



Federal Ministry for the
Environment, Nature Conservation
and Nuclear Safety

Federal Ministry
for Economic Cooperation
and Development



Fast start finance

Review and lessons learned for long term finance

Germany: A reliable partner for climate protection

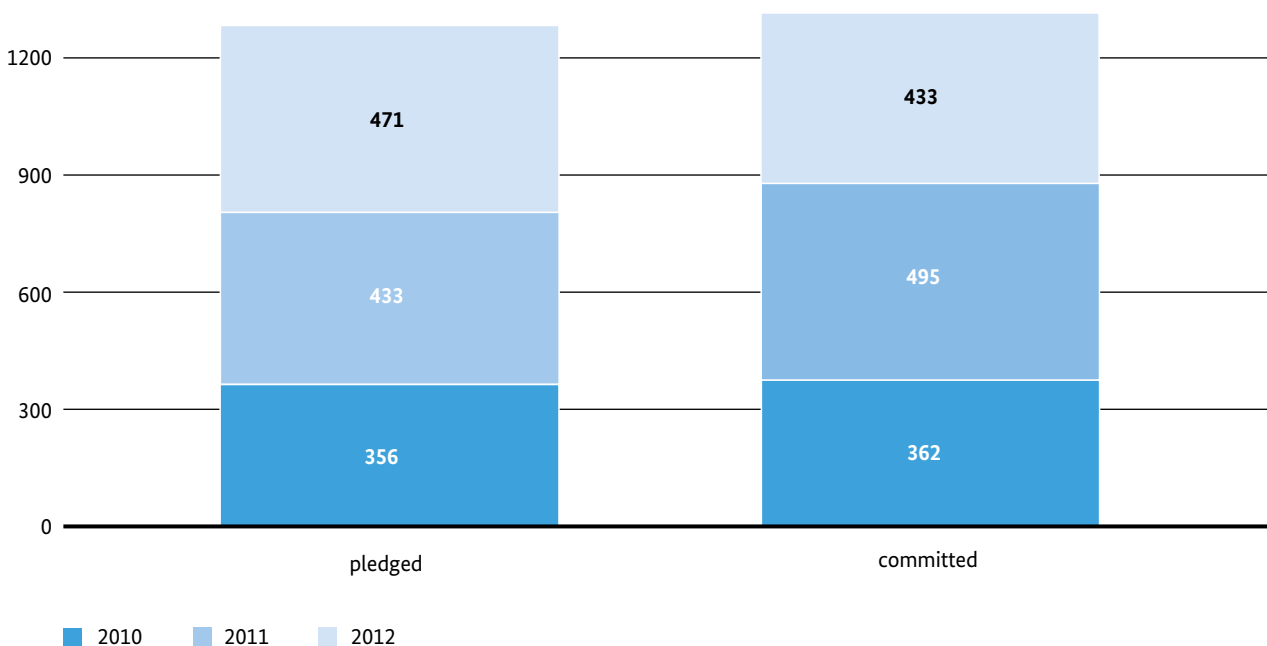
The European Union committed to provide EUR 7.2 billion for fast start finance in the period 2010 to 2012. With its contribution of EUR 1.29 billion, Germany surpassed its original pledge of EUR 1.26 billion. The German Federal Ministry for Economic Cooperation and Development (BMZ) and the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) deployed the German fast start funds through multilateral and bilateral channels to support activities for adapting to the impacts of climate change, mitigating greenhouse gas emissions and reducing emissions from deforestation and forest degradation (REDD+).

Germany is going to continue its contributions to international climate finance at a high level after the fast start finance period has ended. At the eighteenth session of the Conference of the Parties (COP 18) in Doha, Qatar, Germany announced the budgetary planning to increase the overall international climate finance funding from EUR 1.4 billion in 2012 to roughly EUR 1.8 billion in 2013.

Background information on fast start finance

At the 2009 United Nations Climate Change Conference in Copenhagen, industrialised countries pledged to provide new and additional resources to kick-start immediate action on climate change in developing countries. Up to USD 30 billion of fast start finance was to be made available for the period 2010–2012 with balanced allocation between mitigation and adaptation. In addition, developed countries set the target of jointly mobilising USD 100 billion per year by 2020 to address the climate needs of developing countries (long-term finance). These commitments were reaffirmed at the conference in Cancun in 2010.

Fig. 1: Implementation of Germany's fast start commitment (in million €; as at 31 Dec 2012)



German definition of fast start finance

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As there was no clear agreement on the definition of fast start financing and its reporting at international level, Germany decided to set itself targets with regard to the balanced allocation, the definition of new and additional funds, and the reporting format.

Balanced allocation

Germany earmarked at least 30 per cent for adaptation measures and at least EUR 350 million for REDD+ projects.

New and additional funding

Fast start finance was to be provided over and above any previous financing Germany made available for international action on climate change. This means that these funds were additional to the climate-related support already provided in 2009, and were sourced from innovative financing mechanisms, namely the auctioning of emission certificates in Germany.

Measuring, reporting and verification (MRV) of fast start financing

Germany is guaranteeing maximum transparency in how it uses resources approved as fast start finance. In addition to reporting to the EU twice per year – at the mid-term United Nations Framework Convention on Climate Change (UNFCCC) negotiations in Bonn and at the COP – it published detailed annual project lists (project title, short description, implementing agency, funding volume, duration). Germany provides information on the following websites:

www.bmz.de/klimafinanzierung

www.international-climate-initiative.com.

Furthermore, it reported on commitments for bilateral projects and on disbursements to multilateral funds.

Implementation of Germany's fast start commitment

Fig. 2: Germany's contribution to fast start financing (as at 31 Dec 2012)

Mitigation	Adaptation	REDD+
<ul style="list-style-type: none"> Clean Technology Fund: 375 million € EU/BMU-UNDP¹ Capacity Building Programme on Climate Change: 5 million € 	<ul style="list-style-type: none"> Pilot Program for Climate Resilience: 37 million € Adaptation Fund: 10 million € Least Developed Countries Fund: 60 million € Special Climate Change Fund: 31 million € UNEP²/UNDP/IUCN³ Ecosystem-based Adaptation Flagship: 10 million € 	<ul style="list-style-type: none"> Forest Carbon Partnership Facility: 57 million €
<ul style="list-style-type: none"> Bilateral projects: 210 million € 	<ul style="list-style-type: none"> Bilateral projects: 228 million € 	<ul style="list-style-type: none"> Bilateral projects: 266 million €
Total: 590 million €	Total: 376 million €	Total: 323 million €

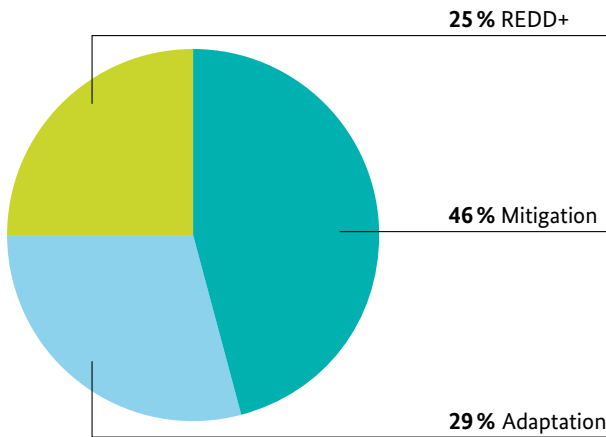
¹ UNDP: United Nations Development Programme ² UNEP: United Nations Environment Programme

³ IUCN: International Union for Conservation of Nature

Breakdown by thematic areas – adaptation, mitigation and REDD+

German fast start funds amounting to EUR 1.29 billion flow into projects to support activities for adaptation, mitigation and REDD+. To reach its self-set target of balanced allocation between these areas, Germany gave a higher priority to adaptation and REDD+ projects in 2012. This steadily increased their share during 2010 to 2012.

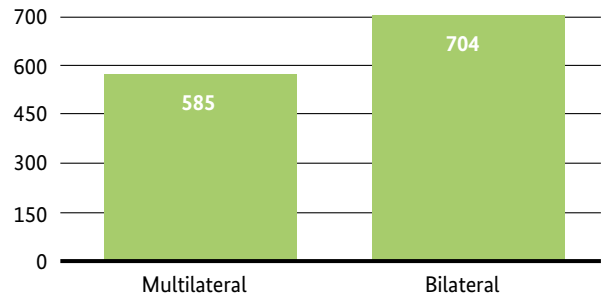
Fig. 3: Allocation of Germany's fast start finance by theme (in %; as at 31 Dec 2012)



Bilateral and multilateral funding channels

Germany used bilateral and multilateral fast start financing instruments in a balanced manner. It channelled funds through multilateral institutions such as the Climate Investments Funds, the Kyoto Protocol's Adaptation Fund, the Global Environment Facility and the Forest Carbon Partnership Facility, as well as through the United Nations Development Programme and the United Nations Environment Programme.

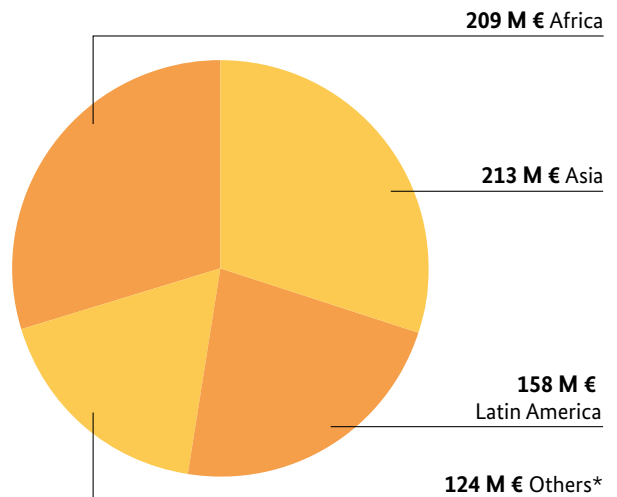
Fig. 4: Breakdown of Germany's multilateral and bilateral fast start finance (in million €; as at 31 Dec 2012)



Bilateral funds – geographic distribution

German bilateral fast start funds support mitigation activities in all regions, with middle-income countries being one of the priorities. REDD+ projects are being carried out predominantly in Latin America and Asia. By contrast, adaptation to climate change is being supported in the most vulnerable countries in all regions, and both multilateral and bilateral activities address least developed countries.

Fig. 5: Geographic distribution of Germany's bilateral fast start contribution (in million €; as at 31 Dec 2012)



* Including global projects and projects in Southeastern Europe. All recipient countries are eligible for official development assistance (ODA) according to the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) criteria.

Results, lessons learned and recommendations for long term finance

1. The delivery of fast start funds in terms of allocation was successful, with Germany surpassing its commitments. The use of existing climate finance infrastructure allowed for fast implementation.
2. For its provision of fast start financing, Germany made use of the auctioning revenues from Emissions Trading System (ETS) allowances, which constitutes a truly innovative, as well as new and additional, financial source.
3. Due to the politically set, tight time schedule for the fast start finance initiative, the internationally agreed upon criteria for its delivery system were rather broad and left room for the countries to follow their national approaches. In this context, Germany quickly created a conceptual basis with objectives and structures to guide the implementation of fast start financing. However, it became clear that not all challenges can be addressed at national level. Regarding long-term finance, it is fundamental to define an internationally agreed upon, clear conceptual framework to avoid misconceptions and differing expectations regarding the nature and delivery of funds and necessary reporting standards.
4. Communication and coordination is essential in building trust among Parties. It is necessary for ensuring a harmonised approach among donors (compliance with the Paris Declaration on Aid Effectiveness, Accra Agenda for Action and the Busan Partnership for Effective Development Co-operation), using resources efficiently, and not placing an extra burden on recipient countries that are already facing capacity constraints. Fast start finance led to additional communication and coordination efforts made at donor and recipient level. For long-term finance, these efforts should be intensified with clear and strengthened communication channels at international and national level. These should be set up: (1) between donor and recipient countries; (2) between development and climate communities (i.e. between negotiators and development cooperation organisations); and (3) at project level, between implementing agencies, and other key stakeholders.

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