



Climate change and development

The BMZ's climate policy contribution

GERMANY'S CLIMATE CONTRIBUTION

- Even though they have done the least to contribute to it, climate change is hitting people in the poorest countries particularly hard.
- Germany supports **developing countries and emerging economies** to make progress on climate action and to deal with climate change.
- In 2020, the German government provided around 5.1 billion euros (from budgetary funds, including grant equivalents from KfW development loans) in international climate financing for this purpose. Germany's annual contribution has doubled since 2014, and by 2025, at the latest, the annual contribution should grow to 6 billion euros.
- In 2020, around 40 % of the bilateral and multi-lateral climate financing provided by the German government (from budgetary funds, including grant equivalents from KfW development loans) was used for adaptation and 60 % for mitigation measures. More than 86 % of these funds came from the budget of the Federal Ministry for Economic Cooperation and Development (BMZ).

THE BMZ'S CLIMATE STRATEGY

- The BMZ's key thematic strategy "Responsibility for our Planet – Climate and Energy" describes the BMZ's contribution.
- In the action area **Climate Action and Adaptation to Climate Change**, the BMZ supports its partner countries in developing and implementing ambitious climate action targets. At the same time, the BMZ puts a particular focus on working with the most vulnerable countries to adapt to climate change and strengthen their resilience.
- In the action area **Renewable Energy and Energy Efficiency**, the BMZ is working worldwide to

ensure that the rapidly growing demand for energy is met in a climate-neutral manner and in accordance with demand. The aim of BMZ's contribution is to secure the energy supply in emerging and developing countries by 2030 through the expansion of only renewable energies and to achieve the complete decarbonisation of the energy sector by 2050.

- Through the action area **Sustainable Urban Development**, German development policy contributes to making cities resource-efficient, climate-neutral, resilient and liveable. To this end, the BMZ supports its partners in **integrated approaches** to steer urban growth into sustainable paths as early as possible.
- The BMZ also systematically promotes ecologically sustainable and climate-smart development in other relevant sectors, especially in forest conservation, biodiversity, water and the sustainable design of global agricultural and food systems. Climate action and climate adaptation are also a central component of the new BMZ key thematic strategy "One world without hunger".

KEY CLIMATE INITIATIVES

- The BMZ calls for and promotes a political course towards climate neutrality for a sustainable recovery from the COVID-19 pandemic. Together with the World Bank, the BMZ has initiated the Green Recovery Initiative and will provide a further 60 million euros for this purpose in 2021. This initiative advises, among other things, finance ministries and central banks in partner countries on "green" reforms.
- The **InsuResilience Global Partnership (IGP)** aims to protect 500 million poor and vulnerable people against climate and disaster risks by 2025.

- Germany is the largest supporter of the IGP, with commitments of around 800 million euros to date. The IGP promotes the development and implementation of climate risk transfer solutions through the Global Risk Finance Facility at the World Bank, the African Risk Capacity, the Natural Disaster Fund and the InsuResilience Solutions Fund, among others.
- The **NDC Partnership**, which was co-initiated by the BMZ and the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), supports almost 100 developing and emerging countries in defining their Nationally Determined Contributions (NDCs), making them more ambitious and implementing them. 56 member countries have already submitted new or revised NDCs with the support of the NDC Partnership. Since the inception of the NDC Partnership, the German government, as the largest donor, has contributed over 500 million euros.
 - The BMZ is entering into **transformative, strategic climate cooperation** with ambitious developing countries and emerging economies:
 - The German-Pakistani Climate and Energy Initiative with **Pakistan** for intensified political dialogue and expansion of renewable energies (agreed 10 September 2021);
 - Strategic climate cooperation with **Serbia** includes financial, political and personnel support for coal phase-out and a sustainable green transformation (agreed 11 October 2021);
 - **Rwanda** is being supported with its NDC implementation through a strategic climate cooperation. Cooperation agreements with India, Peru and South Africa are planned.
 - The **Alliance for Development and Climate**, founded by the BMZ in 2018, recognises voluntary, non-governmental contributions to climate action. Today, more than 1,100 actors already support the Alliance by avoiding, reducing and offsetting emissions. CO₂-offsetting takes place through projects in developing and newly industrialised countries. In 2020, the Alliance was turned into a non-profit foundation.
 - The BMZ focuses on decentralised, **Green People's Energy** to improve the supply of renewable energy to rural regions, with the involvement of municipalities, cooperatives and private-sector investors.
 - In selected partner countries, the BMZ supports the establishment of **competitive hydrogen value chains. This also includes the establishment of production plants for green hydrogen** and its downstream products (Power-to-X).
 - The BMZ is also committed to climate action through international forest policy in the three action areas of forest conservation, afforestation and deforestation-free supply chains.

MULTILATERAL CONTRIBUTIONS

- The BMZ is involved in three multilateral climate finance institutions that use funds to implement climate action and adaptation projects worldwide:
 - In the **Green Climate Fund (GCF)**, Germany is currently the third largest donor with 1.5 billion euros (2020 to 2023). These funds came from the BMZ budget.
 - In the **Global Environment Facility (GEF)**, the BMZ is the second largest donor with a contribution of 420 million euros (2018 to 2022), and in the Least Developed Countries Fund (LDCF), it is the largest donor with 415 million euros to date.
 - The BMZ has contributed over 650 million euros to the **Climate Investment Funds (CIFs)** since 2008.
- **Multilateral development banks** also mobilise additional funds for low-emission and climate-smart investments. The BMZ advocates for the full alignment of these banks with the Paris Agreement. Several banks have already set concrete goals for themselves and are developing joint methodologies.