regard, Belgium recently developed an action plan aiming to enhance the mainstreaming of climate change in its development cooperation by providing capacity building to Belgian development actors and key actors in priority sectors of African partner countries. These efforts were accompanied by the establishment of a platform for policy support, named KLIMOS.

Aside from that and as a result of various political choices, Belgium predominantly supports adaptation or cross-cutting activities in Africa and fragile states. Adaptation actions in non-

Annex I Parties was mainly supported by providing substantial financial support to the Adaptation Fund, the Least Developed Country Fund or various bilateral initiatives. Cross-cutting actions were also significantly supported, notably via contributions to the Sustainable Forest Management component of the GEF and support earmarked for technology transfer to the Special Climate Change Fund. Support for mitigation has is mainly being channeled through the GEF or by supporting projects led by specialized UN bodies (UNEP, UNDP, FAO, etc.)

In addition to that, Belgium is also actively participating in the SE4All Initiative. Given that access to energy is very often a top priority in its partner countries, the number of multi-year programmes supported by Belgium has increased substantially over the past few years, with a strong focus on policy support, energy efficiency and renewable energy.

2. Information to increase clarity on the expected levels of climate finance mobilised from different sources

Scaling up climate finance towards 2020 will be an iterative process. In the future, Belgium will continue to contribute to the global effort towards mobilizing climate finance, as part of the EU's contribution to international climate finance.

Besides the public finance it directs towards the fight against climate change, Belgium also explores ways to spur, through public intervention, private investments in climate action, as it identified this particular sector as an effective way to increase clarity on the expected levels of climate finance it mobilises. In this regard, various initiatives have been started, aiming at better understanding the instruments available to public authorities to scale-up private climate finance.

As an example, an interdepartmental working group was established in 2013 within the Flemish Region, with aim to focus on the delivery of financial commitments of international environmental policy (sustainable development, biodiversity and climate change) so as to advise the Flemish government on the size, channels and growth path of international environmental finance, within the Belgian context. In 2014 the potential of enhancing public-private partnerships to leverage private climate finance is being further explored.

At the federal level, the Ministry of Environment is planning to launch in 2014 a twofold study on climate finance. In its first research stream, the study will start by building an inventory and provide a comprehensive overview of all low-carbon investment flows in Belgium, before identifying the potential investment barriers that private actors meet when investing in the transition towards a low-carbon economy in Belgium. This stream should provide essential insights of the Belgian national climate finance flows, as well as lessons learned on how to mobilize scaled-up private finance in the future. In the second stream of the study, researchers will identify all relevant actors of international private climate finance in Belgium, further develop methodologies to track private climate finance flows mobilized by Belgium through the use of public finance and interventions and assess past private climate finance flows for a determined time period. This research stream will provide greater clarity on private climate finance flows mobilized by Belgium, and will undoubtedly come up with useful experiences and lessons learned with regard to deploying and tracking private climate finance through various public instruments and interventions.

Complementary to this twofold study on climate finance, the Belgian Development Cooperation is financing a research group on Financing for Development (ACROPOLIS). This research group will study all sources of official flows (OOF) in Belgium, all ODA related to

climate financing and the various modalities to attract finance (blending, public/private partnerships, debt, equity capital, etc.).

Finally, Belgium is also actively engaged in the OECD Research Collaborative on Tracking Private Climate Finance since its launch in February 2013.

3. Information on how parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change

At the international level, Belgium is a strong advocate of a balanced allocation of financial support between mitigation and adaptation. In this regard, Belgium largely supports adaptation or cross-cutting activities, which could help lessening the current 'imbalance' between mitigation and adaptation finance at the international level.

In implementation of the Federal Government coalition agreement of 2003, Belgium direct bilateral assistance is targeted towards 18 countries, 13 of which are located in Africa. Nine of these countries belong to the group of Least Developed Countries (LDCs). In addition to that, the Federal Minister for Development Cooperation also recently confirmed in policy memoranda that Belgium would fund adaptation actions in LDCs, with a special attention for Africa and fragile states and would strive to better integrate climate change in all actions it supported in developing countries.

As an example, end 2013 Belgium recognised the growing need to tackle adaptation in developing countries by pledging 3,25 million EUR during the UNFCCC Warsaw Climate Change Conference to contribute to the 100 million goal set by the Adaptation Fund Board. Moreover, in its bilateral support, Belgium also strives to support a country-driven approach to assistance delivery, emphasizing that climate investments can be much more effective when owned and driven by local governments. Resolutely aiming towards maximum aid effectiveness, in line with the Declaration of Paris and the principles of "Good multilateral donorship", Belgium also rationalize its cooperation with multilateral organizations by aiming to provide them maximum core funding and limiting earmarked contributions to the programmes they conduct.

4. Information on steps taken to enhance enabling environments

Enabling environments are a key element in leveraging and efficiently implementing climate finance. In this context, Belgium is developing various activities aiming to support effective enabling environment in both Belgium and developing countries.

In developing countries, Belgium is for example actively involved in the International Partnership on Mitigation and MRV. More specifically, it facilitates, together with Germany and France, a cluster of French-speaking countries that aims at reinforcing partner countries' capacities to develop ambitious mitigation strategies and plans. It does so by providing a platform for exchanging best practices among partners, sharing experiences and making concrete interventions wherever possible. Belgium participates in the cluster's activities by providing support for its coordination and by co-financing the organization of webinars, workshops and potential bilateral interventions.

At the national level, Belgium adopted in March 2013 a new law regarding the Belgian Development Cooperation. This new law stipulates that climate change has to be integrated into all programmes (bilateral, non-governmental, multilateral and to the development of the local private sector through the Belgian Investment Company for developing Countries -

BIO-invest) of the Belgian cooperation. In addition to that, Belgium also adopted a new Federal strategy for development cooperation whose main focus is to integrate all aspects of environment into the programmes and projects by strengthening the environmental governance at national, regional and local level and by strengthening the role of civil society. It is clear that the implementation of the new law and new strategy will lead to a more climate-proof cooperation in the future.

Czech Republic

1. Information on policies, programmes and priorities / Information on actions and plans to mobilize additional finance [3/CP.19]

The Czech Republic is fully aware of importance of international climate finance and its role in the context of achieving 2°C global climate goal and shifting towards transition to low carbon development pathway. In this regard, the Czech Republic has been continuously providing climate finance support to developing countries through its bilateral and multilateral channels under its Official Development Assistance (ODA) which is administered by the Ministry of Foreign Affairs in cooperation with other Czech ministries.

Climate protection is one of the main cross-cutting sector priorities of the Czech ODA captured in the following two key national strategic documents: *Development Cooperation Strategy of the Czech Republic 2010 – 2017* and *Multilateral Development Cooperation Strategy of the Czech Republic 2013 – 2017*. These documents fully reflect international commitments and actual challenges, including combating climate change.

The Czech bilateral ODA, as mentioned above specifies also priority countries in which programs and projects are being successfully carried out. These include Afghanistan, Palestine, Ethiopia, Mongolia, Georgia, Cambodia, Bosnia and Herzegovina, Moldavia, Kosovo* and Serbia. However, this list of countries is not strictly exhausted as the range of countries might be broader in future.

In the case of the multilateral ODA of the Czech Republic has also been actively involved in many different international organizations which aimed to achieve the global development goals and other international commitments. The Czech Republic participates in and contributes to various development activities of the UN, EU, OECD, international financial institutions and other organizations³. The main part of its multilateral climate specific funding has been regularly provided through the GEF nevertheless this situation is going to change as the Czech Republic plans to contribute to newly operationalized GCF.

2. Information to increase clarity on the expected levels of climate finance mobilized from different sources [3/CP 19]

Despite the fact that there is no nationally agreed strategic document, which would describe the scale up pathways of climate finance by 2020, the Czech Republic is on track with regular increase of its financial contribution to developing countries. The Czech Republic voluntarily agreed to provide 12 mil. EUR to developing countries as the Fast Start Finance commitment for the period 2010 – 2012. Notwithstanding of difficult economic situation caused by the worldwide financial and economic crises, the Czech Republic overreached its commitment by providing 12,6 mil. EUR.

In 2013, the Czech Republic provided bilaterally and multilaterally in total 4,3 mil. EUR for implementation of mitigation and adaptation programs and projects in countries, such as

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo Declaration of Independence.

³ For the purposes of the Strategies, the Czech Republic considers only those organizations whose activities are in line with OECD-DAC definition of development cooperation and contributions provided are fully or partially creditable toward official development assistance (ODA). Organizations were divided into four groups: 1) EU, 2) development banks and financial institutions, 3) programs and funds of the UN, and 4) other organizations.

Vietnam, Mongolia, Ethiopia, Cambodia or Yemen. This year (2014), the overall climate aid level is going to be further increased by the contribution to the newly operationalized Green Climate Fund⁴. In addition to this contribution, we are also planning to provide financial donation of another 1,45 mil. EUR to the German initiative called 'Climate Finance Readiness Programme' implemented by the GIZ⁵ which is aimed to help developing countries to build capacities, in order to be able to successfully apply for GCF support in upcoming years.

Generally, all of the Czech climate finance currently comes only from public sources but we actively observe international development with regard to the concept of private financing in order to leverage our climate resources in future.

3. Information on how Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change [3/CP 19]

The Czech ODA is based on principle of partnership meaning that the majority of projects is demand driven and reflects needs of recipient country. The Czech Development Agency, which is responsible for administration and implementation of our bilateral projects, assigns adaptation or mitigation RIO markers to all projects. The emphasis has been continuously put on adaptation projects. From 2010 up to present, on average 60 % of bilateral climate finance were used for adaptation projects in Ethiopia, Mongolia, Georgia or Yemen.

4. Information on steps taken to enhance their enabling environments, following on from the report of the co-chairs of the extended work programme on long-term finance [3/CP 19]

The Czech Republic considers enabling environments as an inevitable precondition for effective use of climate finance in developing countries. Therefore, it welcomes all initiatives focused on, inter alia, implementing of activities and measures related to enabling environments. The Czech Republic is currently preparing entry into cooperation with GIZ which implements the GCF readiness activities in several developing countries under its „Climate Finance Readiness Programme“. The Programme implementation is planned until 2018 and will include following activities:

Institutional support, e.g. support for regional and national climate finance institutions including development banks in gaining accreditation for direct access, promotion and support for the work of National Designated Authorities (NDA) and Country Focal Points; ***Strategic and conceptual advice*** in advancing and implementing national climate strategies (e.g. Nationally Appropriate Mitigation Actions – NAMAs; and National Adaptation Plans – NAPs) and policy packages for ambitious, climate-resilient low-carbon development paths as a basis for funding decisions; ***National GCF investment plans and corresponding project pipelines***: Support in establishing a pipeline of bankable projects for the GCF via national investment plans in key sectors; ***Global sharing of experiences*** in climate finance and refinement of approaches and methodologies. National and international workshops, South-South exchange, knowledge management and evaluation of experiences are intended to enable a continuous debate on best practices in climate finance readiness.

⁴ The exact contribution to GCF will be announced officially on the 3rd meeting of IRM process.

⁵ [Deutsche Gesellschaft für Internationale Zusammenarbeit](#), the German Federal Enterprise for International Cooperation

Denmark

Denmark is actively engaged in the mobilization of international climate finance to meet the global climate change challenge. Denmark has scaled up its annual public climate finance under the Danish Climate Envelope from the average 2010-2012 fast start finance level and provides additional public finance through a range of bilateral and multilateral channels. In addition to mobilizing public finance, Denmark is engaged in mobilizing finance from private and alternative sources, including through enhancement of enabling environments at home and abroad. Financing from such sources will be important in increasing the overall volume of finance available to meet the climate change challenge.

1. Information on Danish policies, programmes, priorities and information on actions and plans to mobilize additional finance.

Public Finance

An important part of the international public climate finance provided by Denmark is channeled through the **Danish Climate Envelope**, which provides support for mitigation and adaptation activities in developing countries. Since 2010, Denmark has provided more than USD 350 million⁶ for climate change purposes through the Climate Envelope. The allocation of the funds is guided by a balance between I) adaptation and mitigation; II) multilateral and bilateral contributions; and III) geographical areas, including Africa, Asia, Latin America, and SIDS.

A significant part of the Danish Climate Envelope for 2014 is reserved for the Green Climate Fund where Denmark has been an active Board Member. At the UN Climate Summit on September 23, 2014, Prime Minister Helle Thorning-Schmidt announced that **Denmark will pledge USD 70 million⁷ for the Green Climate Fund**, thus making Denmark one of the first countries to put forth a specific pledge to the Fund's initial resource mobilization. A part of the Danish contribution, which is non-earmarked, will be reserved for disbursement once the Fund is ready to support specific activities. Previously, Denmark has contributed USD 1.34 million to the Fund's budget.

Public finance channeled through the Danish Climate Envelope represents only a part of Denmark's **total contribution** of international public climate finance. A more comprehensive picture is provided in table 1, which lists specific examples of contributions to climate-related activities from 2011-2014. A number of these activities have been supported repeatedly by Denmark, e.g. in both 2011 and 2014. The examples reflect the above-mentioned allocation between I) adaptation and mitigation, II) multilateral and bilateral contributions and III) geographical areas.

A basic principle of Danish international public climate finance is that ownership is a fundamental precondition for the partnerships. Accordingly, climate finance is provided only on demand.

⁶ All contributions have been converted from DKK to USD using OECD-DAC exchange rates. Multiyear contributions are converted using an estimated exchange rate of 1.00 USD = 5.50 DKK.

⁷ DKK 400 million

Table 1: Examples of financial contributions to climate-related activities 2011-2014 (million USD)

Maldives One UN Fund	9.3
'Fast Start' Climate programme in Kenya	17.9
Kenya Climate Innovation Centre	9.3
Harapan Rainforest (Indonesia)	9.3
Global Climate Partnership Fund (GCPF)	12.1
Global Green Growth Institute (GGGI)	33.3
Small Developing States (SIDS) Dock	14.9
Sustainable Energy Fund for Africa (SEFA)	56.0
Agrhyment: knowledge-based climate adaptation in West Africa	4.7
Global Water Partnership Fund	4.3
Mangroves for the future	4.3
Indonesia Environmental Programme	8.6
Climate Investment Funds	8.1
Partnership for market readiness	5.1
Low Carbon Transition Unit	7.7
Bilateral Energy Sector Programmes	18.1
Danish Climate Investment Fund (DCIF)	39.5
Support for SE4ALL: Technical assistance facility and Administration	14.4
Maritime Facility at DCIF	8.9
Climate Technology Centre and Network, UNEP	5.3
Pro-poor REDD	4.4
Promoting Energy Policy Reform	21.0
Climate Change Mitigation and Energy Program, Mexico	8.0
Least Developed Countries Fund (LDCF)	8.9
Ghana Climate Innovation Centre	4.4
Energy Engagement in Bolivia	8.5
Rio+20 – Civil Society Actions in the area of Climate and Environment	17.4

Nepal: National Rural and Renewable Energy Programme	36.5
Bangladesh: Climate Change Adaptation and Mitigation Programme	9.2
UNEP Risoe Centre	7.3
Sustainable Energy for All (SE4ALL) Energy Efficiency Hub	8.3
Global Environmental Facility	79.9

Private Finance

In addition to providing public climate finance through a variety of bilateral and multilateral channels, Denmark is also engaged in a number of public-private partnerships to increase the flow of climate finance and promote a transition to a green economy. Specific initiatives related to private finance include:

- **Insurance initiative to increase investments in energy efficiency:** At the UN Climate Summit on September 23, 2014, Prime Minister Helle Thorning-Schmidt launched an initiative that aims to reduce barriers to private investments in energy efficiency in developing countries. The initiative, which has been chosen for further development by the Global Innovation Lab for Climate Finance, includes a business model where insurance companies provide security for the expected return from investments.
- **The Danish Climate Investment Fund:** a public-private partnership that will mobilize additional capital for climate investments in developing countries and provide its investors with a competitive return.
- **Sustainable Energy Fund for Africa (SEFA):** Denmark has invested USD 55 million in the SEFA which is administered by the African Development Bank and supports a number of sustainable energy projects by providing project preparation, grants or equity investments. SEFA has recently committed funds to the new African Renewable Energy Fund (AREF) which is managed as a private equity fund.
- **The Copenhagen Climate Finance Meeting:** In October 2013, Denmark hosted a high-level meeting where the UN Secretary General, developed and developing countries, and private sector representatives examined how governments can mobilize private climate finance through the enhancement of enabling environments and use of financial instruments.
- **The Global Green Growth Forum (3GF):** 3GF explores, demonstrates and promotes collaboration among leading businesses, investors, key public institutions and experts to effectively drive market penetration and realize the potential for long-term inclusive green growth. Partnerships between public and private actors promoting green growth solutions are the cornerstone of 3GF's work and are considered as key enablers for the transition to an inclusive green economy. The 3GF hosts an annual summit for high-level green growth leaders and decision makers where key discussions on the green growth agenda are addressed together with a promotion of action-oriented green growth partnerships.

2. Information to increase clarity on the expected levels of climate finance mobilized from different sources.

In accordance with the EU's position, Denmark remains committed to scale up climate finance to contribute to the goal of developed countries to jointly mobilize USD 100 billion annually by 2020 from a wide variety of sources, including public and private finance, bilateral and multilateral contributions, as well as alternative sources of finance. Danish initiatives include the Danish Climate Envelope and the Danish Climate Investment Fund described above.

- **The Danish Climate Envelope** was scaled up to approximately USD 86 million per year in 2013 and 2014 from an average level of approximately USD 69 million in the fast start finance period of 2010-2012. Denmark intends to continue the high level of international public climate finance in 2015.
- **The Global Environmental Facility (GEF)** was supported by Denmark with a contribution of USD 73.46 million for its 5th replenishment. An increased contribution amounting to USD 79.88 million has been approved for the 6th replenishment (2014-2017).
- **The Danish Climate Investment Fund:** The Danish Climate Investment Fund has a total committed capital of USD 250 million, provided by the Danish Government, the Danish Investment Fund for Developing Countries (IFU), and Danish institutional investors, including pension funds. The fund is expected to initiate investments totaling approximately USD 1.5 billion over the coming years. This estimate is based on previous experience with similar types of partnerships.
- **Carbon markets and pricing measures:** Denmark considers a carbon price to be a significant part of the solution to climate change challenges and has introduced a national CO₂ tax. Denmark also strongly supports ambitious and binding regulation to address emissions from international transport. Such regulation could potentially both reduce emissions and generate funds for climate-related purposes in developing countries, with due respect to the principal of fiscal sovereignty. Within the International Maritime Organization, Denmark, supported by other countries and representatives of the business community, has proposed the establishment of an International Fund for GHG emissions that addresses both mitigation and long-term climate finance.

3. Information on how Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change.

Denmark works to ensure a balance between adaptation and mitigation and to take into account the needs of particularly vulnerable developing countries. The balance between adaptation and mitigation related to the Danish Climate Envelope can be specified as follows:

- **Adaptation:** Approximately half of the Danish Climate Envelope is directed towards low income and lower-middle income countries. Most of these funds are targeted at bilateral adaptation projects that generally are an integral part of wider country programmes,

including support for capacity building of national climate strategies, initiatives and institutions. Adaptation is also supported through multilateral institutions such as the Least Developed Countries Fund (USD 8.9 million in 2013) and the Pilot Programme for Climate Resilience under the Climate Investment Funds (USD 8.1 million in 2012). Due consideration is given to SIDS, and a contribution of USD 14.7 million has been provided for the SIDS Dock Support Programme through the UNDP and the World Bank.

- **Mitigation:** Approximately half of the Danish Climate Envelope is directed to mitigation activities. Examples include a contribution of USD 13.6 million to the NAMA facility, subject to parliamentary approval, and support to bilateral energy sector programmes in emerging economies. A total of USD 27.3 million has been allocated to Mexico, South Africa and Vietnam in support of renewable energy integration and energy efficiency in buildings and industry. Denmark has also contributed to the World Bank's Partnership for Market Readiness and to the CCAP MAIN initiative that assists developing countries to develop their NAMAS.

4. Information on steps taken to enhance enabling environments

Enabling environments are essential for attracting and absorbing public and private support and investments, as also confirmed at the High-level Dialogue on Climate Finance at COP19, which was chaired by the Ugandan Minister of Finance and the Danish Minister for Climate, Energy and Building. Denmark has taken a number of steps to enhance enabling environments, both at home and abroad. Examples include:

- **National legislation:** Denmark has a long tradition for providing stable and predictable conditions for private companies and investors through broad agreements across the political spectrum. One example is the aim to reduce national greenhouse gas emissions by 40 pct. from 1990 levels in 2020. Other specific initiatives include the Danish Energy Agreement of 2012 that will provide tools for cost-sharing between landlords and renters, and thus improve incentives for investments in energy savings.
- **Funding:** Denmark has supported the World Bank's Energy Sector Management Assistance Program (ESMAP) with USD 5.05 million to provide technical assistance to developing countries in the field of fossil fuel subsidy reform. Such reforms are an important element in the enhancement of enabling environments since fossil fuel subsidies distort incentives for green investments. Denmark was also among the first countries to put forward a specific pledge for the Green Climate Fund, which will finance activities that contribute to enabling environments and regulatory frameworks and policies.
- **Sharing experience and best practice:** Based on four decades of Danish experience with energy efficiency and renewable energy solutions, the Danish Low Carbon Transition Unit (LCTU) provides high-quality technical assistance and guidance to help emerging economies improve their framework conditions for greenhouse gas emission reductions and facilitate a low carbon transition in the energy sector. Denmark also supports the Sustainable Energy for All (SE4ALL), which has an Energy Efficiency Hub hosted by the

UNEP Risø Centre at UN City, Copenhagen. So far, Danish contributions to the Efficiency Hub have amounted to USD 8.26 million.

- **Identifying solutions:** The Copenhagen Climate Finance Meeting examined real-world investment examples to clarify the role of enabling environments in unlocking private investments. Conclusions from the meeting included: 1) national-level policy frameworks are important; 2) specific policies, regulations and instruments can improve increase private investments; 3) developing countries should be supported in the design and implementation of relevant policies, regulation and instruments; 4) Institutional investors' in-house capacity for climate-related investments needs to be increased.
- **Reinforced cooperation between Danish authorities and authorities abroad:** The Danish government and Danish embassies will reach out to partners around the globe, in particular low and middle income countries with rapid economic growth, to share experiences that can help ensure a green and sustainable global future.

Finland

1. Information on policies, programmes and priorities / Information on actions and plans to mobilize additional climate finance

Finland has integrated the goals and objectives of the UNFCCC and the Kyoto Protocol into its development policy, while taking into account the fact that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties. The Finnish development guidelines for the environment, which were approved in 2009, already stated that climate change mitigation and adaptation should be addressed in all of the most important sectors of Finnish development cooperation. In the latest Development Policy Programme (2012), climate sustainability is one of the cross-cutting objectives of Finland's development policy and development cooperation. Therefore, besides providing funds to the operating entities of the financial mechanism of the UNFCCC and the funds under the Kyoto Protocol, Finland provides support through bilateral, regional and other multilateral channels.

The primary goal of Finland is to support multiannual projects (both bilateral and multilateral) and make multiannual agreements with multilateral institutions. Besides reducing the administrative burden this approach also helps to improve predictability of funding. These multiannual projects and agreements are based on joint planning and dialogue between partners, and thus the support level can also be better tailored to the specific needs and helps to provide resources more adequately than when giving support in a more ad-hoc manner.

The collective commitments by developed countries in Copenhagen in 2009 gave a new boost to Finnish climate finance.

Finland's overall share of the EU's overall 'fast-start finance' contribution was EUR 110 million during the years 2010–2012. It was decided that this contribution will be counted as Official Development Assistance (ODA), but it will be a part of the new, growing Finnish ODA during 2010–2012. To implement its FSF commitment Finland decided to use the year 2009 as a baseline for defining new and additional funding. The Finnish commitment of EUR 110 million was implemented through a net increase of Finnish funding directly allocated to developing countries' climate activities in 2010–2012. In comparison, the baseline figure for overall Finnish climate funding in 2009 was EUR 26.8 million.

In 2010, the overall final figure disbursed was approximately EUR 41.7 million, for 2011 EUR 61.5 million and for 2012 EUR 108 million. The net increase of Finnish climate finance during 2010-12, compared to the baseline year of 2009, was EUR 130 million thus exceeding the 110 million commitment with EUR 20 million.

Multilaterally providing support to the GEF and its specialized agencies has been a priority. Finland has allocated funds to the GEF since its establishment in 1991. During the fourth replenishment period (July 2006–June 2010) the total Finnish contribution was approximately EUR 31.2 million, during the fifth replenishment period EUR 57.3 million in total; and for the sixth replenishment period 2014-18 Finland's commitment is EUR 65 million.

The cumulative figures for Finland's voluntary contributions to the LDCF and SCCF thus far are EUR 24 million for the LDCF and around EUR 10 million for the SCCF respectively. Finland has also provided EUR 0.1 million to the Adaptation fund for its start-up phase in 2008, and a voluntary contribution of EUR 5 million in 2013 as a response to the fundraising campaign of the AF Board.

With the operationalization of the Green Climate Fund and its initial resource mobilization, the GCF will gradually become the main recipient of Finnish multilateral climate finance. Finland contributed already EUR 0.5 million to the start-up phase of the fund in 2012, and Finland prepares itself for a significant contribution during the IRM process later in 2014.

Finland has, on an ad hoc-basis, provided support also to multilateral programmes outside the Convention, like the Readiness Fund of the World Bank's Forest Carbon Partnership Facility FCPF (EUR 15 million in total) and the World Bank's Partnership for Market Readiness (EUR 4.1 million).

Bilaterally Finland attaches particular importance to assisting countries that are least developed, as they are among the countries most vulnerable to climate change. Finland's seven long-term partners in development cooperation are Ethiopia, Kenya, Mozambique, Nepal, Tanzania, Vietnam and Zambia, i.e. five of them least developed countries, and all of them are particularly vulnerable to climate change. These bilateral partner countries are also the main recipients of climate financing. Finland supports projects and programmes that promote environmentally sustainable development in its partner countries and regions. Within the energy sector, for example, which is important in terms of economic development, solutions are being pursued for promoting the use of renewable natural resources.

The assistance has covered, for example, the forestry and agricultural sectors and capacity building by the various governments, including their environmental administrations. Moreover, national meteorological services, which have a crucial role in producing data and information for adapting to climate change, have also been supported. Finland is one of the major development cooperation donors in the field of meteorology; it aims to strengthen the capacities of the national meteorological institutes. Another important example is the Energy and Environment Partnership (EEP) project, which began in Central America in 2003 and is now being replicated in the Mekong region, southern and eastern Africa, Indonesia and the Andes, accounts for a large number of the mitigation projects related to the energy sector.

Furthermore, support for forestry projects is substantial. Forestry forms a significant sector in Finland's development cooperation: presently, it constitutes about 4 per cent of the total ODA, or EUR 40 million annually. Finland has supported sustainable forest management in partner countries, e.g. the preparation and implementation of national forest programmes as well as sector-specific policies and strategies. The forestry cooperation efforts support and complement the other climate-related efforts, especially in areas like carbon sequestration and the specification of indicators supporting effective climate actions as well as in terms of providing practical monitoring, evaluation and verification tools.

As climate change will hit the world's poorest people the hardest, and as most of the world's poor are women, one of the important themes has been mainstreaming gender considerations as part of climate policy-making efforts. Finland has been supporting the project implemented by the Global Gender and Climate Alliance (GGCA) to strengthen the role of women and mainstream the gender perspective in global climate policy since 2008. Funding has been allocated to support female delegates' participation in climate negotiations. At the second stage, from 2010 onwards, support was also targeted more concretely at the National Adaptation Programmes of Action (NAPA) of developing countries and at their implementation. During 2012-2014, the emphasis of the project was at the national level. Thus far, the total contribution has been EUR 6.8 million for the implementation period of 2008–2014. The project will continue until summer 2016.

Mobilizing private climate finance is an emerging part of Finland's policies. Private sector projects in developing countries are being supported, for example, by the Finnish Fund for Industrial Cooperation Ltd. (Finnfund) and Finnpartnership. Finnfund is a state-owned company that finances private projects in developing countries by providing long-term risk capital for profitable projects. The funding modalities include equity investments, loans and/or guarantees. It cooperates with Finnish and foreign companies, investors and financiers. Finnpartnership, on the other hand, aims to increase business-to-business cooperation between companies in Finland and in developing countries. About half of the investments made by Finnfund in recent years can be regarded as climate finance because they have been used for projects in renewable energy, to prevent deforestation, to enhance energy and material efficiency or to improve the ability of poor people to adapt to the challenges posed by climate change. Finland is promoting business-to-business partnerships in environmentally sound technologies through Finnpartnership as part of a wider set of Aid for Trade interventions.

Finland is supportive of promoting efforts to identify **alternative sources** and forms for financing development in general, a.o. as an active member of the Leading Group for Innovative Development Finance, and for climate action in particular. In this respect an important measure of the Finnish Government was the decision in 2013 to channel all revenues from EU's emission trade scheme to international development in general and climate activities in particular. Finland supports the development by the ICAO of a global market based mechanism to curb aviation emissions, as well as, a global regime developed by the IMO to tackle emissions from international maritime.

2. Information to increase clarity on the expected levels of climate finance mobilized from different sources

Finland's public climate finance is included in the annual public budget cycles and the rolling 3-year financial frames of the Government. Thus, it is not possible to give any exact mid- or longterm predictions of the overall public climate finance. At the level of multilateral institutions, like the GEF and in the future the GCF, and bilateral country programming and individual projects Finland multiannual agreements or commitments are in use. The actual performance and disbursements are reflected in various reports, including the National Communications and Biennial Reports to the convention.

3. Information on how Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change

Finland is committed to the decisions and recommendations by the COP and various institutions to regarding a balanced treatment of mitigation and adaptation needs. However, at the multilateral level the implementation of this aim depends primarily on the performance of the respective institution. Also bilaterally this is a challenge, since the programme priorities and selection of concrete projects is to a great extent the outcome of joint planning and agreement between respective partners. During the FSF period the balance between mitigation and adaptation was on average 60 % mitigation and 40 % adaptation.

4. Information on steps taken to enhance their enabling environments, following on from the report of the co-chairs of the extended work programme on longterm finance

Finland supports capacity building among developing countries in several ways. Most of the Finnish bilateral programmes and project with a climate-related objective also include a capacity building component. A significant share of the multilateral institutions and programme supported by Finland (i.e. the LDCF, SCCF, PCPF, PMR) are specifically or significantly focussing on capacity building.

Two examples of Finnish support in this area:

- For the past ten years Finland has funded an international course on environmental law and diplomacy, organized annually by the University of Eastern Finland in cooperation with UNEP and partners in developing countries. The course transfers past experience in the field of international law to current and future negotiators on MEAs.
- Finland has supported the Climate Change and Development Project implemented by the IUCN in Zambia, Mozambique and Tanzania. The overall goal of the CCDP was to achieve reduced vulnerability and an enhanced adaptive capacity to climate variability and change at the local and national levels.

France

1. Information on policies, programmes and priorities / Information on actions and plans to mobilize additional finance:

a. Public Climate Finance through Bilateral and Multilateral channels

France is providing financial assistance through various channels.

- With respect to bilateral public support, the French Development Agency (AFD) acts as the principal operator. In 2013, the AFD Group allocated 2.4 Billion EUR for climate finance; resulting in a commitment of 15 Billion EUR since 2005. The AFD Group has adopted a long-term strategy for 2012-2016, grounding it on three structural pillars:
 1. An ambitious and sustained objective to make climate-related financing commitments equal to 50 percent of AFD's foreign-aid funding and 30 percent of PROPARCO's (its private sector arm). For the AFD, the target is also regionally specified: Asian and Latin American: 70%, Mediterranean: 50%, and Sub-Saharan Africa: 30%.
 2. Systematic measurement of all projects' carbon footprints, using a robust method.
 3. A policy of selecting projects according to their climate impacts, considering countries' development levels.

Moreover, in September 2014, the AFD has successfully issued its first "climate bond", having a volume of 1 bn EUR. The use of proceeds has been defined within a framework built with a French rating agency focused on the assessment of environmental, social and governance ("ESG") issues, which delivered a second party opinion on AFD's methodology. More generally, AFD's Climate Bond is based on the "Green Bond Principles" (which have been developed and published by a group of banks in January 2014 in order to promote the transparency of this instrument), complying with the four requirements: a clear definition of what constitute eligible assets; the process for selecting eligible projects; the tracking of the flow of funds; and robust reporting. Hence, the AFD also contributes to the standardization of this type of instrument.

The AFD is also part of the accredited institutions that can implement EU resources in delegation and through the European facilities. The AFD "blends" EU resources with its own resources (and usually in cooperation with other accredited EU institutions) in order to maximize the leverage effect and impact of the projects.

In addition, 45% of commitments of the French Global Environment facility (FFEM), which is strongly inspired by the Global Environment Facility (GEF), are dedicated to financing climate projects in developing countries.

Additionally, France is increasing its commitment in multilateral institutions. Next to contributing to the Global Environment Fund substantially, with a pledge of 300 Million USD in the recent replenishment negotiations, at the Warsaw COP in 2013 France announced a contribution of 5 Million EUR to the Adaptation Fund. France is very committed to a successful capitalization of the Green Climate Fund, which should happen by the Lima COP. It is crucial that the Fund can start promoting the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to

adapt to the impacts of climate change. France is ready to take its responsibilities and has already announced a significant contribution to the Green Climate Fund.

b. Mobilising Private Climate Finance

- France has different specific instruments which help mobilising private sector climate finance. The first is the Emerging Countries Reserve (RPE), which consists in very concessional loans, financing infrastructure projects mainly in emerging countries. Between 2005 and 2012, RPE has financed around 30 projects related to climate change mainly in transports, water, environment and urban planning, for an average annual financing of about 255 Million EUR. The second instrument is the FASEP (Private Sector Aid and Studies Fund), which finances studies or provides technical assistance in developing and emerging countries in the form of grants. Since 2009, FASEP has a new mechanism dedicated to financing pilot demonstration green technology projects, which aims specifically at promoting and enabling projects related to climate change. Between 2005 and 2012, 227 projects related to climate change, mainly in energy, transports or environment for a total of 60.2 Million EUR have been supported.
- The AFD group, including its private sector arm, Proparco, jointly with EIB and European Development Financial Institutions (EDFIs) developed the Interact Climate Change Facility (ICCF). The ICCF is one of the largest debt funds (around 300 Million EUR) dedicated to co-finance climate change projects. Now, the ICCF has a solid track record in terms of project portfolio and cooperation among EDFIs. Moreover, the AFD group has also developed multi-investor structured instruments (debt funds, venture capital funds) for private sector players in the sectors of renewable energy, energy efficiency, forestry.
- “Green bonds” or “climate bonds” are a promising instrument. Also French companies have already emitted those bonds, with a significant volume (November 2013: obligation of 1.4 Billion EUR by EDF, May 2014: obligation of 2.5 Billion EUR by GDF SUEZ).
- Along with other countries, France supports the “Global Innovation Lab for Climate Finance”, a global public-private initiative launched in June 2014 that will identify, design, and support the piloting of new climate finance instruments with the aim of unlocking fresh private investment for climate change mitigation and adaptation in developing countries.

c. Alternative Sources, including carbon markets and pricing measures

Alternative sources can also generate significant revenues. France is supportive of promoting efforts to identify alternative sources and forms for financing development in general, for example as an active member of the Leading Group for Innovative Development Finance, and for climate action in particular.

France considers that a Financial Transaction Tax (FTT) is a promising way to raise public funding in a time of fiscal constraints in many advanced economies. France has already put in place a national FTT and will use part of it to finance the Green Climate Fund.

France welcomes and supports the implementation of carbon pricing at the global level. In this context, France supports the progress within ICAO and IMO towards global and effective carbon pricing schemes. Carbon pricing is an effective and cost-efficient tool which could be

used to reach the overarching objective of reducing greenhouse gas emissions to limit global warming, as it can provide the incentives to (re)direct investment in support of that ambition. Therefore, France supports the “Putting a price on carbon”-Initiative which has been announced at the UN Secretary-General’s Climate Leadership Summit in September 2014. Moreover, carbon pricing has the potential to generate significant revenues which could be used for climate finance; however it is up to each Party to determine the use of public revenues in accordance with national budgetary rules.

2. Information to increase clarity on the expected levels of climate finance mobilized from different sources

- In order to give assurance to recipient countries, the principal operator of French bilateral support, the AFD Group, has adopted a long-term strategy by pledging to reach a high level of climate activity for 2012-2016 (see part 1.a).
- France is strongly engaged in increasing the transparency of climate finance flows, by harmonizing existing accounting and reporting methods. In this context, France contributes in particular to improving the transparency of public climate finance and also supports the work of the Research Collaborative (co-ordinated by the OECD) on tracking private climate finance. Also the AFD is actively contributing to these efforts by promoting an harmonization through better cooperation among IFIs (including MDBs and DFIs) as well as national and regional development banks, mainly through the International Development Finance Club (IDFC), a club of 20 international and national development banks; the IDFC provides since two years an annual common reporting on its green finance activities based on a common methodology. This methodology is currently discussed with other groups and in particular MDBs with real commonalities. The AFD has also developed its own tracking methodology which is compatible with IDFC and MDBs one and usually more restrictive as, for instance, concerning mitigation, it adds an obligation of a systematic carbon footprint assessment.

3. Information on how you are ensuring the balance between adaptation and mitigation, with particular view to the needs of most vulnerable developing countries

The AFD is already committed to identifying and financing development projects in the most vulnerable countries that reduce the vulnerability to the impacts of climate change. This includes financing capacity building on the issue of integrating vulnerability to climate change in their strategies and investments, as well as supporting the design of decision-making tools for economic actors as well as risk management tools.

Moreover, the AFD group is currently putting in place a systematic process to assess the vulnerability effect of climate change of its portfolio.

4. Information on steps taken to enhance enabling environment domestically and in developing countries

France has already put in place national measures and incentives. It has passed a comprehensive domestic energy tax reform from 2014 onwards, which consists in increasing energy tax rates according to the carbon intensity of the energy products. The reform is based on the same rationale as the EC proposal made in April 2011 with regard to the 2003-96 directive. The benchmark carbon price is set at 7 EUR/teCO₂ in 2014, rapidly increasing to 14.5 EUR/t in 2015 and 22 EUR/t in 2016. Additional fiscal revenue is estimated 0.34 Billion EUR in 2014, 2.5 Billion EUR in 2015, 4 Billion EUR in 2016. It will be used to offset part of the tax rebate granted to private companies under a wage tax credit scheme.

With respect to international climate finance, France is providing bilateral support not only for programs limited to specific aspects or regional challenges but is also providing support in order to improve the overall attractiveness of countries for national and international investments; in this spirit, the “Climate Change Programme Loans” (CCPL) of the AFD contribute to the definition and setting up of efficient and ambitious climate friendly public policies and national strategies to fight climate change. This support to national low-carbon development policies (in Indonesia, Vietnam, Mexico, Mauritius), based on cross-cutting policy discussions with partner countries, helps meet the challenge of transforming countries’ economic models. The cumulative commitment on CCPLs represents 1.3 Billion EUR since 2008 for ten CCPLs.

In this context, the AFD and the French GEF (French Fund for the Global Environment – FFEM) are also financing a capacity building project (3 million EUR) which provides technical support to four African countries (Uganda, Gabon, Kenya and Benin). It is implemented through “Adetef”, the technical assistance agency of both the French Ministry of Economy and Finance and the Ministry of Environment. The main objective of the project is to support the beneficiary countries in developing and implementing low-carbon and climate-resilient development strategies. In particular, the support aims at contributing to the mainstreaming of climate change challenges into the design and implementation of development strategies and sectorial plans. A request for financing the extension of this program to four other African countries and two regional institutions, through a delegation of funds from the Pan African Program 2014 -2020 to AFD, has recently been submitted to the European Union.

Germany

1. Information on their policies, programmes and priorities / Information on actions and plans to mobilize additional finance

Germany is a reliable partner in international climate finance. The German Federal Ministry for Economic Cooperation and Development (BMZ) and the German Federal Ministry for the Environment and Building (BMUB) support international climate activities through bilateral and multilateral programmes and funds. German international climate finance addresses climate change mitigation, adaptation to climate change as well as the reduction of emissions from deforestation and forest degradation (REDD+) and biodiversity preservation.

German international climate finance is channeled through different approaches:

1. Climate Finance is part of sustainable development and therefore a significant element of our long-term development cooperation. The main part of the German international climate finance is provided by the **Ministry of Economic Cooperation and Development (BMZ)**. BMZ supports climate activities in nearly all of its 79 partner countries and mainstreams climate change aspects in its whole development portfolio ([BMZ - climate finance](#)). On the basis of regular consultations, priority sectors for German development cooperation are jointly discussed and agreed with individual partner countries and constitute the pillars of the medium-term cooperation strategy. This dialogue is coordinated and channeled in the respective partner country through the responsible national institution for the coordination of development cooperation. A key element of BMZ's efforts in its partner countries in order to reduce greenhouse gases and adapt to the negative effects of climate change is to support them in integrating climate protection and climate adaptation into their national development strategies.
2. In view of the huge and dynamic challenges posed by global climate change, climate finance needs to support flexible and prompt interventions, and help implementing COP-decisions. This approach is mainly followed by the International Climate Initiative (IKI), provided by the **Federal Ministry of Environment, Nature Conservation, Building and Nuclear Safety (BMUB)** since 2008. The IKI (www.international-climate-initiative.com/en/) is a dedicated instrument for climate finance aiming for a catalytic role for both concrete actions on the ground and the UNFCCC process.
3. Contributions to multilateral institutions and funds such as Green Climate Fund, the Global Environmental Facility, the Least Developed Countries Fund, the Special Climate Change Fund, the Forest Carbon Partnership Facility, the Adaptation Fund or the Climate Investment Funds also represent a key element of German climate finance.

Thereby the support is provided in different areas:

1. Climate policy instruments that are ambitious, innovative and drive transformational change.

2. Capacity building and readiness activities that increases the ownership and leadership of government's climate actions.
3. Implementation of pilot projects that move mitigation and adaptation technologies towards commercial uptake.
4. Wide-spread implementation, replicating innovative or smaller-scale approaches in broader programmes.
5. Mainstreaming climate protection and adaptation to climate change as cross-cutting issues integrated in all relevant activities of development cooperation (e.g. by "climate-proofing" all strategies, programmes, projects and investments).

German climate finance from budgetary resources amounted to approximately 1.8 billion EUR in 2013.

In addition, KfW development bank raises important climate relevant finance from capital markets, which is partially leveraged by finance provided by the German public budget. In 2013 KfW development bank provided climate relevant flows of this nature amounting to € 1.05 bn. These flows represent ODA eligible flows, in the form of concessional loans. DEG furthermore provided € 448 mio. of climate relevant funds. These flows provided by KfW and DEG are currently not reported to UNFCCC.

Public Climate Finance

Germany is providing international climate finance from its national budget and nearly quadrupled the provided finance since 2005 from € 471 mio. to approximately € 1.8 bn. in 2013.

From 2010 to 2012 an average of 84 % of Germany's public finance has been channeled through bilateral channels and 16 % through multilateral channels.

Bilateral cooperation is the main focus of German international climate finance. Projects are geared to the needs of the partner countries. Measures supported include a wide range of activities, e.g. technical as well as financial cooperation for mitigation and adaptation as well as REDD+, including readiness. Main implementing partners of the German Government are the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and KfW Development Bank (KfW).

Germany is also committed to multilateral cooperation and supports for instance:

- **Global Environment Facility (GEF):** Germany is a voting member of the GEF Council. Germany pledged € 350 mio. in the GEF Trust Fund's sixth replenishment period (2014-2018). Germany's contribution accounts for 12.4% of GEF's funding, making it the third largest donor after Japan and the United States. As Germany considers 40 percent of GEF's activities as climate relevant we account this amount of our contributions to the GEF Trust Fund as part of our climate finance.
- **Least Developed Countries Fund (LDCF):** German contributions total € 165 mio. which makes it the largest donor in the LDCF.

- **Special Climate Change Fund (SCCF):** Germany concentrates its support for the SCCF on adaptation to climate change. Germany's contributions to SCCF total € 120 mio. which makes it the largest donor in the SCCF.
- **Adaptation Fund (AF):** The German government disbursed € 40 mio. into the Adaptation Fund, and is therefore the third largest donor.
- **Climate Investment Funds (CIFs):** At their 2009 summit in Toyako, Japan, the G8 countries announced that they would contribute US\$ 6 bn. to the new CIFs. Contributions totaling US\$ 7.8 bn. have been pledged to date. Germany's contribution is € 550 mio., equaling approximately US\$ 732 mio.
- **Forest Carbon Partnership Facility (FCPF):** Germany was the initiator of the FCPF (2007 G8 summit at Heiligendamm) and is the second largest donor with contributions totaling € 140.4 mio.
- **Green Climate Fund (GCF):** The GCF will complement existing bilateral and multilateral instruments as the key instrument in the multilateral climate finance architecture. Germany provided € 60 mio. through bilateral and multilateral channels for climate finance readiness in particular for readiness to access the Green Climate Fund. Chancellor Merkel announced at the Fifth Petersberg Dialogue in July 2014 that Germany will contribute up to € 750 mio. for the Initial Resource Mobilization of the GCF.

Mobilising Private Climate Finance

Germany follows a twofold approach to mobilize private climate finance for low carbon and climate resilient growth in developing countries:

1. Germany provides support that **directly** mobilizes private climate finance for mitigation and adaptation measures. A variety of instruments contributes to this support, e.g. climate specific credit lines for the financial sector of partner countries, climate insurance systems, risk mitigation measures, export credit guarantees, concessional lending, equity co-financing, grant support. Thereby Germany directly mobilizes additional private climate finance in its partner countries as well as among private sector actors in Germany who invest in developing countries. The support has to be targeted, and does not crowd out private investments.
2. Germany supports partner countries in designing, implementing and financing enabling environments for private investments in mitigation and adaptation measures. Thereby Germany **indirectly** mobilizes additional private investments in developing countries.

Examples for direct mobilisation

Global Climate Partnership Fund (GCPF)

The structured public-private partnership fund fosters energy efficiency and renewable energy investments in small and medium enterprises and private households in the target countries via financial institutions or directly. Initiated by BMUB and KfW in 2009, it continues its steady growth, on the funding as well as on the portfolio side. The fund

currently registers seven shareholders and a committed fund volume of US\$ 326 mio. (€ 245 mio. equivalent). It is thus on a good way to reach its intermediate target volume of US\$ 500 mio. (€ 376 mio. equivalent) by 2016. The current portfolio sums up to US\$ 243 million, (€ 183 mio. equivalent) containing 13 investments in 11 countries. ([Global Climate Partnership Fund](#))

Green for Growth Fund

The Green for Growth Fund, Southeast Europe is the first specialized fund to advance energy efficiency (EE) and renewable energy (RE) in Southeast Europe, as well as in the nearby European Eastern Neighbourhood region. Initiated by the European Investment Bank and the German KfW Development Bank, GGF is an innovative public-private partnership established to reduce energy consumption and CO2 emissions. GGF provides refinancing to Financial Institutions to enhance their participation in the EE and RE sectors and also makes direct investments in Non-Financial Institutions with projects in these areas. GGF is a structured fund with a fund volume of currently approximately € 238 Mio. and overall commitments of € 274 Mio. Investors are besides EIB and KfW several IFI and also first private investors. ([Green for Growth Fund](#))

German Climate Technology Initiative

Since 2011, The German Federal Government committed a total of € 279 mio. of funding from its budget to implement the German Climate Technology Initiative (DKTI). DKTI combines both technical and financial cooperation measures to implement climate friendly technologies in developing and emerging markets. Projects are being implemented in Brazil, Vietnam, Tunisia, Morocco, Chile, amongst other. Public funds are expected to leverage total funding of up to € 1.1 bn. ([German Climate Technology Initiative - DKTI](#))

Support to the African Risk Capacity (ARC) - Insurance Company (IC)

Within the scope of this initiative an insurance company has been recently founded, the African Risk Capacity Insurance Company Ltd., that is offering drought insurance to African member states. The ARC insurance company has been capitalized by the UK and Germany (March 2014), with a contribution of approx. € 50 mio. by the German government through KfW (equity € 46 mio. and grant € 4 mio. for advice and training). The insurance company is managed by a private insurance manager and underwriter. It is expected that the equity participations by KfW and other public investors will mobilize private investors. In the medium run ARC will be majority owned by the African countries that benefit from the insurance cover. To leverage the outreach of ARC insurance and to increase its financial resilience ARC IC is working with private re-insurance companies to lay off some of the risk that the company is taking on. The cooperation with private re-insurance companies is fundamental for the success of the project. ARC IC is procuring the reinsurance services from commercial insurance companies such as Munich Re or Swiss Re. ([African Risk Capacity Home](#))

Examples for indirect mobilization

Advising on integrated financial management of climate risks

The GIZ administered project advises the Peruvian Ministry of Agriculture (MINAG) on establishing a risk-transfer system with the backing of both the state and the private sector from 2014 until the end of 2018 with a contribution of € 5 mio. The private and public financial services offered will enable agricultural producers to reduce their vulnerability to weather extremes and to limit their exposure to the associated risks. The project is also supporting the development of an information system and strengthening the expertise required for the management and government supervision of risk transfer systems in Peru. ([ICI: advising on integrated financial management of climate risks](#))

G20 Dialogue Platform to mobilize private capital for inclusive green growth

Germany, together with Mexico and other partners works on the establishment of a dialogue platform to mobilize private capital for inclusive green investment as a G20 Development Working Group deliverable. The purpose is to enable the public sector to work more efficiently and effectively with the private sector, and in particular (institutional) investors, to find new collaborative approaches to financing green investments in developing countries.

Capacity Building for Green Growth Strategies

In bilateral programmes on sustainable economic development with individual partner countries Germany focuses its support on improving capacities for structural changes towards green growth. In Kirgizstan a new bilateral programme started in 2014 focusing on support to the implementation of its National Strategy for Sustainable Development (€ 4.6 mio.). Key elements of the support are policy advice to improve ecological sustainable framework conditions for private sector investments, support for the expansion of investments in ecologically sustainable value chains, access to Green Growth oriented financial services.

2. Information to increase clarity on the expected levels of climate finance mobilized from different sources

Germany holds to its commitments given in Copenhagen. For 2014 Germany plans to increase international climate finance from its national budget to € 1.85 bn.

In addition, KfW und DEG continue to provide significant amounts of international climate finance in 2014.

Germany continues to provide financing REDD+ at least at current level as the Government announced at the high level dialogue on finance at COP 19.

3. Information on how Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change

Germany provides finance for mitigation, adaptation and the protection of biodiversity including REDD+ contributing to mitigation of greenhouse gases as well as adaptation to climate change.

German climate finance aims to create as many synergies as possible between mitigation, adaptation, REDD+ as well as biodiversity conservation and sustainable development. Therefore, Germany supports projects that combine the priorities of the individual support areas.

In the years 2010-2012 Germany provided € 4.653 bn. international climate finance with the main component of bilateral finance in the amount of € 3.857 bn. (€ 2010: 1.187 bn., 2011: € 1.274 bn., 2012: € 1.396 bn.). Germany's bilateral commitments for mitigation finance were € 1.823 bn. (47 %), € 998 mio. on adaptation finance (26 %) and € 1.036 bn. for biodiversity, including REDD+ (27 %).

To strive for balance, in recent years Germany gave stronger priority on adaptation measures and REDD+/biodiversity projects. As a result, the share of bilateral mitigation finance decreased from 54% (2010) to 44 % (each, 2011 and 2012) while on the other side REDD+ / biodiversity has risen from 21 % over 27 % to 30 % and adaptation remains at 25% with a peak of 27 % in 2012.

With regard to regions, in the years 2010 - 2012, 39 % (€ 1.503 bn.) of Germany's bilateral climate financing was channeled to Africa, while 36 % (€ 1.391 bn.) went to Asia, the Middle East and South East Europe, and 17 % (€ 663 mio.) to Latin America and the Caribbean. A further 8 % (€ 300 mio.) of projects were regional or global in nature. The needs of particularly vulnerable countries are taken into account in the regional balance.

4. Information on steps taken to enhance their enabling environments, following on from the report of the co-chairs of the extended work programme on long-term finance

Enabling environments in developed countries

BMZ and BMUB are developing joint strategies for their support on mitigation and on adaptation to developing countries. These strategies will provide an improved framework for the cooperation with our partners envisaging more effectiveness and efficiency and therefore more impact.

Furthermore, Germany enhanced its instruments for mainstreaming climate change into all areas of development cooperation. A comprehensive guideline on assessing environmental and climate risks as well as potentials for additional contributions to environmental protection, mitigation and adaptation in the bilateral development cooperation activities was introduced as a tool for all strategic and project related planning phases of bilateral cooperation by January 2011. Compliance with these guidelines is mandatory for BMZ and

the organizations implementing the projects. Applying this tool e.g. all German development cooperation projects in the field of agriculture must consider not only potential risks of climate change to the project's impacts, but also have to be planned in a way that opportunities of improving climate change resilience are taken into account. ([BMZ - Impacts](#))

The state-owned implementing agencies GIZ and KfW operate with a mandate on behalf of the German government. GIZ mainly implements technical cooperation with a strong focus on capacity development. KfW is a state owned promotional bank. KfW mainly implements financial cooperation with a strong focus on technology transfer. It provides climate finance to developing countries in the form of concessional loans as well as grants and equity through its affiliate KfW Development Bank. KfW Development Bank consolidated its position as a leading international climate and environmental bank.

Support on effective environments in developing countries

Domestic framework conditions (i.e. enabling environments) are key to deploy climate finance and mobilize co-financing. Germany has in the past, and will in the future, increase its efforts to support developing countries in the implementation of such frameworks:

World Bank's Energy Sector Management Programme

Germany supports the Energy Subsidy Reform and Delivery Facility of the World Bank's Energy Sector Management Programme (ESMAP). ESMAP was initiated in 2013 and its technical assistance activities currently focus on Egypt, Vietnam, Belarus, Tajikistan, Yemen, Central America and the Kyrgyz Republic. Germany supports currently ESMAP's budget with a contribution of € 3 mio. The aim of the programme is to trigger investment in clean energy supply in target countries. ([ESMAP](#))

Support of developing intended nationally determined contributions

Supporting partner countries in the process of preparing their Intended Nationally Determined Contributions (INDCs) until March 2015 is currently a top priority for the IKI. Therefore finance is provided for activities that are relevant for the development and submission of INDCs. In doing so, the initiative can build on a rich experience gained through almost a hundred mitigation projects focusing on climate policy. This strategic part of the IKI portfolio (which in total has committed close to € 390 Mio. since its foundation in 2008) promotes the development and implementation of cross-sectoral, long-term mitigation strategies (LCDS) and of sectoral mitigation actions (NAMAs). It also supports capacity building in MRV systems, the establishment of national registers as well as carbon market instruments. With a total funding volume of approximately € 3.75 mio., the IKI supports the development of a number of INDCs in Armenia, The Gambia, Peru, Vietnam, Thailand, Philippines, Indonesia, Georgia, Morocco, Jordan, Ghana, Maldives, Marshall Islands, Ukraine, Egypt, Dominican Republic, Argentina, Columbia, Uruguay and Lebanon, offers ad-hoc support in the preparation of INDCs for up to 10 additional countries and co-finances UNDP's technical dialogue workshop series on INDCs. ([ICI: INDCs](#), [ICI: INDCs - UNEP](#))

Mainstreaming/climate proofing of development

The GIZ adopted a multi-level approach to provide technical support to adaptation activities, including support to National Adaptation Plans (NAP) processes through preparatory activities, SNAP tool and NAP align; monitoring and evaluation of adaptation at project level; and vulnerability analyses. To support partner countries in mainstreaming adaptation, the

GIZ uses two types of instruments: the environmental and climate assessment (ECA) and climate proofing for development in partner countries. ([Climate Proofing for Development](#))
Strengthening regional and national adaptation capacities in the Pacific Islands Region

Germany supports capacity development of 12 Pacific Island countries and several Pacific regional organizations in strengthening climate change adaptation activities. The programme started in 2009. So far € 39.74 mio. were committed to the programme (including co-finance by EU European Development Fund and Global Climate Change Alliance in a volume of € 20,3 mio.) for financing the programme till 2015. Building on the Pacific Island Framework for Action on Climate Change Germany supports together with the Secretariat of the Pacific Community (SPC) inter alia the development and implementation of joint national action plans on climate change and disaster risk management as well as national sustainable development strategies. On the local level activities include for example, a community-based ecosystem approach to fisheries management in Yap (Federated States of Micronesia). ([Coping with climate change in the Pacific island region](#))

Hungary

1. Information on policies, programmes and priorities / Information on actions and plans to mobilize additional finance [3/CP.19]

Hungary is dedicated to developing international climate finance measures which could contribute to achieving the 2 degree goal in a meaningful way. However, we are still in the initial phase of building up the infrastructure necessary for scaling up climate financing. As a part of this process, in 2014, we adopted a national strategy on international development cooperation, which defines climate financing as an important area in our future activity.

In 2011, we became more actively engaged in the work of organizations involved in climate protection and financing. Hungary contributed 1 million EUR to the Least Developed Countries Fund (LDCF) operating under the United Nations Framework Convention on Climate Change (UNFCCC) and managed by the Green Environment Facility (GEF). With this contribution, Hungary became one of the first donors from Central Europe to directly support the adaptation needs of the least developed countries, which are mostly vulnerable to the adverse impacts of climate change. Being a member on the Board of the Green Climate Fund, we are also considering our contribution to the Green Climate Fund (GCF).

In 2012, we dedicated 750 000 USD to energy efficiency projects in Ukraine within the Eastern Partnership Program. The project aimed at retrofitting various educational and cultural institutions.

We have also made substantial steps towards strengthening the role of the private sector in our international development cooperation. In 2013, we established a 20 million USD Trust Fund for advisory services with the International Finance Corporation, a member of the World Bank Group, which will enable Hungarian donors to take an active part in developing the IFC's international development cooperation strategy and its programming.

In order to ensure cost-efficiency, there is a need for the inclusion of private funds and resources out of the state budget which is encouraged by the international community.

There is a close relationship between the international financial climate financing mechanisms and the national climate policy support systems, mainly which systems are based on quota-revenues. Hungary has a national-level incentive scheme, called Green Investment Scheme which is largely built on revenues from quotas got by the international emissions trading system, due to bi- and multilateral agreements and predefined procedures.

Regarding the Carbon Markets and pricing Measures we can see that the Emissions Trading System of Hungary is regulated and traceable due to the full implementation of all relevant legislation of the Kyoto Protocol and the European Union Emissions Trading System. Besides, in order to create safe and regulated emissions trading system, the national legal system had been developed and supplemented by the Order no. 36/2012 (XII.7.) of the Ministry of National Development on decision-making and documentation related to emissions trading. According to the decision-making legislation, the quota prices are followed on a daily basis with the help of official resources of the international news agencies.

2. Information to increase clarity on the expected levels of climate finance mobilized from different sources [3/CP 19]

An implementing regulation to our national legislation on the ETS Directive regarding the use of 50% of ETS revenues for both national and international climate finance is under preparation.

3. Information on how Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change [3/CP 19]

Hungary is trying to take an active role within the international donor community activities aimed at combatting against climate change in developing countries. Hungary provided 750 000 USD grant for mitigation purposes in the energy sector.

Traditionally, Hungary has better knowledge in developing adaptation mechanisms, as we have value added expertise in water management and agriculture, therefore future projects should predominantly come from these areas. However, we intend to keep a balance in our future financing based on the needs of our partner countries.

4. Information on steps taken to enhance their enabling environments, following on from the report of the co-chairs of the extended work programme on long-term finance [3/ CP 19]

Hungary is exploring the possibilities to include climate finance in our international development and humanitarian aid projects through negotiations with our partner countries. This is a lengthy and complicated process, but hopefully we will soon be able to develop a more integrated approach.

Capacity-building

The transfer of know-how, technology and good practices are particularly important in agriculture and related manufacturing industry sectors; this includes non-traditional production methods of foods and beverages, but also latest technologies in viticulture and environmentally sustainable animal husbandry. Human capacity building scholarship programmes play a predominant role in international development policy, and the joint programmes with FAO are especially relevant in developing countries.

Technology development and transfer

The private sector plays a role in Hungary's international development assistance projects in a limited number of fields, among the most important being humanitarian aid (donation of foods and medicines) and some aspects of technical assistance. However, the project-level overview of development activities indicates a more significant contribution. In this respect, the following projects should be mentioned:

- Infrastructure development in Bosnia and Herzegovina (namely the transfer of water purification technology of drinking water in Tuzla)
- Agricultural and food industry training in Kenya (as part of the joint Scholarship Programme with the UN FAO)

- Joint Scholarship Programme with the UN FAO for Vietnamese applicants. In addition, it is worth mentioning that private companies contributed to agricultural development projects in Afghanistan and Laos.

5. Information on effective deployment of climate finance and transparency

The EU ETS Directive sets a non-legally binding recommendation to the EU and its Member States according to which member states should spend at least 50% of auction revenues on measures addressed to tackle climate change. We have applied this regulation into our national legislation, and are working on the implementing steps in terms of national and international spending.

Ireland

Despite difficult economic circumstances, Ireland has maintained support, including public finance, for climate action in developing countries. In this chapter, we describe the strategies and approaches of the key government departments in Ireland. Efforts to date have been focussed largely on grant support from the Exchequer. Ireland has less experience in mobilising, leveraging and/or catalysing private climate finance for developing country actions but intends to make progress here towards 2020. Ireland's reported climate finance to date has been largely towards adaptation. This orientation will continue in the near future. We think that this orientation can contribute to greater balance between adaptation and mitigation at the global level.

Public Finance

The Department of the Environment, Community and Local Government (DECLG) made a contribution of €33m over two years during the Fast-Start Finance period supporting the Global Climate Change Alliance (GCCA) and the Least Developed Countries Fund (LDCF). In addition, since 2007, the DECLG has been an active participant in the World Bank BioCarbon fund, which while not counted or reported as climate finance, has had a positive climate mitigation impact by restoring degraded lands, reducing deforestation, planting trees, increasing yields and improving rural livelihoods by engaging with local communities, national entities, private firms and non-governmental organisations. Ireland's total investment in the fund is just in excess of US \$10million. The Department of the Environment, Community and Local Government is also a contributor to both the Global Environment Facility (GEF) and to the UNEP Environment Fund, both of which identify climate change mitigation and adaptation, particularly in developing countries, as a priority area.

The vast majority of Ireland's annual climate finance returns come from climate relevant action in Ireland's overseas development programme, Irish Aid, in the Department of Foreign Affairs and Trade (DFAT). In 2013 Ireland delivered EUR€33,958,000 through Irish Aid in grant based support for climate action in developing countries. As well as contributing climate finance, Irish Aid also plays a role in delivering support via technology transfer and capacity building to developing countries. Since the beginning of the Fast-Start Finance period Irish Aid has scaled up its activities in support of climate response in developing countries, in particular via its engagement with Key Partner Countries (KPCs). Irish Aid's bilateral work focuses on Least Developed Countries (LDCs) as they are particularly vulnerable, with specific attention to Irish Aid Key Partner Countries (KPCs) in Sub-Saharan Africa (Ethiopia, Liberia, Malawi, Mozambique, Sierra Leone, Tanzania, Uganda, Lesotho and Zambia, but also Vietnam,). Irish Aid provides regular support to the UNFCCC LDCs' Expert Group (LEG) and to the LDC Fund (LDCF). Ireland continues to support the International Institute for Environment and Development (IIED) and World Resources Institute (WRI) in their work with the LDCs. Ireland also provides financial support to the annual Community Based Adaptation conference.

Irish Aid recognises the importance of climate change for development outcomes and is committed to continuing and improving its support for climate change responses in developing countries. Ireland's key partner countries are already experiencing climate change and scenarios profile increasing adverse impacts on these least developed countries.

This is reflected in Irish Aid’s response. Significant emphasis is placed on sustainable natural resource management across Ireland’s development programmes, largely owing to the emphasis of Irish Aid’s work as a whole on agriculture, food and nutrition security. Emphasis is placed on disaster risk reduction and interventions to improve climate resilience and reduce vulnerability. Irish Aid bilateral support for climate response in KPCs grew from almost €10million in 2010 to €28million in 2012. In May 2013, the Government of Ireland launched its new policy for international development, “One World, One Future”. This policy includes “Climate Change and Development” as one of six priority areas for action and signals the increasing importance given by Irish Aid to appropriate climate change responses. Sustainability is a core value of the Policy, “ensuring that Ireland’s interventions bring real benefits over the long-term, are environmentally sound and address the causes of poverty rather than just the symptoms”.

The Department for Agriculture, Food and Marine (DAFM) also provides public finance for climate action in developing countries. –Contributing to climate mitigation or adaption and/or food security is a new area for funding for the department. To date all support for projects has been grant assistance. In addition DAFM is involved in the following collaborative multilateral initiatives:

- Ireland is a founder member of the Global Research Alliance on Agricultural Greenhouse Gas Emissions, established in December 2009. DAFM and other Irish agricultural scientists are playing a central role in a worldwide assessment of current research and technologies and defining the most promising pathways for future research.
- DAFM has provided funding to a number of FAO projects which contribute to climate mitigation and adaption including; the United Nations FAO Partnership on Benchmarking and Monitoring the Environmental Performance of Livestock Chains of which Ireland is a founding partner; the FAO led global initiative on reducing food loss & waste reduction; and the UN Committee on Food Security (CFS) High Level Panel of Experts.
- The Forest Service made a contribution to the European Forest Institute EU REDD facility in 2013. The monies were spent on a REDD+ outreach programme in developing countries. The Forest Service sits on the steering committee of the REDD facility as a contributing member.

Climate Change and Development Learning Platform

During Ireland’s Presidency of the EU in 2013, Ireland hosted the Hunger, Nutrition and Climate Justice Conference. As one of the outcomes, the conference recommended, and the Department of Foreign Affairs and Trade sanctioned, building a learning platform to strengthen our collective understanding and capacity to develop climate change policy and programming.

Irish Aid have partnered with the International Institute for Environment and Development (IIED) who have prepared and organised the learning platform jointly with partners and Irish Aid for at least 2014 – 2017. The Climate Change and Development Learning Platform focuses on relating country level engagements to international policy frameworks. The Learning Platform includes a training programme to increase Irish Aid staff and partner’s capacity to incorporate climate change into development programming and improve tracking and reporting of climate change activities. The Learning Platform incorporates

workshops, field visits, documentation and publication of case studies, a web-based component for gathering and sharing learning and dissemination of key lessons to inform international climate change dialogue. The Climate Change and Development Learning Platform will be presented as part of an IIED side-event at COP 20 in Lima.

As part of the learning platform the results of this work will be disseminated through events linked to the climate negotiations, in-house seminars, briefing of Irish Government Departments, and a web-based component to share knowledge and inform programming processes. The online component will deliver a joint repository for research, analytical work, principles and guidance, a one-stop shop for information and tools, the capacity for partners to exchange views, lessons learned and best practices and a gateway to other online resources.

Regional support will be provided to country teams to better incorporate climate change into development programmes and training will be provided to improve internal and partner capacity to lead, plan and implement local climate change adaptation processes. The Climate Change and Development Learning Platform topics discussed include: linkages with the global climate change frameworks; climate and development; Climate Smart Agriculture; agro-ecology and farmer-scientist linkages; household energy and food systems; enablers and inhibitors of adoption of Climate Smart technologies; climate resilience, Disaster Risk Reduction and poverty; the nexus between hunger, nutrition and climate change and tracking climate finance for adaptation.

Transparency and Reporting of Public Climate Finance from Irish Aid

Irish Aid is committed to improving and increasing the transparency of its support for climate response in developing countries. To this end, in 2014 Irish Aid launched a rigorous and detailed mapping of 2013 climate finance. This mapping exercise for the first time employs a coefficient of 50% to weight the contribution of ‘significant’⁸ climate expenditures to climate finance totals. This aims to reflect and signify that not all of the resources of that activity are directed towards overall climate response efforts. The mapping exercise has been documented and will be published to enhance transparency on the application of the Rio Markers to Irish Aid’s bilateral funding. Irish Aid will use 50% and 100% weightings respectively for activities marked as ‘significant’ and ‘principal’ under the OECD DAC Rio markers in order to calculate and report climate finance. The mapping exercise also links with the Climate Change and Development Learning Platform to enhance the capacity of relevant Government and Embassy staff, as well as staff of our development partners, to report climate finance in a robust, consistent and transparent manner.

Ireland’s Domestic Enabling Environment

The Department of the Environment, Community and Local Government (DECLG) has a key role in overall climate policy in Ireland, leading on domestic, EU and International Policy, including through leading the national delegation to the UNFCCC. The DECLG works to provide certainty and coherence through development of an overall National Policy Position on Climate Action and Low Carbon Development and long-term planning. Ireland adopted its

⁸ Irish Aid reporting of climate finance uses the OECD DAC Rio Markers methodology to identify climate relevant disbursements. Under this methodology relevant expenditures can be marked either as ‘principal’ or ‘significant’ in mitigation or adaptation depending on whether the climate dimension is documented as a primary or secondary objective of the activity.

National Policy Position on Climate Action and Low Carbon Development in April 2014. The Policy Position recognises the threat of climate change for humanity; anticipates and supports mobilisation of a comprehensive international response to climate change and global transition to a low-carbon future; and recognises the challenges and opportunities of the broad transition agenda for society. Its purpose is to provide a coherent, high-level policy direction for the adoption and implementation by Government of a series of National Low-Carbon Roadmaps and National Adaptation Plans to enable the State to pursue and achieve transition to a competitive, low-carbon, climate resilient and environmentally sustainable economy by 2050.

The adoption of the policy is key to providing longer-term clarity and certainty regarding transition; clarifying the level of mitigation ambition envisaged as well as the process – both in terms of greenhouse gas mitigation and climate change adaptation; clarifying key institutional arrangements, including evolution of national climate policy on an iterative basis, and accountability to Dáil Éireann (Parliament); and setting out key issues for consideration, in order to achieve the critical balance between environmental and economic sustainability. These national plans should ensure a coherent and comprehensive policy across all key sectors, and to provide maximum clarity and policy certainty for business and stakeholders generally.

The Department of Finance is responsible for many of the levers which can contribute to a positive enabling environment in Ireland. Ireland already has in place a number of taxation measures which are consistent with the Government's approach to emissions reduction and renewables targets. This includes a Carbon Tax on fossil fuels which is levied at €20 per tonne of CO₂ emission and is designed to promote energy efficiency, reduce emissions and reduce Ireland's dependence on imported fossil fuels. Motor tax and Vehicle Registration Tax (VRT) since 2008 have been graduated based on CO₂ emissions performance of the car. This has been successful in influencing purchasing behaviour. Further revisions to the structure and rates of VRT and Motor Tax have been made recently, to make further strides to reduce CO₂ emissions into the future. Further changes to the tax code to incentivise energy efficiency and reduce emissions must take account of the budgetary requirements and constraints. As part of the bank recapitalisation programme, the Government imposed lending targets for the pillar banks with regard to the renewable and energy sector. This led to the establishment of a €100m environmental, clean energy and innovation fund by both AIB and Bank of Ireland. Continued commitment to the renewable and energy efficiency sector is demonstrated by AIB earmarking €1 billion for lending to this sector over the 2014-17 period.

The Department of Finance and Revenue engage in extensive information sharing with other jurisdictions. The Office of the Revenue Commissioners (Revenue) shares information with the European Commission, and thus other EU Member States, regarding rates and yields in respect of Carbon Tax and provide periodic updates to OECD's Database on instruments used for environmental policy. Revenue also publish information on Carbon Taxation collected as an excise duty in their annual statistical reports each year. With regards to VRT, Revenue share information on the Irish VRT system with other member states through various EU websites.

The Department of Public Expenditure and Reform (DPER) is responsible for Ireland's Public Spending Code. This includes a methodology for reflecting the cost of carbon in Cost Benefit Analyses. Any proposals for expenditures in excess of €20million must include a cost-benefit or cost-effectiveness analysis which reflects the cost of carbon as per the public spending code. Work has progressed in 2014 on updating the carbon parameter and it is envisaged that an updated guidance note will be published in the coming months.

International Enabling Environment and Capacity Building

Irish Aid places much importance on strengthening partner's capacity and developing enabling environments to build climate resilience. Capacity building is integrated into all development support and in some cases it is the focus of programme activities. For example, Irish Aid supported the Ministry of Local Government and Rural Development in Malawi to strengthen the public financial management capacity in all 28 districts and in 2 municipal councils of the country. This included training of local authorities' administrators and finance officers, training in vulnerability assessment and training in system maintenance for each district. The programme supported the appointment of 30 financial analysts (one for each local authority) and supplied computer and office equipment to all Districts. While this activity was not focussed on a climate outcome (and thus is not counted as climate finance) it facilitates and enables future flows of climate finance to Malawi. Irish Aid will continue to support capacity building and enabling environments in our Key Partner Countries.

Private Finance

Ireland's Green International Financial Services Centre (IFSC) is focused on increasing 'green' assets managed, administered or deployed in/from Ireland from today's \$24 billion to \$200 billion by 2020. During 2013, the Green IFSC grew by an estimated €3 billion of green funds. The Green IFSC continues to implement a number of initiatives including ongoing implementation of the 'Greening the IFSC' initiative; the up-skilling of senior civil servants in countries receiving finance; and the enhancement of Ireland's profile and enabling environment as a location for green funds. In 2013, Ireland was ranked in a KPMG international survey as the 7th most-attractive location globally for green finance-enabling legislation.

As part of the Green IFSC initiative, Ireland's securitisation regime was extended in Finance Acts 2011 and 2012 to include a broader range of greenhouse gas emissions allowances, including forest carbon credits issued pursuant to the UN REDD+ programme. This facilitates the financing of such assets through Ireland's international financial services sector, thereby supporting the growth and success of the domestic and global low-carbon economy.

Irish Aid support is based on grants and technical assistance and is largely directed towards rural and agricultural activities. This determines the type and level of engagement with the private sector. Irish Aid activities have supported and will continue to support farmers in developing countries to achieve a higher price for output by meeting quality standards, and also to move up the value chain by engaging in processing activities. Irish Aid supports the Irish Fair Trade Network (IFTN) in its work with the international certification standards particularly, Fairtrade and UTZ Certified. Their certification of agricultural products creates a price premium and thus mobilises additional private finance for small-scale farmers. Currently this work is focussed on East Africa.

The Fairtrade and UTZ Certified standards promote sustainable production practices in agriculture, including adaptation and mitigation through adherence to core environmental standards, developmental requirements and codes of conduct that reinforce good agricultural practices, enhance adaptation and reduce GHG emissions. Requirements are detailed and crop specific. Both Fairtrade and UTZ Certified promote sustainable practices as part of a broader effort to improve the business viability of small-scale farmers. Fairtrade has also developed a Producer Support Programme for Climate Change Adaptation and Mitigation. This programme focuses on a) providing generic services to farmers namely in terms of climate change awareness and information and b) developing regional and product-specific projects to support farmers in adapting to climate change.

Irish Aid has offered technical assistance to Vietnam in de-regulating their electricity sector. This should improve the enabling environment for future investment in renewable energy. As this has not been measured, it was not counted as climate finance. Irish Aid has also supported development of export businesses in Uganda via the Traidlinks programme. As part of this programme, existing private enterprises in Uganda were offered technical assistance and advice which included energy audits and environmental performance improvements.

DAFM in collaboration with DFAT have developed, on a 2 year pilot basis, an Africa Agri-Food Development Fund (AADF). AADF's objective is to develop partnerships between the Irish Agri-Food Sector and African countries to support sustainable growth of the local food industry, build markets for local produce and support mutual trade between Ireland and Africa. In 2014 AADF supported a project in Ethiopia and Kenya which aims to increase sustainable production while reducing water and pesticide usage. This fund is currently undergoing review.⁹

Future Support

Looking to the future, DAFM will continue its support for appropriate projects that contribute to climate mitigation or adaptation and/or reduction of food loss. Ireland (through DAFM in conjunction with Irish Aid) plans to signal its intention to join the proposed Alliance for Climate Smart Agriculture. It is anticipated that the Forest Service will continue its commitment to the REDD facility.

Ireland, through the DECLG, has recently committed to funding the sixth GEF replenishment to the value of €5.73m over the period 2014-2017. Funding to UNEP for 2014 was \$470,000 (€357,805). Irish Aid is committed to continuing public support for climate response in developing countries. Support will be provided to the Least Developed Countries Group through IIED to strengthen their capacity to engage in the UNFCCC negotiations. Ireland will continue to support the UNFCCC-Least Developed Country Expert Group LEG to assist in the development of the NAPAs and NAP in the LDCs and continue to support the LDCF. In addition support will be provided through IIED for the annual Community Based Adaptation Conference to strengthen information sharing and learning on local adaptation processes and to WRI to increase its work in Africa. Irish Aid bilateral support to date for climate response has demonstrated a number of significant characteristics e.g;

- Support is entirely based on public grants and technical assistance

⁹ <http://www.agriculture.gov.ie/agri-foodindustry/africaagri-fooddevelopmentfundaadf/>

- The majority of support is directed towards adaptation efforts
- The majority of support for climate response is directed towards Least Developed Countries.

Irish Aid intends to maintain these features of its bi-lateral support for climate response up to 2020.

Italy

1. Information on Italy policies, programmes, priorities and information on actions and plans to mobilize additional finance.

Public Climate Finance

The Government of Italy is keen to support international actions to help Developing Country Parties reduce emissions and adapt to climate change, as well as to achieve the goal of jointly mobilizing USD 100 billion per year by 2020, in favour of these countries.

The Italian public climate finance is channelled through Official Development Assistance (ODA) and Other Official Flows.

The allocation of these public funds are divided as the following:

- adaptation and mitigation;
- multilateral and bilateral contributions;
- and geographical areas (Africa, Asia, Latin America, and SIDS).

In particular, Italy is supporting a wide range of **bilateral programmes** in more than **40 countries**. In order to be coherent with the huge efforts already made in the previous years, the geographical focus has not been changed. Therefore, the areas and countries benefiting from the Italian bilateral cooperation are: North Africa, China, India, the Mediterranean region, Central and Eastern European, Iraq, Latin America, Pacific islands.

In **2013**, the total amount committed by Italy for these activities was €28 million. Mainly, the Italian Ministry for the Environment, Land and Sea (IMELS) disbursed around €17 million; while the Italian Ministry for the Foreign Affairs (IMFA) disbursed around €11 million, and committed around €25 million.

Example: South Pacific Small Islands Developing States

From 2007 up to now, the Government of Italy has strongly supported the Governments of the **Pacific Small Island States**, namely: Republic of the Fiji Islands, Republic of Kiribati, Republic of the Marshall Islands, Federated States of Micronesia, Republic of Nauru, Republic of Palau, Independent State of Papua New Guinea, Independent State of Samoa, Solomon Islands, Kingdom of Tonga, Tuvalu, Republic of Vanuatu, Cook Islands and Niue.

The **program is dedicated to adaptation to climate change**, protection from vulnerability to extreme climate variability and mitigation of harmful emissions, generated by energy utilization. It is designed to serve as a catalyst for attracting investments in the energy sector from the International Financial Institutions and the private sector. The projects are implemented under two different modalities: direct financing and financing through an international organization (the International Union for Conservation of Nature, IUCN), and implementation is carried out by a national Agent designated for this purpose by each Government.

The objectives of the program reflect the priorities established by the Governments of the Pacific SIDS. They consisted of the development of measures to adapt to the adverse effects of climate change, the development of local renewable energy sources and bio fuels as well as the wide dissemination of their use to address energy security, while increasing access to energy services, reduce emission of greenhouse gases, and strive for sustainable transport. Moreover, the program is designed to strengthen national capacities for the establishment of national energy policies and strategies, as well as markets, and to ensure sustainability through the development and deployment of specialized human resources at both the national and community levels. The implementation of the program is carried out with the involvement and support of the beneficiary communities.

Italy multilateral activities are carried out with several relevant organizations or programmes, such as: the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Industrial Development Organization (UNIDO), the Food and Agriculture Organisation (FAO), the Regional Environmental Centre for Central and Eastern

Europe (REC), the Global Environment Facility (GEF), the World Bank (WB), the United Nations Development Programme (UNEP), the Mediterranean Action Plan (MAP), United Nations Development Programme (UNDP), International Fund for Agricultural Development (IFAD).

In **2013**, for **the multilateral cooperation**, IMFA disbursed around **€ 30 million**. For the same activities, IMELS provided around **€ 4 million**, in **2013**; while in **2014**, it has already disbursed around **€ 9 million**.

Through the Italian Ministry for the Economy and Finance, Italy pledged **€ 92 million**, in the **Global Environment Facility (GEF) Trust Fund's** sixth replenishment, **period 2014-2018**. For the period 2011-2014 (GEF V), the Italian pledge remains **€ 92 million**.

Italy deems that the **Green Climate Fund (GCF)** is the primary instrument for the deployment of climate finance, under the authority of the Conference of the Parties. It already provided €500.000, for sustaining the administrative costs of the GCF, and it is active to constructively participate to the resource mobilization to the fund.

For the period 2009-2012, Italy's **multilateral contribution** of international public climate finance to other relevant multilateral institutions and programmes is described in the table below:

Institution or Programme	Contribution (million US dollars)			
	2009	2010	2011	2012
World Bank (IBRD)	270	439	235	230
IDA	-	-	-	-
International Finance Corporation	-	-	-	-
African Development Bank	-	-	12.7	12
African Development Fund	17.6	4.7	139.7	42.3
Asian Development Bank	-	-	23.8	-
Asian Development Fund	-	-	29.6	44
FAO	14.1	21.2	17.2	12.8
IFAD	32	44.6	76.4	32.2
Inter American Development Bank	-	-	-	-
Other Regional Banks and Special Funds	1	1	-	-
United National Development Programme	5.6	4	2.5	0.17
United Nations Environment Programme	7.7	8	6.9	5.5
UNESCO	-	-	-	-
UNFCCC	1.8	1.7	1.7	0.3
IUCN – International Union for the Conservation of Nature (in million Euros)	-	-	-	-
WHO	27	28	2.3	24

In **summary**, in 2013, the IMELS provided €21 million, between bilateral and multilateral activities. The IMFA committed €56 million, for the year 2013, and disbursed €41 million. Indeed according to its budget planning, in **2014** IMELS will allocate € 15 million; in **2015** € 15 million for climate related activities in developing country Parties.

Mobilizing Private Climate Finance

The Italian government is elaborating the Development Cooperation reform. Among the several innovations, this reform will attribute a role to the private sector, in line with the objectives and principles shared within the European Union and international organizations.

2. Information to increase clarity on the expected levels of climate finance mobilized from different sources

The IMELS's commitment to tackle climate change and encourage technology transfer in the Developing Country Parties is strongly expressed in the Decree 30/2013 (DLGS 13/03/2013), that defines the criteria for the allocation of the revenues from auctioning of CO2 rights. This Decree reflects the EU Directive 2003/87/EC related to establish a scheme for greenhouse gas emissions allowance trading with the Community. In particular, it is established that the 50% of those revenues will be dedicated to projects addressed to reduce emissions from deforestation and forest degradation, to improve the technology transfer, as well as all the adaptation measures to climate change in the least developed countries.

The idea of improving transparency and information sharing is pursued at double level:

- At national level, the Ministry of Foreign Affairs together with the Ministry of the Economy and Finance has put in place a joint table, open to all the public bodies acting in the cooperation sector. In this framework, Italy has been able to build up the Fast Start finance, as well as to collect and share other relevant information on these aspects.
- At global level, Italy is a key player in several *fora* to promote the mobilisation of international climate finance, such as: G20 and Major Economies Forum.

3. Information on how Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change.

The Ministry for Foreign Affairs ensures the balance between adaptation and mitigation by using the OECD DAC Rio marker data. However, most of the activities are focused to adaptation, mainly to the vulnerable ecosystems, such as: Small Island Developing States (SIDS), African mountain and desert regions. This great consideration to the theme of adaptation is channelled by the traditional instruments of financing (loans and development aid) and other budget support initiatives.

On the other hand, most of the activities undertaken by the IMELS must be considered cross cutting, as they cover a wide range of aspects – e.g. agriculture, energy, water.

Particular attention is dedicated to investment activities on REDD+ (Reducing Emissions from Deforestation and forest Degradation), in recognition of the role of the Roman based

agencies (IFAD and FAO) in the forest sector and for the improvement of the living conditions of indigenous communities. In this framework, Italy pursues the objective of the consistency improvement in the cooperation initiatives with the objectives of adaptation, mitigation, or REDD +.

4. Information on steps taken to enhance enabling environments

The Italian actions to enhance enabling environments are addressed at double level.

- At **domestic level**, the IMELS created a “Kyoto Rotation fund” for increasing the flow of climate finance and promote a transition to a green economy through private interventions. The “Kyoto Rotation Fund” is a plan designed to promote public and private investment, for energy efficiency in the building sector and in the industrial sector, and to promote small high-efficiency systems for the production of electricity, heating and cooling, use of renewable sources in small plants, the sustainable forest management and the promotion of innovative technologies in the energy sector. The Fund provides long term lending at low interest rate: the loans reimbursed by the operator are reused in other project. In June 2012, the Fund was re-oriented to finance private corporate “green” investment with a minimum size of €0,5 million. An eligibility criterion to access the Fund is to create new jobs hiring young people (under 35y).
- At **international level**, the Italian Ministry for Foreign Affairs promote initiatives for budget support (eg. Mozambique) that include Sector Wide Approach (SWAp) interventions addressed to the local Ministries of Environment to define and adopt national adaptation plans (NAPAs).

Lithuania

1. Information on programmes, policies and priorities

Climate Change Management Strategy and its Action Plan

In November 2012, a major step was taken with the adoption of the National Strategy for Climate Change Management Policy by the Lithuanian Parliament. The strategy includes short-term, mid-term and long-term goals and objectives for the management of climate change policy at the national level. It stresses the need for climate finance (Article 116), specifies the task of ensuring financial and technologic support for the implementation of climate change mitigation and adaptation measures in developing countries and fostering development cooperation projects with third countries (Article 168.9.2) and points out to the possibility of providing climate finance through the Climate Change Special Programme (Article 117).

In April 2013 the Inter-institutional Action Plan on the Implementation of the Goals and Objectives for 2013-2020 of the National Strategy for Climate Change Management Policy was adopted by the Lithuanian Government. It lists specific measures and funds allocated by different institutions in 2013-2016 (and is currently reviewed to include goals and measures for the years 2015-2017) by the Government Resolution No 366. The Action Plan includes a measure for the identification of potential sources of public and private finance and contribution to financing and implementation of climate change mitigation and adaptation measures in developing countries (institution in charge – Ministry of Environment).

Climate Change Special Programme – an innovative fund

Under the European Union emissions trading scheme (**EU ETS**), at least 50% of the revenues generated from the auctioning of allowances have to be allocated not only for implementation of domestic measures for climate change mitigation and adaptation, but also to funding implementation of measures in developing countries. Therefore, carbon markets policy is directly linked to help meet the country's goal to increase public climate funding. In 2009 a Special Programme for Climate Change was established to fund climate change mitigation and adaptation projects. The sources of financing of the Programme are the funds obtained from the trade in Assigned Amount Units, auctioning of European Union Allowances, donations by natural and legal persons, economic penalties and other. In Lithuania, all revenues from the auctioning of allowances go to this special fund, making it 100% used entirely for environmental projects, both nationally and internationally. Apart from projects funded nationally, financing of measures on climate change mitigation and adaptation in third countries as stipulated in legal acts of the European Union, the UNFCCC and the Kyoto Protocol is envisaged from the same fund. Therefore, each year part of the revenues from this programme is dedicated for climate finance.

Framework of the Official Development Assistance

In May 2013 Lithuania adopted the new Law on Development Cooperation and Humanitarian Aid seeking to ensure policy coherence for development cooperation activities. The law establishes the main goals and principles of Lithuanian development cooperation policy. Moreover, in January 2014 the Government approved Development Cooperation Policy Guidelines for 2014-2016 envisaging the focus of bilateral assistance to the countries of the EU Eastern Partnership (Belarus, Moldova, Georgia, Armenia and Ukraine) and Afghanistan. The Guidelines specify that the provision of assistance should encompass the strengthening of democracy and human rights, the promotion of gender equality, environment protection and the fight against climate change. In March 2014 the

Government also approved the Manual of Implementing Development Cooperation Activities for State and Municipal Institutions, which outlines all procedural issues. All these legal acts create a favourable framework for providing climate finance.

2. Information on action and plans to mobilize additional finance

Climate finance flows

In 2010-2012, Lithuania provided early stage but steady and slightly increasing funding to developing countries as part of EU's Fast Start Finance contributions. In 2013 climate finance provided from the funds of the Climate Change Special Programme increased three times compared to the average 2010-2012 contribution and this year's budget allocation to international climate finance is five times higher.

Public finance

The majority of funds to developing countries by now were provided through multilateral channels: World Bank's **Energy Sector Management Assistance Program (ESMAP)** and **EBRD's Eastern Europe Energy Efficiency and Environment Partnership Fund (E5P)**. In 2014 Lithuania is also planning to contribute to the European Investment Bank's **Eastern Partnership Technical Assistance Trust**, which also finances climate action projects in Eastern Partnership countries.

Since the beginning of Lithuania's development cooperation activities, Lithuania approved and implemented series of bilateral projects in the area of climate change. For example: project in Georgia promoting the usage of alternative energy sources, such as bio-gas technology for heating in rural areas; project in Moldova aiming to improve knowledge of organic livestock farming certification; project in Georgia putting the attention of children and youngsters on their everyday consumption habits and their capabilities to influence on greenhouse-gas emissions; project in Ukraine aiming at local government's capacity building in the area of sustainable energy. Ministry of Foreign Affairs continues its active work in the field of development cooperation – see www.orangeprojects.lt.

In line with new procedural requirements for development cooperation activities for state institutions, the Ministry of Environment intends to launch calls for bilateral projects in the field of climate change from 2014, thus shifting from funding through multilateral channels to funding through bilateral projects.

Private finance and alternative sources

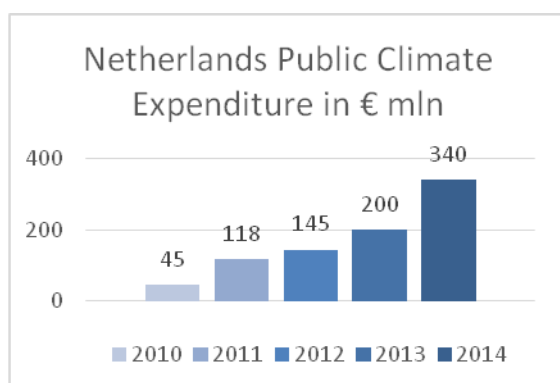
Lithuania has not yet gained experience in mobilising private climate finance and climate finance from alternative sources for projects in developing countries. It is the task for the coming years to identify potential sources.

Netherlands

1. Information on policies, programmes and priorities/Information on actions and plans to mobilize additional finance

1a. Climate Finance Flows

The Netherlands approaches Climate Finance as an integral part of its international cooperation. The Minister for Foreign Trade and Development Cooperation is responsible for the programming and planning of climate finance. The Netherlands is committed to contribute its fair share in the international effort to support mitigation and adaptation activities in developing countries in the context of the climate negotiations. The Netherlands is highly experienced in supporting sustainable development, on which it builds its strategies for scaling up climate finance. Over the period 2010 to 2014 we expect to realize a total of over EUR 800 mln. in public climate expenditure. Since 2010 a year on year increase in public climate finance expenditures has been realized and we aim to increase our effort again in 2015.



Guiding principles for the Netherlands climate interventions are to create synergy with thematic programmes in the field of water, food security and energy and work through alliances with the private sector, knowledge institutions/networks and NGO's. Special attention is given to disaster risk reduction and gender.

1b. Public Climate Finance through Bilateral and Multilateral channels

The Netherlands has a bilateral aid relationship with Afghanistan, Burundi, Mali, the Palestinian Territories, Rwanda, South Sudan, Yemen, Bangladesh, Benin, Ethiopia, Ghana, Indonesia, Kenya, Mozambique and Uganda. In 2013 EUR 60 million of the Netherlands climate finance was spent within the framework of these relationships, through our Embassies. This is expected to increase over the coming years as a result of work undertaken in 2014 with the World Resources Institute (WRI) to map the climate risks for the Netherlands programmes and to identify climate smart interventions that are in place or planned in our partner countries. The aim is to improve climate smart planning and spending on activities that address these risks, especially in the sectors water, food security and energy. Main recipients of Netherlands climate spending were Bangladesh and Rwanda.

The multilateral financial architecture for climate action is key in the creation of an effective mix of climate finance delivery instruments. The Netherlands has traditionally been an active supporter and funder of the multilateral institutions. It supported the establishment of the Adaptation Fund in 2008 and contributed to the administrative costs of the Green Climate Fund in 2012. Since 2010 programme support has been provided to LDCF (EUR 45 mln.), GEF

(average EUR 20 mln. per year) and CIF (SREP) (Over EUR 45 mln. since 2010). As the architecture continues to develop and mature the Netherland will determine how best to continue support. PM Message on GCF to be included after the sgUN's climate Summit.

The Netherlands works closely with civil society in international cooperation. Civil society offers the creativity, access and mobilizing power to address complex challenges like climate change. In 2013 – 2015 over EUR 100 million per year will be spent on climate action through these alliances. Partners are among others Cordaid, HIVOS, ICCO, IUCN and the Red Cross. To increase awareness of the climate challenges in developing countries and build know – how on how to address these challenges the Netherlands supports a Dutch NGO umbrella organization called 'HIER climate bureau'.

The Netherlands focuses its international cooperation on four thematic priorities:

- Water
- Food security
- Security and the legal order
- Sexual and reproductive health and rights

Within the water and food security programmes synergies with climate change are pursued and increasingly operationalized. In the food security sector the Netherlands supports IFAD's ASAP (Adaptation for Small holder Agriculture Programme) with EUR 20 million. In the water sector the Netherlands works to improve the resilience of delta's worldwide. Both expertise and financial support are mobilized in, inter alia, Vietnam and Bangladesh. In 2013 a special facility was established that makes available technical support in case of water related disasters: the 'Dutch Risk Reduction Team'.¹¹ In addition, The Netherlands supports forest programmes relating to climate mitigation and adaptation (mitigation: EUR 75 million between 2009-2012 and adaptation: EUR 24.8 million).

The Netherlands has provided well over 13 million people in developing countries with access to sustainable energy. This effort is being continued as part of our mitigation programme. In this sector we advocate a stronger role for the private sector, illustrated by our programme with the Dutch Development Bank FMO: the Access to Energy Fund.¹²

The Netherlands supports both international and Dutch knowledge institutes to develop a better knowledge base for mitigation and adaptation support, both among donors and recipient countries. WRI is the leading think tank on sustainable development and an

A global partnership for an integrated approach towards community resilience¹⁰

The Partners for Resilience (PfR) is an alliance of the Netherlands Red Cross (lead agency), CARE Netherlands, Cordaid, the Red Cross/Red Crescent Climate Centre, and Wetlands International. The PfR aims to reduce the impact of natural hazards on the livelihoods of around 400,000 vulnerable people worldwide. The name originates from the fundamental belief of its five members in the central role of resilience as the way to deal effectively with disasters. This means they use an integrated approach to mitigate disaster risk and enhance livelihoods, particularly by addressing climate change and ecosystem management and restoration.

The PfR works together with local implementing partners in nine countries: Ethiopia, Guatemala, India, Indonesia, Kenya, Mali, Nicaragua, the Philippines and Uganda. The Partners for Resilience programme is financially supported by the Dutch Ministry of Foreign Affairs under its co-financing scheme (MFS II).

¹⁰ For more information, please visit the website: <http://www.partnersforresilience.nl/>

¹¹ For more information, please visit the website: <http://www.dutchwatersector.com/drr/>

¹² For more information, please visit the website: <http://www.fmo.nl/accesstoenergy>

authority in the climate negotiations and effective climate finance. The Climate Development Knowledge Network (CDKN), supported by the Netherlands and the UK, is important in positioning developing countries in the international climate negotiations as well as improving climate finance planning. In the Netherlands we have partnerships with the Environmental Impact Agency (EIA) and Energy research Centre of the Netherlands (ECN). The Netherlands also supports World Bank' PROFOR and Tropenbos International to enhance capacity and understanding of the role of forests in climate adaptation and mitigation, and in relation to sustainable trade. In total our support for knowledge institutes since 2010 adds up to EUR 27 mln.

1c. Mobilizing Private Climate Finance

Considering the challenges that climate change poses to the world in finance, transformative change and innovation it cannot be a public effort only. The private sector has to be involved. This is a key part of the strategy to mobilize sufficient support and resources for climate action in the future.

The Netherlands has worked with the private sector in its international cooperation programme for a long time. Since 2004, we are partnering with the private sector in Public Private Partnerships in the water, food and energy sector. Bilateral funds with a high impact on climate adaptation are the Sustainable Water Fund, the Facility for Sustainable Enterprises and Food Security and the FMO Access to Energy Fund. Through FMO The Netherlands also supports the PPP 'Althelia Climate Fund' to generate forest-based emissions reductions. The Netherlands also invests in funds that promote readiness for climate relevant investments, such as ESMAP for Energy, PPIAF for infrastructure and IFC Sustainable Business Advisory.

Building on past experience, our strategy is to increase private sector involvement by promoting the development of new ideas to mobilize more climate finance (bottom-up). In this regard we support the 'Global Innovation Lab for Climate Finance' and established a yearly event for business and civil society to present ideas to mobilize more finance for climate actions in developing countries. We will continue to develop new funds that better address the needs of business when they want to invest in developing countries. This year the Dutch Good Growth Fund (a EUR 750 million revolving fund) started operating. Implementing agents will report on the climate relevance of the projects that will be financed through this fund. Next year we will determine if new facilities will be needed to mobilize sufficient private finance for climate finance by 2020.

In relation to trade, The Netherlands together with private sector partners supports initiatives that make related investments sustainable, i.e. climate-smart.

Regarding the mobilization of international private climate finance in relation to the 100 bln. joint donor goal the Netherlands subscribes to the view that these private flows should be climate relevant and that they should be mobilised by public finance, or by a public intervention, including in the sphere of policy and regulatory reform.

1d. and e. Alternative Sources & Carbon Markets and pricing Measures

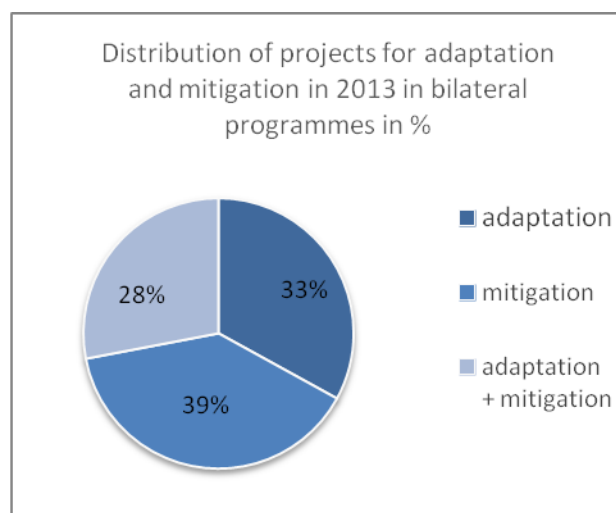
The Netherlands supports the development of a market based mechanism to reduce worldwide emissions. We refer to the Commission submission for highlights and examples. In addition the Netherlands actively and financially supports the World Bank Partnership Market Readiness.

2. Increase clarity on the expected levels of climate finance mobilized from different sources

The Netherlands uses the Rio markers to report on climate-related financing. We support the work done by OECD to improve the markers and the use of the markers by donors. For transparency of private finance flows we support the research collaborative of the OECD, among others by conducting a pilot study into mobilized private finance in the Netherlands international cooperation programme. To give more insight into the projected Climate Finance, planning of climate expenditures is part of the yearly budget cycle. Prognoses are made on a year on year basis. Next year estimate is known by September the year before, with increasing detail on how this will be spent and where.

3. Ensuring the balance between adaptation and mitigation, with particular view to the needs of most vulnerable developing countries

The Netherlands aims to maintain a strong poverty focus in its climate finance efforts. Funding decisions are made on this basis. Adaptation and mitigation so far are reasonably balanced. In private sector involvement adaptation deserves particular attention. We are actively pursuing privately financed projects in the field of adaptation that can be scaled up.



4. Steps taken to enhance enabling environment domestically and in developing countries

See under c. **Mobilizing Private Climate Finance**

5. Effective deployment of climate finance and transparency

The Netherlands has been active in promoting the transparency of climate finance during the fast start finance period with the faststartfinance website. We will continue to invest in transparency.

We recognize the need to improve reporting on financial inputs for mitigation and adaptation. A focus on inputs brings a risk of too little attention for outputs. In the upcoming years The Netherlands will spend more time and effort in developing output indicators for its climate programmes. This will be done in cooperation with other donors, international organizations and partner countries.

Portugal

1. Information on policies, programmes and priorities / Information on actions and plans to mobilize additional climate finance

Portugal prioritizes cooperation activities towards its partner countries, particularly the Portuguese Speaking African countries and Timor Leste; these priorities are coordinated by Camões Institute for Cooperation and Language, I.P. (Camões, I.P.) in collaboration with Portuguese Environment Authorities and the CPLP (Portuguese Speaking Countries Community) Climate Change Network. Most of these countries are Least Developed Countries. Institutionally, development cooperation's coordination is a competence of the Camões, I.P. (in the Ministry of Foreign Affairs). However, given that the main donor for climate change cooperation is the Ministry of Environment, a joint collaboration has been established between the two Ministries since 2010 in order to coordinate these activities. The strategic framework and guidelines for development cooperation Programmes, Projects and Actions (PPA) are aligned with the needs and priorities of partner countries. At an institutional level we have established MoUs discussed and agreed with partner countries. We would like to stress that it is the partner country that promotes the PPA and presents it to Portuguese cooperation for financing. The partner country is responsible for the selection process of the entity who will execute the PPA, and it happens that in some areas the private sector is better placed to execute them. Therefore the Portuguese Cooperation has kept an open door to the private sector engagement working hand in hand with public institutions and/or local communities of the beneficiary/partner country.

In March 2014, Portugal has approved a new Strategic Concept for Portuguese Cooperation, which includes climate change issues and raises its profile to a higher priority level by considering climate change as a main area along with capacity building, education and health.

- **Public climate finance**

Portugal's public climate finance for programs and projects in partner countries is channeled through Official Development Assistance (ODA). In Portugal, ODA for environment has had little expression regarding total values by virtue of the strategic priorities that essentially lie in areas such as Education, Health, Security and Justice. Regarding ODA related to climate change, it represented between 2007 and 2012 about 51% to 93% of ODA to environment, having represented in the last three years more than 80%. Portugal has institutionalised the Portuguese Carbon Fund as a new source of funding for climate change development cooperation since 2010. The financial flows provided are additional to previous sources, meaning that previously existing flows were not redirected, but new ones were created. The financial contribution of the Portuguese Carbon Fund counts as ODA but is an independent source that relies entirely on the Fund's independent and autonomous income.

- **Private climate finance**

In addition to the amount recorded for the purposes of implementing fast start, it should be noted that, through the co-financing of some projects, it was possible to mobilize an additional amount of funding for these countries of 1.6 M€ (in public and private financing).

- **Alternative sources**

Since 2013 part of the Portuguese auctioning revenues are being used to support climate change activities in the field of development cooperation in African Portuguese Speaking countries and Timor Leste.

Please find below two tables that indicate the bilateral and multilateral climate finance contributions for the year 2013 (only).

<i>Recipient country/ region/project/programme^b</i>	<i>Total amount</i>		<i>Financial instrument^g</i>	<i>Type of support^{g, h}</i>	<i>Sector^d</i>
	<i>Climate-specific^f</i>				
	<i>European euro - EUR</i>				
Total contributions through bilateral, regional and other channels	15.975.760,00				
Line of Credit of 100 Million Euro for imports (renewable energies, environment and water) - Cabo Verde	8.386.816,00		Loan	Mitigation	ENERGY GENERATION AND SUPPLY
ODA Loan of 4.5M€ for imports (renewable energies, environment and water) - Cabo Verde	4.449.175,00		Loan	Mitigation	ENERGY GENERATION AND SUPPLY
Capacity Building for Developing Strategies on Low Carbon Resilient - Cabo Verde	90.190,00		Grant	Mitigation	General environmental protection
Capacity Building for Developing Strategies on Low Carbon Resilient - São Tomé and Príncipe	90.190,00		Grant	Mitigation	General environmental protection
TESE - NGO support to Provide electricity (with resource to renewable energies) to schools - São Tomé and Príncipe	18.630,00		Grant	Mitigation	ENERGY GENERATION AND SUPPLY
Atlas of renewable energy - Mozambique	924.805,00		Grant	Mitigation	ENERGY GENERATION AND SUPPLY
Capacity Building for Developing Strategies on Low Carbon Resilient - Mozambique	90.190,00		Grant	Mitigation	General environmental protection
Installation of photovoltaic systems - Mozambique	1.409.395,00		Grant	Mitigation	ENERGY GENERATION AND SUPPLY
Community Access Program to Renewable Energy - Bambadinca - Guinea-Bissau	145.938,00		Grant	Mitigation	ENERGY GENERATION AND SUPPLY
IAMCD - Mainstreaming Adaptation to Climate Change in Development - Cabo Verde	47.571,00		Grant	Adaptation	General environmental protection

IAMCD - Mainstreaming Adaptation to Climate Change in Development - São Tomé and Príncipe	47.571,00	Grant	Adaptation	General environmental protection
IAMCD - Mainstreaming Adaptation to Climate Change in Development - Mozambique	47.571,00	Grant	Adaptation	General environmental protection
Pilot-projects' implementation of Local Action Programmes in Climate Change Adaptation in Mozambique - IPPALAM - Mozambique	227.718,00	Grant	Adaptation	Other multisector

Allocation channels	2013		
	European euro - EUR		
	Core/ general ^c	Climate-specific ^d	
		Mitigation	Adaptation
Total contributions through multilateral channels:	7.248.472,0		
Multilateral climate change funds ^g	0,0		
Other multilateral climate change funds ^h	0,0		
Multilateral financial institutions, including regional development banks	7.174.210,0		
Specialized United Nations bodies	74.262,0		
Total contributions through bilateral, regional and other channels		15.605.329,0	370.431,0
Total	7.248.472,0	15.605.329,0	370.431,0

2. Information to increase clarity on the expected levels of climate finance sources

It is not possible to give any exact prediction of the expected levels overall public climate finance. Our current performance and disbursements is reflected in the National Communications and Biennial Reports to the UNFCCC.

3. Information on how Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change

Portuguese Development Cooperation looks into mainstreaming the adaptation dimension of climate change in the several sectoral policies and instruments of planning, vulnerabilities and risks associates to climate change., recently new principals and guidelines in the PPA financing approval process were incorporated As previously mentioned, we have been addressing the needs of partner countries either related to mitigation, adaptation, capacity building and/or technology transfer. A vital part of the process is having the partner country defining its own needs and priorities.

4. Information on steps taken to enhance their enabling environments, following on from the report of the co-chairs of the extended work programme on longterm finance

In what concerns development cooperation , whether in the bilateral context or in the CPLP (Community of Portuguese Speaking Countries), Portugal has paid special attention to capacity building at the institutional level. PPAs that are exclusively targeted to this issue or in different sectoral PPA where a capacity building component is included , support is focused in changing demand, to State institutions, to strengths and weaknesses of existing national systems in partner countries by producing capabilities of autonomous problem solving and enhancing the ability to mobilize investments. PPAs supported by Portuguese development cooperation usually have a strong technical assistance component with strong focus on the development of partner countries' capacities. Portugal tries to pay special attention to the aid principles (efficiency, effectiveness) embodied in the Declaration of Paris and reaffirmed in Accra and Busan, especially: leadership and ownership by partners so that they can strategically earmark their resources; enhance existing capabilities as a starting point, avoiding the creation of parallel structures and systematically using to national systems for aid implementation; and technical cooperation as demand-driven by partners countries.

Spain

1. Information on policies, programmes, priorities and information on actions and plans to mobilize additional finance.

- **Public Climate Finance**

Spanish public climate finance for supporting actions, programs and projects in developing countries is channeled through **Official Development Assistance (ODA)** and through other types of instruments that qualified as **Other Official Flows**. Bilateral and multilateral ODA contributions comply with the guidance of the following Development Cooperation Plans: **The IV Spanish Master Plan for Development Cooperation for 2013-2016**¹³ and **The Sectoral Action Plan for Environment and Climate Change**¹⁴. The IV Spanish Master Plan considers climate change as a crosscutting priority and as a global public asset requesting multilateral organizations, governments and citizens alike to coordinate their actions at a global, regional and local level. The Sectoral Action Plan promotes a new development paradigm, characterized by sustainable low carbon emissions and resilient economies, with high levels of biodiversity, social justice and equity.

Other instruments mobilizing **Other Official Flows** include also climate change among its sectoral priorities for projects and activities, such as:

- Fund for the Spanish Internationalization (FIEM), managed by the Ministry of Economy and Competitiveness (MINECO)
- Export Credits managed by the Spanish Export Credit Agency (CESCE)
- Financial Instruments managed by the *Spanish* Company for Development Finance (COFIDES)

On the other hand, Spain has recently launched the so called “**Spanish NAMA Platform**” to support and articulate Nationally Appropriate Mitigation Actions (NAMAs) in developing countries. Through this Platform, *ICEX Spain Trade and Investment* (Ministry of Economy and Competitiveness) is working in cooperation with other Spanish and international institutions to catalyze the implementation of NAMAs in developing countries. This Platform aims to connect the opportunities that the implementation of NAMAs offers for low carbon development with the Spanish official financial mechanisms for technological cooperation and with the overall solutions, technologies and services offered by the Spanish companies. Through a tailor made approach ICEX analyses the potential for public-private cooperation, tools and solutions that could match NAMAs at different stages.

For more information: NAMAPLatform@icex.es

- **Mobilizing Private Climate Finance**

Spain manages different type of instruments for the promotion and support of adaptation and mitigation activities that promote the involvement of the private sector and have also the potential of leveraging private finance and investments. Among these instruments, we could highlight: The Fund for the Spanish Internationalization and Export Credits. Concrete examples on leveraged private finance have been presented in our 1st Biennial Report.

¹³ http://www.aecid.es/galerias/descargas/publicaciones/IV_Plan_DirectorCE_2013-2016_Final2.pdf

¹⁴ http://www.aecid.es/galerias/que-hacemos/descargas/AF_PAS_NARRATIVO_MA.pdf

Furthermore, the IV Spanish Master Plan for Development Cooperation considers also the implication of the private sector as a key element to respond to the environmental problems in line with the international development agenda. The Plan includes among its priorities the challenge of establishing more strategic public private relations within the development cooperation programmes and projects.

Finally, projects funded through carbon markets help leveraging additional low carbon investments. Over a ten year period, CDM projects have mobilised more than USD 215 billion of investments in developing countries, helping accelerate their growth and alleviating poverty. Spain participates in many international carbon funds and, up to now, the Spanish National Designated Authority¹⁵ has approved 264 projects where 101 of them were presented directly by private companies.

- ***Alternative Sources, including Carbon Markets and Pricing measures***

- Since 2005, Spain has been supporting the development of carbon markets through different contributions to funds and other initiatives managed by International Financial Institutions. The latest contribution made in 2013 for the Partnership for Market Readiness (PMR) amounted to 5,2 million dollars. The PMR provides grant funding, technical assistance and knowledge sharing to developing countries seeking to establish domestic carbon pricing mechanisms.
- Additionally, in 2014, part of the Spanish auctioning revenues will be used to support activities within the context of the Iberoamerican Network of Climate Change Offices (RIOCC).

3. Information on how Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change.

The Spanish Development Cooperation Sectoral Action Plan for Environment and Climate Change consider both, Adaptation and Mitigation actions, as priorities to focus on:

- Within the multilateral cooperation, Spain has been making different contributions to funds and programmes dealing with both, Adaptation and Mitigation. Before making those contributions Spain takes into account if the needs of developing countries in relation to climate change are incorporated in the fund policies and procedures and how those institutions intend to address the needs of developing countries.
- Within the bilateral/regional cooperation, the use of the support is decided in bilateral/regional negotiations between Spain and the recipient country/region. In this context, Spain establishes a negotiation and planning process with partner countries where the specific actions, either on mitigation and/or adaptation, are reflected if they are prioritized by countries.

4. Information on steps taken to enhance enabling environments

Spain has been and is supporting activities and initiatives for the reinforcement of institutional capacities of developing countries that could enhance the ability to mobilize climate finance and deploy finance effectively, such as:

¹⁵ <http://www.magrama.gob.es/es/cambio-climatico/temas/mecanismos-de-flexibilidad-y-sumideros/autoridad-nacional-designada-and/default.aspx>

- Capacity building activities within the Iberoamerican Network of Climate Change Offices (RIOCC) covering different topics and including specific sessions on finance. More info about these activities can be found in the following [link](#)¹⁶
- Multilateral contributions to UNDP and UNEP initiatives supporting countries for accessing to climate finance.
- Bilateral technical & institutional reinforcement activities such as the support given to west African countries in preparing their Renewable Energy and Energy Efficiency Plans and the SE4ALL Agenda. These activities are carried out in collaboration with ECREEE (ECOWAS Centre for Renewable Energy and Energy Efficiency) and with the SE4ALL initiative.

¹⁶ <http://www.lariocc.es/es/actividades-capacitacion/>

Sweden

1. Information on policies, programmes and priorities /information on actions and plans to mobilize additional climate finance

Sweden has a long history of support for work on climate change issues in developing countries, in an array of sectors and on a long-term basis. A large number of Swedish actors are involved and a number of different modes of cooperation, policy instruments and forms of support exist.

During the 2009-2012 period, Sweden contributed almost 12 billion SEK - approximately 1.7 billion USD - in public climate support, making the country one of the most generous providers of international climate finance per capita. Sweden remains engaged in climate change related initiatives in developing countries through multilateral channels as well as bilateral and regional channels through the Swedish International Development Agency (Sida).

While Sweden has a strong track record in providing publicly sourced climate finance, Sweden recognises that in order to increase the volumes of climate finance being made available and to enable financing of major climate-related investments at scale, utilising various sources of climate finance public and private is essential. In this regard involving the private sector and strengthening the enabling environment for private investments is crucial. To achieve this public finance and public policies have an important, catalytic role. Sweden is actively implementing measures targeted at enhancing private sector participation and investments in climate projects. Perhaps the most notable examples in Sweden at present are the loan and guarantee instruments to enable environmental and climate investments being implemented by Sida, for example in Bangladesh.

Bilateral financial support

Approximately half of Swedish ODA is channelled to developing countries and countries with economies in transition bilaterally, through Sida. In the area of climate change, Sida supports specific climate change contributions as well as integration at sector level, technology transfer, capacity building, and research cooperation.

Examples of bilateral support:

- Support to the **Water Reservoir Programme in Burkina Faso** has reduced the vulnerability of small dams affected by climate change. The programme has contributed to improved food security for people living in poverty by securing 24 million cubic metres of water for food production. Irrigated plots have been distributed and production of vegetables for the local market has started. A guide for climate integration in the construction of dams has also been produced, and awareness among different stakeholders has been raised.
- Support to the African Union has contributed to the establishment of the **African Risk Capacity**, a specialised agency for sovereign disaster risk solutions. It is a first step towards establishing an innovative African insurance solution for natural disasters and weather events, which aims to improve food security in Africa and decrease dependence on international humanitarian assistance.
- Support to **Programa de Desarrollo Agropecuario Sustentable** in Bolivia has increased farmers' resilience to climate change through soil conservation, more efficient use of water, access to irrigation, and new crops. Diversification of production has also increased household incomes.

- *Multilateral financial support*

The Swedish Government contributes to a number of climate-specific organisations, funds and programmes focusing on low-carbon, climate resilient development. In addition, Sweden contributes significant amounts of core funding and is actively engaged in a number of multilateral specialized bodies, international and regional organisations, banks and institutes, with a view to influencing their climate change work in various sectors. Examples of such organisations are the UNDP, the International Development Association (IDA) at the World Bank, and the African Development Bank. Also within the multilateral development cooperation, public support plays an important role in mobilizing financial flows from the private sector, and to redirect economies in a climate friendly direction.

Examples of multilateral support:

- Sweden is one of the largest donors to both the **Adaptation Fund** and the **Least Developed Countries Fund**, supporting adaptation in developing countries.
- The **Climate Investment Funds (CIF)** focuses on both mitigation and adaptation to climate change. Sweden has since 2009 contributed with almost 1 billion SEK (approximately 141 mUSD) to various programs of the CIF:s.
- The **Nordic Climate Facility** finances projects that have a potential to combat climate change and reduce poverty in low-income countries e.g. Building adaptive capacity to Climate Change in Kenya. The Facility is financed by the Nordic Development Fund (NDF) and administrated by NEFCO. Sweden contributes to NDF, a joint development finance institution of the five Nordic countries.

Examples of financial contributions to multilateral climate institutions 2009-2013 (mUSD)					
	2009	2010	2011	2012	2013
UNFCCC Trust funds	1	0.6	0.9	0.4	0.6
Least Developed Countries Fund (LDCF)	8.5	2.1	30.8	17	17.7
Adaptation Fund(AF)	0	13.9	15.4	14.8	15.4
Global Environmental Facility (GEF) ¹⁷	9.2	40.9	11.7	9.1	6.9
Green Climate Fund (GCF)	0	0	0	0.7	0.8
International Development Association (IDA)	68.1	0	28.5	0	0
Climate Investment Funds	39.3	27.8	30.8	25.1	17.7
Consultancy Group on International Agricultural Research (CGIAR)	6.6	6.9	7.7	0	0
Global Facility for Disaster Risk Reduction (GFDRR)	0	5	6.2	0	0
Nordic Development Fund (NDF)	37	5	19	11	8.5
Partnership for Market Readiness (PMR)	0	0	0	7.4	0
Funds and programmes for disaster risk reduction ¹⁸	5.2	0.7	0	11.1	0

¹⁷ Includes 30 percent of the total support to GEF, which represents the climate specific share of the institution. Additional climate specific support is included for 2010.

International Fund for Agricultural Development – Adaptation for Smallholder Agriculture Program (IFAD-ASAP)	0	0	0	4.4	0
Sustainable Energy For All (SE4All)	0	0	0	3.0	0
Climate and Clean Air Coalition (CCAC)	0	0	0	1.5	2.3

Mobilizing private climate finance

Sida cooperates with the private sector through its ‘Innovations Against Poverty’ programme, which is designed for companies that are based or operate in a poor country. The programme functions as a risk-sharing mechanism for sustainable business ventures (commercial companies or market oriented organisations) which have a strong potential to reduce poverty. Many of the projects focus on climate-smart solutions, such as sustainable fuel and cooking solutions, affordable solar energy, etc.

In 2009, Sweden introduced an Ordinance on the Financing for Development Loans and Guarantees for Development Cooperation, and for the period 2009-2013 the Swedish Government had a strategy with a special focus on **environmental loans**. Sida provides a grant as a complement to market-financed loans, structured and issued by banks or multinational financial institutions. The environmental loans provided are primarily aimed at improved energy efficiency and renewable energy, management of water, sewage and waste, and transportation – all highly relevant from a climate change perspective. The loans can be stand-alone or combined with a guarantee arrangement, in order to play a catalytic role.

Examples of climate related loans and guarantees, and private finance leveraged

Country/Region	Sida’s contribution	Estimated private finance mobilised
Regional Asia, 2011 (ADB, UEIFPF, fund for environment and climate change related actions)	Grant USD 7.7 million	USD 77 million
Regional Asia, 2012 (ADB, Clean Energy Fund)	Grant USD 7.4 million	USD 74 million
Pakistan, 2012 (Wind power)	Guarantee USD 71 million	USD 148 million

Through **Swedfund**, Sweden’s development finance intuition, Sweden invests in growth companies in developing countries. Swedfund aims to contribute to international development by helping to enable people living in poverty to improve their lives and, within the context of Sweden’s reform cooperation in Eastern Europe, bringing about strengthened democracy, equitable and sustainable development, and alignment with the European Union and its core values. Swedfund seeks to establish sustainable and profitable companies in these markets with a view to contributing to poverty reduction. An important part of its

¹⁸ Includes World Food Programme, United Nations Development Program-Bureau for Crisis Prevention and Recovery (UNDP-BCPR), International Strategy for Disaster Reduction (ISDR).

work is ensuing and maintaining excellence with respect to the environmental and social aspects of investments. Since 2009, Swedfund has administered Swedpartnership (previously StartSyd and StartÖst). Swedpartnership offers small and mid-sized enterprises financial support for investments in knowledge transfer and equipment when they are establishing new businesses in developing countries in Africa, Asia, Latin America and Eastern Europe.

2. Information to increase clarity on the expected levels of climate finance

Predicting exact future sums of climate finance from public and private sources is difficult, not least due to annual public budget cycles. However, Sweden remains committed to the global goal of mobilizing USD 100 billion annually by 2020, from a variety of sources. For example;

- The **Green Climate Fund (GCF)** is currently being developed and Sweden has financially contributed to the fund's administrative start-up costs, 1.5 million USD (2012-2013). The Government of Sweden aims to contribute to future program activities of GCF, once the GCF becomes operational.
- Sweden's contribution to the 6th replenishment of the **Global Environmental Facility (GEF)** amounts to 1.335 million SEK (equivalent of 134.83 million SDR), an increase of 32 percent (47 percent in USD) compared to the 5th replenishment. In doing so, Sweden stands for the largest percentage increase among all donor countries and the sixth biggest contribution in nominal terms.
- Sida has already signed numerous long-term, bilateral agreements with partner organisations engaged in climate change work. Sida will continue to support e.g.: AfDB ClimDev Special Fund; African Risk Capacity; African Climate Policy Centre; Mali Climate Fund; UNDP Governance of Climate Change Finance for Asia-Pacific; Mangroves for the Future; EBRD Eastern Europe Energy Efficiency and Environment Partnership (E5P), and UNCDF Local Climate Adaptive Living Facility.

3. Information on how Parties ensures the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change.

Adaptation is of particular importance for the poorest people, since they are often dependent on natural resources for their livelihoods and the most vulnerable to disruption caused by climate change. Sweden has thus focused a lot on adaptation, for example by large contributions to both the Adaptation Fund and the Least Developed Countries Fund. In Sweden's bilateral cooperation adaptation has also been an important basis for interventions. Most contributions, however, create synergies and/or have cross-cutting benefits for both adaptation and mitigation, particularly in sectors such as agriculture, forestry, and environmental policy and administrative management.

4. Information on steps taken to enhance enabling environments

Capacity building is a critical factor in enabling developing countries to tackle climate change. Sweden considers capacity building a cross-cutting issue, since capacity is required for developing countries to be able to receive financial and technology-related support for

adaptation and mitigation, and to ensure that such support is sustainable. National expertise and know-how on climate change and its effects are crucial, as is strengthening of institutions so that countries themselves are able to integrate climate change into their long-term planning processes and pursue their own national climate change policies.

For example, Sweden has supported capacity building and the establishment of multi-donor climate change resilience funds in e.g. Cambodia and Mali. The efforts have contributed to increased institutional capacity and increased country ownership.

Another example is the **Nordic Partnership Initiative on Up-scaled Mitigation Action (NPI)**. **The NPI** is an initiative between the Nordic countries together with Peru and Vietnam. The aim of the NPI is to build capacity in the host countries to enable them to structure and implement "Nationally Appropriate Mitigation Actions" (NAMAs) and to explore ways to attract sustainable national and international climate finance. The NPI programme in Peru, which started in June 2013, focuses on exploring possibilities to lower CO₂ emission in the waste sector. Total budget is € 2.3 million. The programme in Vietnam, which commenced in January 2014, targets the highly energy intensive cement production sector. Total budget is € 1.6 million.

United Kingdom

1. Information on UK policies, programmes, priorities and information on actions and plans to mobilize additional finance.

Public Climate Finance

- The UK is providing £3.87bn through the International Climate Fund (ICF) from 2011 to 2016 to reduce poverty by helping developing countries adapt to the impacts of climate change, take up low carbon growth and address deforestation. The ICF aims for a balanced allocation between adaptation (50%) and mitigation (50%). The UK climate finance has scaled up since 2011, and will provide £969mn in FY 2015/16.
- The International Climate Fund is guided by three priorities:
 - 1) Change facts on the ground, delivering results that demonstrate that low carbon, climate resilient development is feasible and desirable.
 - 2) Improve the international climate architecture and finance system to increase the scale, efficiency and value for money of climate spend.
 - 3) Pioneer innovation to test out new approaches to delivering climate finance that have the potential to achieve bigger and better results in the future.
- To support the delivery of these priorities, ICF resources will be used to:
 - a. Strengthen the evidence base and generate knowledge about which approaches to deploying climate finance work best.
 - b. Mainstream climate change into UK overseas development assistance, EU development assistance and MDB lending.
 - c. Strengthen UK relationships with key countries, including those with rising emissions potential and those showing political leadership in international negotiations.
 - d. Drive change through the private sector by building new partnerships and tipping technologies to commercial scale and viability, to ramp up low carbon investment.
- Around 60% of the UK's International Climate Fund spending to date has been channelled through multilateral channels and 40% through bilateral channels.
- The UK continues to be a significant donor to a number of multilateral programmes, including providing over £1.4bn to the Climate Investment Funds, which support 57 developing countries and will deliver substantial impacts.
- We strongly support the establishment of the **Green Climate Fund**. We want to see a fund that adds value to the climate finance architecture; shifts in-country investment towards low carbon climate resilient infrastructure; offers good value for money; offers a comprehensive set of instruments and terms; and leverages the private sector. We have provided just over £3m to support the establishment and design of the GCF and are currently working to develop the UK contribution to the Fund now that the 8 key decisions to trigger resource mobilisation have been completed.
- The UK is also supporting a wide range of bilateral programmes in more than 20 countries. For example:
 - **BRACED**: In 2013 the UK launched the Building Resilience and Adapting to Climate Extremes and Disasters (BRACED) programme, with funding of up to £140 million, which will help more than 5 million people build their resilience to climate-related disasters such as floods, droughts and storms across up to 15 countries including 6 in the Sahel region. BRACED will fund consortia of international and local

NGOs, research and private sector organisations to deliver results at scale, and build evidence of what works. BRACED will have a strong emphasis on empowering women in order to reduce their vulnerability to extreme weather, and an emphasis on helping improve national and local policies and institutions to better integrate disaster risk reduction and adaptation.

- **ASAP:** IFAD's multi donor Adaptation for Smallholder Agriculture Programme (ASAP) is supporting thirty five developing countries to help up to 8 million farmers cope with the impacts of climate change, increase their incomes and at same time deliver mitigation benefits from climate smart agriculture that sequesters carbon and reduce emissions from agriculture. The total ASAP fund is now US\$353 million and growing. This will support grants alongside loans totally about US\$2.4 billion and will therefore help take climate smart agriculture to scale. The UK is contributing up to £147.5m to ASAP.
- **Colombia:** The UK is supporting the adoption of climate smart agriculture practices to reduce emissions from cattle ranching, improve the livelihood of farmers, protect local forests and increase biodiversity. The project specifically promotes Silvopastoral Systems (SPS) - agricultural techniques which improve and convert cattle grazing land into a richer environment. The UK support aims to save around 2MTCO_{2e} over an 8 year period through converting 28,000 hectares of grazing land to SPS. The UK is providing a grant of £15m over four years from 2012-2016.

Mobilising Private Climate Finance

- A key aim of the UK ICF is to mobilise private investment to support low carbon climate resilient development. Our approach is threefold:
 - Reduce costs and raise returns to make private investment viable
 - Reduce real or perceived risks which are barriers to investment
 - Develop enabling environments and build capacity.
- In designing interventions with the private sector, we aim to:
 - Ensure there is additionality
 - Target a specific market failure
 - Employ careful use of subsidy to avoid over-subsidisation
 - Consider sustainability of the interventions, and exit of public support.
- Examples of innovative programmes that aim to help us achieve this include:
 - **Climate Public Private Partnership (CP3)**: The UK will invest £110 million as an anchor investor in two commercial private equity funds, aimed at catalysing private investment (specifically from institutional investors) and leveraging additional private debt financing. The funds both directly invest in projects but also create a track record of sub-funds to support investments in energy efficiency, renewable energy, and clean tech inventions. In developing countries, CP3 is expected to save an estimated 53mt of CO_{2e}, generate more than 2100 megawatts of clean, reliable energy and create an estimated 34000 new jobs.
 - **Green Africa Power (GAP)**: The UK will invest £98 million into Green Africa Power (GAP), £95 million of which will be used to capitalise a facility established under the Private Infrastructure Development Group (PIDG). GAP will invest in renewable energy projects in sub-Saharan Africa. It aims to demonstrate the long-term viability of renewable energy in Africa to attract private developers and investors and

encourage future projects. £3 million will be used to set up the project, monitor and evaluate these impacts and capture and disseminate this knowledge. GAP aims to co-finance approximately 270MW of new renewable energy generation capacity, saving 12.97m tonnes of emissions and demonstrating the commercial and technical feasibility of private sector renewable energy projects in Africa.

- We are also working to develop innovative new instruments to mobilise private finance. This includes the **Global Innovation Lab for Climate Finance** ('the Lab'), a joint project led by the US and Germany that brings together a small group of senior private and public sector actors, from developed and developing countries, to stress test the most promising instruments and approaches for catalysing private investment in green projects and infrastructure in developing countries.

Alternative Sources, including Carbon Markets and Pricing measures

- At COP 15 in Copenhagen, the UK and other developed countries committed to mobilizing \$100bn per annum of climate finance from a range of public, private and alternative sources. The UK strongly supports the development of global regimes for addressing emissions from international aviation and maritime transport in the International Civil Aviation Organisation (ICAO) and International Maritime Organisation (IMO). The primary purpose of any scheme should be emissions reduction from these sectors, but they also have potential to generate significant revenues which could be used for climate finance. However, consistent with the principle of fiscal sovereignty, it will be for States to decide on the use of revenues generated.
- Carbon markets have provided an important source of climate finance for developing countries. In 2012, a report for the CDM Executive Board estimated that the mechanism had mobilized more than US\$215bn in total investments in developing countries since its inception¹⁹, and a global carbon market combined with an ambitious set of mitigation goals could deliver up to \$98bn each year of climate finance to developing countries in 2030²⁰. More broadly, pricing of carbon is an important part of creating an enabling environment to redirect financial flows to low carbon investments.
- The UK is supporting the development of carbon markets through programmes including the World Bank's Partnership for Market Readiness (PMR) and Ci-Dev. The PMR provides grant funding, technical assistance and knowledge sharing to developing countries seeking to establish domestic carbon pricing mechanisms. Ci-Dev builds capacity and develops tools to help least developed countries, especially in Sub-Saharan Africa, to access finance from the carbon market. The UK's contribution to Ci-Dev focusses on low carbon technologies that deliver community and household level benefits.

2. Information to increase clarity on the expected levels of climate finance mobilized from different sources

- It is more challenging to predict exact levels of private finance and other sources that will be delivered in the future. However, through four of the main programmes to which the ICF contributes we expect to mobilise a total of approximately £2.1bn.

¹⁹ <http://www.cdmpolicydialogue.org/report> (p4)

²⁰ Note this figure is an estimate of carbon flows which fund the 'incremental cost' of mitigation measures. Such flows are likely to mobilise an even greater magnitude of total investment in developing countries

- At a global level, the UN High Level Advisory Group on Finance and G20 reports estimate that a range of sources could help meet the \$100bn goal in 2020, including \$30-40bn from multilateral development banks, \$100-200bn of private flows, \$7-11bn from market based measures in the aviation and maritime sectors. More recent projections of carbon market flows indicate that these could contribute up to \$23bn in 2020. The UK is working actively in a number of fora to promote the mobilisation of these sources.

3. Information on how Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change.

- The ICF aims for a balanced allocation between adaptation (50%) and mitigation (50%) which the ICF Board keeps under active review. Forestry programmes may contribute to both themes. This split recognizes the political imperative of UK support to the most vulnerable countries to adapt to climate change.

4. Information on steps taken to enhance enabling environments

- The UK has worked in a number of dimensions to enhance our ability to mobilise climate finance and deploy finance effectively:
 - The ICF is governed by four departments, and decision-making is coordinated by a cross-departmental Board. Ministers of all four departments agree the strategic direction of the Fund to ensure effective coordination and implementation. The ICF results management framework includes regular monitoring, reporting and evaluation of all projects to ensure effective implementation and to capture learning to improve future delivery.
 - We are also working to engage UK financial institutions in mobilising finance in developing countries. The [Capital Markets Climate Initiative \(CMCI\)](#) was launched to establish a platform for government engagement, dialogue and knowledge-sharing with the private sector, NGOs, and research institutes on the UK's agenda on scaling up private climate finance in developing countries. CMCI has also funded research to inform policy making, particularly on enabling environments. '[Principles for Investment Grade policy and projects](#)' outlines factors that attract private capital at scale into climate finance solutions in developing countries.
- The UK strongly believes that enhancing enabling environments in developing countries is essential to ensure capacity to effectively attract and absorb support for mitigation and adaptation (in addition to broader investment). An effective enabling environment requires: climate change considerations to be integrated into a country's broader development strategy; a robust, stable regulatory, legal and policy environment designed to support low carbon climate resilient development; and strong institutional knowledge and capacity to develop policies and instruments and to attract private sector investment.
- We are supporting developing countries to enhance their enabling environments, for example:
 - In Ethiopia, the UK is supporting the implementation of the ambitious national Climate Resilient Green Economy Strategy (CRGE), which aims for Ethiopia to reach

middle-income status with zero net carbon growth by 2025. UK support includes investing up to £15 million to the Government's CRGE Facility. This national climate facility will channel national and international finance to mainstream resilience and green growth priorities throughout Ethiopia's development programmes in key sectors including agriculture, water, energy, transport, industry and urban development. The CRGE Facility is also setting up and embedding the structures needed to attract and manage international climate finance (e.g. GCF).

- In Rwanda, the UK is providing up to £22.5m to Rwanda's Environment and Climate Change Fund (known by the French acronym, FONERWA). FONERWA is a government-led fund that channels both local and international climate finance to projects that align with national climate change and environment objectives. A wide range of institutions are eligible for funding including government departments, districts, civil society organisations and the private sector. FONERWA will assist Rwandans to respond to the challenges of climate variability and change across its productive and social sectors as well as building institutional capacity across sectors to mainstream climate change into government programmes.
- Climatescope is an online information tool measuring and ranking the investment attractiveness of renewable energy in 53 developing countries. The index is designed both to encourage governments to reform outdated regulation and boost investment in clean energy from the private sector. DFID is funding an extension of the tool to cover 28 additional countries to take the index 'global' from October 2014 including 13 countries in Africa and 9 countries in Asia.