

How **France's development partnerships** are meeting the challenge of climate change?

Fast-start implementation for 2011

- ▶ **France is contributing 1.26 billion euros over three years to fast-start financing.** Sustainable development and action on climate change are among the five sectoral policies of France's international aid programme, in keeping with its international commitments to the Millennium Development Objectives and the different treaties.
- ▶ France undertook several years ago to substantially strengthen its efforts towards solidarity in the area of climate change action, in order to promote a sustainable development model. This effort in favour of the most vulnerable developing countries is implemented through practical action in different areas, especially forests and access to sustainable energy, particularly in Africa (Paris-Nairobi Initiative). France's fast-start commitments are inherently consistent with this approach.

The Heads of State and heads of government in Copenhagen undertook to raise 30 billion Dollars in fast-start financing in 2010-2012. The activities financed under the French fast-start commitments aim **to respond to urgent needs for adaptation in developing countries but also to contribute to the development of low-carbon growth in the medium term.** Furthermore, 20% of our fast-start financing is targeted to forests. Thanks to all of its Member states, the European Union is raising one third of international fast-start financing (7.2 billion euros).

From 2005 to 2010, French bilateral aid contributed more than 8 billion € to climate change mitigation and adaptation

The French Development Agency (AFD) is the leading French operator in the area of climate change action. Its commitments have steadily increased in recent years to 2.8 billion Euros in 2010 (8.1 billion Euros in 2005-2010). Many different tools are used to finance climate change action, including subsidies and preferential or market rate loans, but also innovative instruments such as dedicated credit lines for local banks, budget support to the emergence and implementation of national climate strategies, support to NGOs and guarantees to back local development projects. Through these activities, the AFD has become a leading operator and one of the foremost players worldwide in international public financing of climate change action (over 10% of international public financing).

Thanks to the capacity for intervention of the AFD and the French Global Environment Facility (FGEF), France is paving the way for international mobilisation in favour of an effective large-scale

response to the challenge of financing climate change action. It is also helping to increase the flow of new private and public financial flows raised with a view to the longer term, as well as mobilising new players, particularly national financial institutions, local authorities, the private sector and civil society.

France is also a major contributor to international solidarity via its "technical" agencies, whose expertise and activities in its partner countries cater for the long term. This is particularly the case for the Research and Development Institute (IRD), the Environment and Energy Management Agency (ADEME) and the international branch of the National Forests Office (ONF-I).

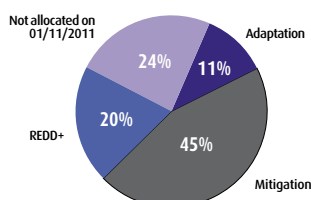
Concerning multilateral funding, France is also strengthening its efforts by contributing 215.5 M€ in 2011-2014 (an increase of more than 50% compared to 2007-2010) to the largest GEF replenishment since its creation. It is also contributing 500 million dollars to the Clean Technology Fund for 2010-2012. Finally, France has been actively involved in work with the transitional committee for implementation of the "green climate fund" established under the Cancun Accords.

French undertakings on forests. France has made action against deforestation and forest degradation a priority of its international climate action, in response to the climate challenge itself but also for its beneficial effects on the preservation of biodiversity and other ecosystem services and for its contribution to the green economy. 20% of French fast-start financing is earmarked for forests. Thanks to its technical know-how, close and long-standing cooperation in the large tropical forest basins and the high cost-effectiveness ratio of the activities undertaken, France has become a major innovative player in this area, especially as regards improved forest governance, tropical forest development and geographic information systems.

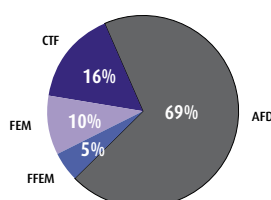
420 M€ in French fast-start project financing in 2011.

As in 2010, France will be achieving its 2011 target commitment of 420 m€ to the fast-start financing programme in the form of loans and subsidies, including 20% for forests. The share contributed to multilateral programs has increased significantly to reach a total, in 2011, of 26% of French commitments, thanks to contributions to the Global Environment Facility (43 M€ including 30 M€ earmarked for the REDD+/sustainable forest management project) and to the Clean Technology Fund (68 M€). Almost 75% of French financing will continue at bilateral level through the AFD and the FGEF. Moreover, the proportion of grant funding this year is almost 18%, as against 8.5% in 2010, with a large share to forests that illustrates the French budget effort to rise to the challenge of deforestation, a priority topic for France.

French fast-start financing in 2011 by topic area



French fast-start financing in 2011 by implementing agency



Climate change adaptation through improved water management

Efforts continued on the question of water management, mainly in Africa in the form of loans from the French Development Agency. These are intended to improve supply-side management through diversified investments to increase water availability. The aims range from reducing water losses from distribution networks to increasing storage capacity or developing non-conventional water resources (treated wastewater, desalination, rainwater collection) as additional resources. Fast-start financing to projects in Tanzania and Mozambique (17.4 m€ and 6.7 m€ respectively, among other sources) aims to strengthen access to drinking water networks, while in Mauritius, a new dam will store rainwater and help prevent flooding (38.2m€). Loans, with consideration given to the debt burden of countries and beneficiaries, have proved particularly suitable for financing investments with proven economic returns.

Preserving forests, particularly through REDD+, is a priority for France

Over and above the contributions earmarked for the GEF's forest programme, commitments have been made to 8 bilateral projects, mainly for Africa, including in particular:

- capacity building and provision of remote sensing data (Spot) for central and west African countries (including 7 m€ from the AFD and 1.6 m€ from the FGEF);
- development of logging standards for central Africa (2.5m€ from the FGEF);
- regional REDD+ programme for the Rio Grande de la Magdalena Basin in Colombia (1.5 m€ from the FGEF).

Reducing emissions

In 2011, fast-start financing for mitigation was mainly targeted to:

- developing French emission reduction activities in Africa through two pilot projects implemented by the FGEF, with the aim of promoting access in African countries to carbon markets through the Kyoto protocol flexible mechanisms;
- supporting and promoting the implementation of national climate change policies, by financing an additional 75 m€ tranche of topic-centred aid (AFD) to the Indonesian government as a supporting measure to its voluntarist national policy for resilient low carbon development and its efforts to reflect this policy in its five-year plans, as well as 20 m€ for the Vietnamese government under a multi-agency partnership involving Japanese and Canadian cooperation, with other partners expected to join the programme in the very short term (including the World Bank). These topic-centred aid programmes, supported by technical assistance and designed to feed into a high-quality multi-sectoral dialogue, are the first concrete examples of financial support on a large-scale to national climate change policies under new corporation frameworks. The AFD has also forged partnerships of this type with countries such as Mexico and Mauritius, with total commitments of 1.3 billion € since 2008;
- promoting access to clean energy, in particular through 43 m€ in financing to Kenya for a grid connection fund under a programme for access to electricity.

Providing the most vulnerable people with access to sustainable energy - the Paris-Nairobi Initiative

On 21 April 2011, France and Kenya launched the Paris-Nairobi Initiative during a ministerial conference, aiming to provide access to clean energy in Africa and in countries vulnerable to climate change. This initiative proposes an integrated approach to energy, climate and development issues and is designed to bring strong policy support to low-carbon energy projects, to facilitate their implementation and financing and to support countries vulnerable to climate change in implementing development strategies that are suited to their own energy issues.