SUBMISSION BY IRELAND AND THE EUROPEAN COMMISSION ON BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES.

Dublin, 29 May 2013

Subject: **EU FAST START FINANCE REPORT**

Key Messages

- In accordance with developed countries' commitments under the Copenhagen Accord, the EU and its Member States have mobilised in total €7.34 billion (USD 9.79 billion) and thus has fulfilled its commitment to provide **€7.2 billion** cumulatively over the period 2010 – 2012. The funds committed in 2012 to date are € 2.67 billion. Considering the economic and fiscal challenges we are faced with, this demonstrates our strong commitment to deliver on the Cancun agreement and to the G20 commitment to fight climate change.

- The swift and effective implementation of EU fast start finance is enabling developing countries:

  – to better protect themselves against severe weather events and other adverse effects of climate change, including by promoting national adaptation planning, and funding for science and analysis to support decision making;

  – to grow and develop on a sustainable low carbon path, including through supporting projects on low carbon energy, energy efficiency and low carbon transport;

  – to protect forests while also supporting economic development;

  – to prepare for the effective and efficient implementation of a new climate regime and scaled-up financial flows in the longer term.

- Most EU fast start finance is provided through Member State budgets and is allocated on the basis of national decisions. Despite the difficult economic situation and strong budgetary constraints, all 27 Member States and the European Commission have contributed to this funding. Member States' fast start contributions are voluntary and not based on any distribution key. They do not prejudge any burden sharing for future global climate financing.

- Transparency in the delivery of fast start pledges is vital and the EU regularly submitted comprehensive and transparent reports to the UNFCCC Secretariat in line with the Cancún Agreements. In addition, the EU supports efforts to enhance the on-line availability of information on fast start finance commitments, and other efforts to promote improved transparency and consistency of climate finance.

1. DELIVERING ON OUR COMMITMENTS

1. The EU Member States and the European Commission have confirmed €2.67 billion of fast start finance in 2012, together with the amount committed in 2010 (€ 2.33 billion) and 2011 (€ 2.35 billion), it has thus fulfilled its commitment to provide €7.2 billion cumulatively over the 2010-12 fast start period and has surpassed the target despite the difficult economic situation and strained public finances.

2. To be effective and to enable the fastest possible deployment of the available funds, the EU and its Member States have used existing bilateral and multilateral delivery channels where possible as well as reinforcing existing initiatives. This facilitates access as developing countries were able to build on existing working relationships with bilateral agencies and multilateral institutions. For example, EU fast start finance has been provided through existing multilateral channels such as the Climate Investment Funds, the Global Environment Facility, the Adaptation Fund, the Least Developed Countries Fund, the Forest Carbon Partnership Facility, and the Multilateral Development Banks.

Table 1: Bilateral and multilateral channels in 2012*

BILATERAL	Total amount (billion €)	1.74
	% of total	65.6
MULTILATERAL	Total amount (billion €)	0.91
	% of total	34.4
NOT ALLOCATED	Total amount (billion €)	0.0

	% of total	0.0
TOTAL		€2.65 billion

* On the basis of the data provided by the 25 Member States reporting the division between multi- and bilateral channels

3. The EU and its Member States continue to be the largest contributor of climate finance flows to developing countries and has been so since well before Copenhagen. These climate finance projects and activities are closely aligned with the objectives for fast start finance. The EU and its Member States remain firmly committed to these broader climate finance activities.

4. In addition to fast start finance, the EU and its Member States have made available considerable amounts of funds for the period 2010-2012 in support of climate actions in developing countries, such as via the European Investment Bank (EIB) which provides diversified financing (with some elements of concessionality). This financing also helps leverage additional investments including from the private sector.

2. ACCESS TO EU FAST-START FUNDING

5. EU fast-start finance supported immediate action on climate change and preparations for efficient and effective adaptation and mitigation actions in developing countries in the medium and longer term, including measures for reductions in emissions from deforestation and forest degradation.

6. The EU and its Member States strove to allocate both bilateral and multilateral funding where it was most needed. In terms of new bilateral projects, in particular for adaptation, the EU and its Member States gave priority consideration to the most vulnerable and least developed countries. This included support for capacity building efforts as well as for the development and transfer of technologies.

7. The EU and its Member States continue to underline the importance of close dialogue and joint working with partner countries in assessing needs and setting priorities; EU fast-start finance was deployed with full respect for partner countries' national ownership and primary responsibility for their own development.

8. Furthermore, the experience of existing institutions, including multilateral, regional and bilateral development financial institutions, and national governmental and non-governmental implementing agencies in delivering aid in developing countries was fully utilized. The agreed principles of aid effectiveness established by the Rome and Paris Declarations and the Accra Agenda for Action were fully respected and will continue to be so.

9. Fast start funding was a voluntary commitment and allocation decisions are made by the respective Member State / the Commission. In this context, their respective local or regional donor representations in developing countries play an important role as a first contact point.

III. Synergies with progress towards reaching the MDGs

10. The EU and its Member States are committed to ensuring that fast start funding and other climate finance neither undermines nor jeopardises the fight against poverty and continued progress towards the Millennium Development Goals (MDGs). The European Council of 17 June 2010 reaffirmed its commitment to achieve development aid targets by 2015 as set out in its June 2005 Conclusions. The EU and its Member States remain the world's leading provider of official development assistance (ODA), responsible for almost 60% of all ODA in 2010.

11. Climate issues have become increasingly integrated in broader development strategies (making ODA‘ climate resilient') so that actions to mitigate and adapt to the negative effects of climate change often support efforts to reach other MDGs and vice versa, e.g. by delivering actions to support climate resilient development and access to renewable energy.

IV. Transparent and consistent reporting

12. The EU's fast start finance "package" amounted to **€2.67 billion in 2012 and** included finance to support: adaptation; mitigation; reductions in emissions from deforestation and forest degradation in developing countries; technology cooperation and capacity-building, including for MRV and design of mitigation measures.

13. ***Adaptation*** **: €743 million in 2012 to accelerate action to help poor and vulnerable countries and their people to adapt to and build resilience to the adverse effects of climate change**, particularly in the least developed countries, small island developing states, and African countries that will be most seriously affected. Funding has helped developing countries protect their infrastructure, industry and agriculture from changing weather patterns and rising sea levels, support investment water management, drought-resistant cops, disaster risk reduction and in improved scientific analysis for decision making, and national planning. Adaptation efforts will take into account the priorities identified in National Adaptation Plans of Action (NAPAs), National Communications and other relevant planning documents. In the area of adaptation, particular attention was paid to enhancing partner countries' absorption capacities, increasing national ownership, and to verifying the viability and added value of initiatives in the longer term.

14. ***Mitigation*** : **€1274 million in 2012 to accelerate the transition to a low-carbon global economy and to reduce greenhouse gas emissions by promoting the deployment of renewable energy technologies.** Funding has promoted projects on: low carbon energy; energy efficiency; low carbon transport; the development of Nationally Appropriate Mitigation Actions (NAMAs) and low emission development strategies; capacity building to measure, report and verify emissions and on new carbon market mechanisms.

15. ***REDD+***: **€322 million in 2012 to reduce greenhouse gas emissions by reducing deforestation and forest degradation in developing countries and enhancing the sustainable management and conservation of forest and carbon stocks.** Funding will demonstrate ways of changing the economics, build capacity to monitor effectively, report and verify emissions and removals from land-use activities; support necessary policy and governance reforms; work to enhance sustainable management and conservation of forests, and enhancement of forest stocks. Particular attention will be paid to improving forest governance (including land tenure reforms and forest law enforcement), and to ensuring benefits for local communities and indigenous peoples.

V. Longer term perspective on post-2012 financing

16. The EU fast start climate finance was public funding provided to cover a short interim period in advance of a comprehensive and sustainable global system for support would be developed. Member States' fast start contributions are voluntary and not based on any distribution key. They do not prejudge any burden sharing for future global climate financing. In Cancún the developed countries reiterated their commitment, in the context of meaningful mitigation actions and transparency on implementation, to a goal of mobilizing jointly USD 100 billion per year by 2020 to address the needs of developing countries. Funds provided to developing countries may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources.

17. Despite the achievements of delivering on the strong EU fast-start finance pledge, more leveraging and continued global climate finance contributions will be necessary post 2012 to support initiatives that will deliver substantial results and value for money in helping to support adaptation to climate change and to achieve emissions reductions needed to keep global warming below 2^{o}C. Reiterates in this respect the EU and other developed countries are working in a constructive manner towards the identification of strategies and approaches to scaling up climate finance from 2013 to 2020. In the years to come special attention should be placed on exploiting existing synergies and complementarities and efficient use of available funding. In order to ensure maximum impact of the different funds and instruments, domestic efforts by developing countries are encouraged, including the phasing out of fossil fuel subsidies and other distortions as well as in providing good framework conditions for investments, as recipient action is crucial in ensuring ownership of supported action and the right identification of national priorities. Comprehensive and nationally appropriate adaptation and mitigation plans and low emissions development strategies will further help to ensure ownership of supported action and identification of national priorities. The EU and its Member States call on other Parties to contribute and mobilise climate finance in view of the longer term goals.

18. The mobilisation of long-term climate finance for mitigation will depend on meaningful mitigation actions, transparency on implementation, and on a robust governance system

inter alia ensuring measurement, reporting and verification being in place, taking into account the particular situation of LDCs. Further improvements in the knowledge base on climate impacts and capacity building efforts will facilitate long-term adaptation actions.

19. The EU will continue to work closely with the recipient countries and with the international community to learn from the implementation of these fast start finance commitments as we move toward operationalising the longer term financing provisions of the Cancún Agreements. We encourage and support dialogues at national level to facilitate the smart use of the funds made available.

20. In this regard, the Final Report of the UN Secretary General's Advisory Group on Climate Finance (AGF) and the report prepared by international organisations for G20 Finance Ministers provides an important starting point for further consideration, in particular the conclusion that it is challenging but feasible to meet the goal of mobilising $100bn per annum by 2020 for climate change in developing countries, subject to meaningful mitigation actions and transparency on implementation through a combination of innovative, public and private sources. The public finance contributions of participating parties to post-2012 financing are, in most instances, yet to be determined and should be agreed as part of the ongoing international climate negotiations while taking into account national budgetary rules. ODA will continue to play a catalytic role, particularly in the most vulnerable and least developed countries.

21. A comprehensive and globally uniform set of statistics for climate financing is clearly needed. This should build on experiences with existing reporting systems such as the OECD-DAC system for monitoring financial flows to developing countries and avoid developing competing reporting systems. Also in this context Member States should consider experience with fast start funding when addressing post-2012 climate financing and support.

Uachtaránacht na hÉireann ar Chomhairle an Aontais Eorpaigh
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ANNEX

RESULTS OF MEMBER STATE REPORTING ON FAST START FINANCE COMMITMENTS, 26 March 2013

1. PLEDGES/ CONFIRMED CONTRIBUTIONS FOR 2010 – 2012

	EU CONTRIBUTION (2010-2012)	EU CONTRIBUTION 2010-2011	EU CONTRIBUTION 2012
	(billion €)	(billion €)	(billion €)
NUMBER OF RESPONSES	27+ COM (28)	27+ COM (28)	27+ COM (28)
TOTAL AMOUNT PLEDGED	7.20		
TOTAL CONTRIBUTION	7.34	4.67	2.67
% OF TOTAL AMOUNT PLEDGED	101.9	64.9	37.1

2. PRINCIPAL AND SIGNIFICANT CLIMATE OBJECTIVES IN 2012

Number of Member States reporting on this question		19
Total reported amount of reporting MS (billion €)		2.00
Overall reported amount as % of EU FSF Contribution in 2012		74.8
Climate is principal objective	Total amount (billion €)	1.49
	% of total reported amount	75.0
Climate is significant objective	Total amount (billion €)	0.50
	% of total reported amount	25.0

3. TYPES OF INVESTMENTS IN 2012

Number of Member States reporting on this question		24
Total reported amount of reporting MS (billion €)		2.22
Total reported amount in % of EU FSF Contribution in 2012		83.1
Grants	Total amount (billion €)	1.73
	% of total reported amount	78.2
Loans, equities or others[1]	Total amount (billion €)	0.48
	% of total reported amount	21.8

[1] Most loans reported were confirmed as being concessional in nature.

4. BILATERAL & MULTILATERAL CHANNELS IN 2012

Number of Member States reporting on this question		25
Total reported amount of reporting MS (billion €)		2.65
Total reported amount in % of EU FSF Contribution in 2012		99.2
BILATERAL	Total amount (billion €)	1.74
	% of total reported amount	65.6
MULTILATERAL	Total amount (billion €)	0.91
	% of total reported amount	34.4
NOT ALLOCATED	Total amount (billion €)	0.0
	% of total reported amount	0.0

5. OBJECTIVES AND SECTORS IN 2012

Number of Member States reporting on this question		25
Total reported amount of reporting MS (billion €)		2.64
Total reported amount in % of EU FSF Contribution in 2012		99.0
ADAPTATION	Total amount (billion €)	0.74
	% of total reported amount	28.1
REDD+	Total amount (billion €)	0.32
	% of total reported amount	12.2
MITIGATION (excluding REDD+)	Total amount (billion €)	1.26
	% of total reported amount	48.1
NOT ALLOCATED, OTHER	Total amount (billion €)	0.31
	% of total reported amount	11.6

6. OVERVIEW OF MULTILATERAL CHANNELS USED FOR FSF IN 2012

Number of Member States using multilateral channels	19
Number of Member States providing details on multilateral channels	15
Total reported amount for multilateral channels(billion €)	0.85
Total reported amount in % of EU FSF Multilateral contribution in 2011	93.9
MULTILATERAL AND REGIONAL INSTITUTIONS (million €)	
CIFs': Clean Technology Fund	263.4
CIFs': Pilote Programme for Climate Resilience	54.0
CIFs: Small Scale Renewable Energy Programme	50.8
CIF's: Strategic Climate Fund	6.3
IFC Renewable Energy (incl NIPP)	5.8
World Bank: Forest Carbon Partnership Facility	19.3
World Bank: Partnership for Market Readiness	19.7
World Bank: others	3.4
Global Water Partnership	3.3
Green Climate Fund	1.1
Investment Fund for Developing Countries	6.7
International Union for the Conservation of Nature	4.2
Others	54.7
Subtotal	**492.8**
UNFCCC and KYOTO PROTOCOL FUNDS (million €)	
GEF	115.9
ADAPTATION FUND	12.8
LEAST DEVELOPED COUNTRIES FUND	41.5
SPECIAL CLIMATE CHANGE FUND	17.0
Subtotal	**187.2**
UN Initiatives / funds (million €)	
FAO	5.0
IFAD	2.4
IFAD Agriculture Smallholders Adaptation Programme	146.8
UNEP	11.6
UNDP	7.5
other UN	1.2
Subtotal	**174.4**
TOTAL	**854.4**