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EU Fast Start Financing in 2010

European Union

and

its Member States

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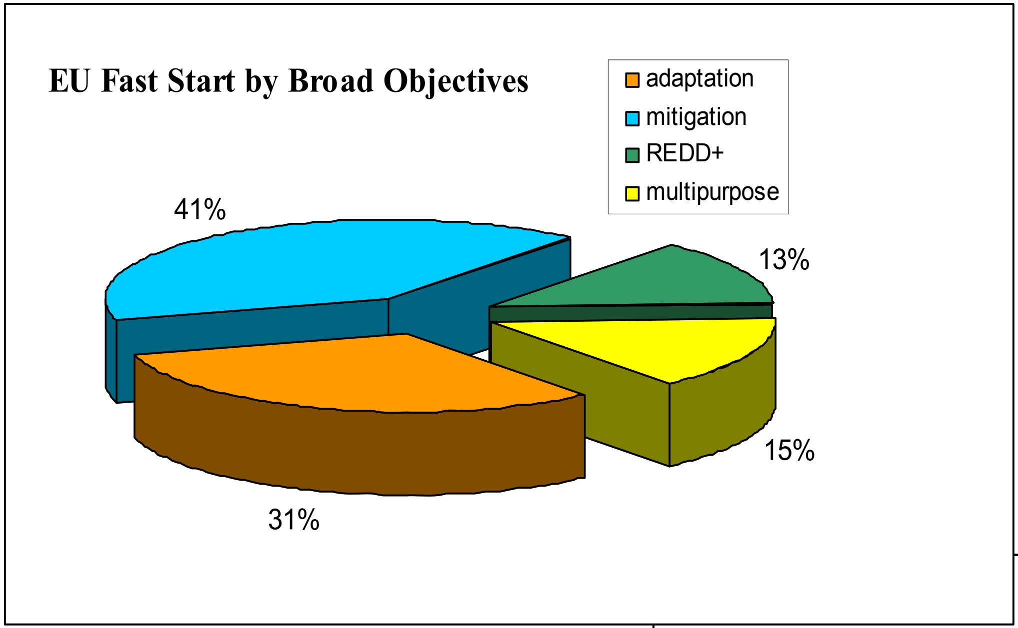
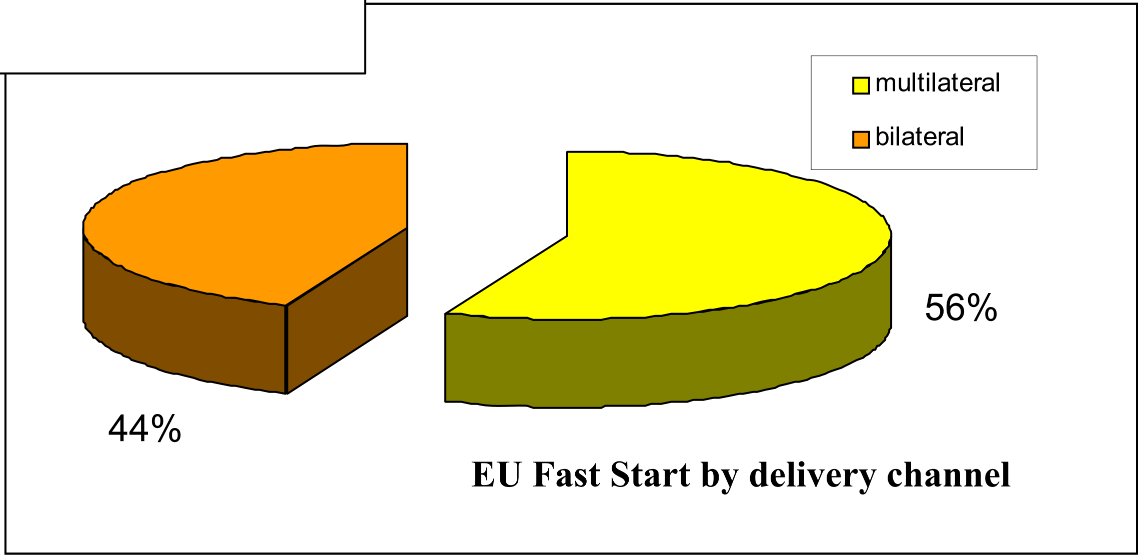
Overview

- The EU's Report to the UNFCCC on 2010 Fast start financing confirms that EU is on track to meet its target
  - €2.34bn was mobilised in 2010 (USD 3.34bn)
  - Pledges 2010-12 exceed €7.2bn (USD 10.3bn)
  - All MSs contribute
  - EU committed to not undermine its commitments to the MDGs
- Some figures have been revisited as Member States provisional budgets and commitments confirmed

Balance and Synergies





EU support: Target DC’s needs

- **Targeting funding to where it is needed most.**
- **Adaptation** funding priority on to the **most vulnerable and least developed countries.**
- **Diversity of NAMAs and NAPAs means diversity of support!**
- Priority: **we expect DCs to articulate needs and engage in dialogue** with funders

<u>LDCs (MALI, RDC, BENIN…)</u>

Challenge: tackle unsustainable land-use practices while promoting food security

reforestation actions, based on needs identified in 18 LDCs

➔ **EU support**: GCCA (Global Climate Change Alliance) funding for REDD+ action

Also: EU support through CGIAR to identify and test prop-poor mitigation practices (here high tech cocoa production intensification in Ghana)

Underpinning mitigation action: EU supports MRV

- **Robust national MRV systems are critical** – they enable DCs:
  - To have a **clear picture** of their situation: BAU, reduction options, costs
  - To make informed decisions on **most cost-efficient NAMAs**
  - To **mobilise support** more rapidly
  - To report transparently and **be recognised internationally**

- Developing a national MRV system is a **« learning by doing » process**
  - Should go in parallel with development of national policies
  - **Progress is possible in all DCs**, although starting points differ

- **EU providing support for MRV** – adapted to national situations

EU supports **REDD+ related MRV** through UN-REDD

GCCA supports Vanuatu and other Pacific region countries to set up their annual GHG emission **inventories**

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Towards lower emissions: EU supports LEDS

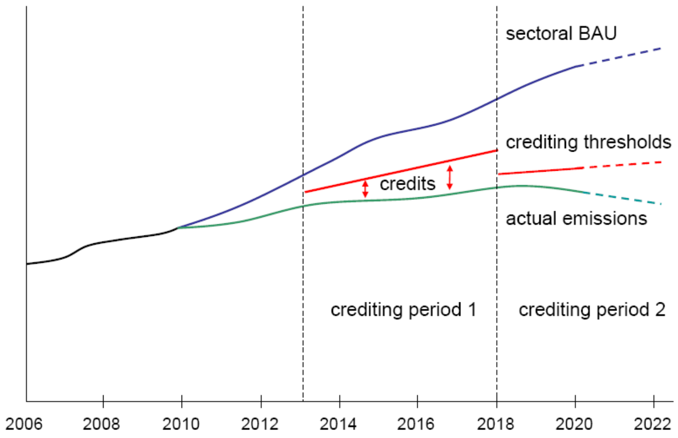
- Low-Emission Development Strategies – **LEDS enable DCs:**
  - To consider their mitigation actions in a **coherent, strategic** manner
  - To decide mitigation actions in the context of **broader sustainable development plans**
  - To **facilitate attracting support**, by clearly expressing the needs identified
  - To provide a robust, credible, longer-term framework for **recognition** of actions
- **A LEDS is not built overnight** and is meant to evolve
  - Developing a LEDS is an **opportunity to strengthen domestic co-ordination and institutions**
- **LEDS/NAMAs/MRV systems are mutually reinforcing**
  - They should be improved in parallel in an integrated way
- **EU provides integrated support for LEDS**/NAMAs/MRV

Full-fledged EU-UNDP programme
to build LEDS-NAMA-MRV capacity
(already 15 DCs, scale-up possible)

Integrated support in Indonesia:
in line with Indonesia's national strategy,
EU large-scale support to regional mitigation
(REDD+) and MRV in Papua

Building market readiness

- New market-based mechanisms should be available as a way to **further support DCs' NAMAs**
  - AGF report: USD 30-50 billion annually through international carbon market
- **Benefits** of new market-based mechanisms:
  - **Drive mitigation action in a cost-effective way**
  - Appropriate **own contribution** by DCs:
    - … going beyond pure offsetting
    - … leaving low-cost reduction options for DCs
    - … reflecting CBDR
  - **Foster large-scale climate investments** in DCs:
    - stimulating emission reductions at a greater scale than project-by-project (broad segments of the economy)
- **A strengthened role for the host country**:
  - Decide to engage in this opportunity!
  - Identify appropriate sectors and reference levels
  - New, no-lose revenues
- **EU supports market readiness**
  - Specific support available for capacity building, learning by doing, exchanging experiences



DC receives credits when a sector beats its no-lose target

WB Partnership for Market Readiness
(incl. Chile, China, Colombia, Costa Rica, Indonesia, Mecixo, Morocco, Thailand)

Access

- Close dialogue and joint working with partner countries in assessing needs and setting priorities are key for the EU.
- EU fast-start finance is deployed with full respect for partner countries' national ownership and primary responsibility for their own development.
- Clear articulation of needs and soliciting support enables EU to identify partners.

The broader context

- EU is the largest ODA donor accounting for approx. annual 60% total
- Fast Start funding complements significant climate funding already provided by the EU
- The amount allocated to climate change as part of ODA has increased significantly over time
- Global financing for climate change mitigation through bilateral ODA already in 2008 $8.5bn
- Of this total EU provided $5.1bn (60%)

SOURCE: OECD Development Assistance Committee, Sept 2010. Not all donors and EU MSs report through DAC

What's next?

- Continued commitment to maximum transparency and dialogue with stakeholders
  - E.g. The EU Fast Start Forum in Bonn, updates of online information, provision of information to the www.faststartfinance.org, partner consultations
- Detailed action list to show how, where by whom the available funds are deployed
- Further provisional reporting on 2011 progress by Durban
- Encourage other Annex I to do the same
- Lessons for the longer term, increase comparability and accessibility, MRV of support