

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



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Financing and fast start

Climate change: a priority for French development aid

Sustainable development and climate are among the five sectoral priorities for French development aid. For several years France has been strengthening its international programmes in this area, relying at the bilateral level on its leading operator, the AFD (French Development Agency), which handles one third of French development aid, as well as on the FGEF (French Global Environment Facility) and on "technical" agencies such as the Research and Development Institute (IRD), the Environment and Energy Management Agency (ADEME) and the international branch of the National Forests Office (ONFi). Over the **last three years** the AFD has granted more than **€7 billion in climate change action-related financing**. That development was possible through the expansion of the AFD's activity and its increasingly distinct orientation towards financing sustainable development and investments that contribute to action on climate change. Today, the AFD is one of the major international financial institutions in climate change action, with more than 10% of international public financing. It is associated with the IDFC (International Development Finance Club) which groups together 19 international, regional and national development institutions from several major countries with the aim of exchanging on good practices and promoting coordination in the area of sustainable development and climate change action.

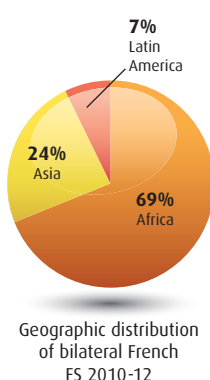
French Fast start financing in 2010-12: a commitment fulfilled

Under the Copenhagen Accord, Heads of State and Government collectively undertook to raise US\$30 billion in fast start financing in 2010-2012. The EU undertook to raise €7.2 billion in fast start financing **over 3 years**, and **France €1.26 billion**. France will be achieving that commitment as it has raised more than €420 million each year in fast start financing for the last three years, of which 76% is at the bilateral level. On the multilateral level, France has disbursed the amounts it pledged for the period. On the bilateral level, the financial pledges have been achieved using a range of financial instruments including grants, highly concessional (virtual grant) and concessional loans. The disbursement of funds to recipient developing countries is under way and follows the normal implementation cycle of structuring investments.

Special effort has been made for fast start financing on the bilateral level to support the implementation of low-carbon national growth strategies in developing countries, and to increase the share for adaptation and forests, which over three years should represent 25% and 15% respectively of French fast start financing. The financing of adaptation has increased significantly over the last several years, demonstrating France's efforts to steer its aid to poor countries and those which are the most vulnerable to climate change. France has also raised additional resources for action against deforestation, by earmarking €30 million a year for the REDD+/sustainable forest management programme from its contributions to the GEF (Global Environment Facility) as part of its 5th replenishment and by increasing the resources of the FGEF (French Global Environment Facility), with the aim of supporting an initial objective of targeting 20% of fast start financing to forests.

On the whole these efforts have helped improve the share of subsidies in French fast start financing, which has doubled in 3 years to reach a total of nearly 20% in 2012.

On the multilateral level, France has strengthened its efforts by contributing €215.5 million in 2011-2014 (an increase of more than 50% compared to 2007-2010), to the largest GEF replenishment since its creation. It also contributed US\$500 million to the Clean Technology Fund for 2010-2012.



Mitigation

A pioneer in directly supporting the implementation of national climate change policies and their action plans, the AFD has supported the national programmes of Indonesia, Vietnam, Mexico and Mauritius (more than €1.4 billion in financing since 2008). In 2012, the AFD granted additional financing to support the 3rd phase of Vietnam's national response programme on climate change (€40 million). The FGEF also supported capacity building to define climate plans in central and western Africa (€1.5 million in subsidies).

Other projects promoting the development of renewable energies and energy efficiency were also supported, particularly through financing allocated to Kenya (€56 million for the geothermal sector), Cameroon (€60 million to support the Lom Pangar hydroelectricity project) and South Africa (€100 million) for the construction of solar power stations, in South-East Asia (€1.3 million subsidy for the distribution of low-carbon technologies by means of an incubation and scale of operations change platform), or the Mediterranean (€1.5 million subsidy for assistance in renewable energy development decision-making).

Adaptation

France's activities were particularly focused on water management, mainly in Africa:

- strengthening access to drinking water networks and their efficiency (€17.4 million in financing to Tanzania, €6.7 to Mozambique, and €30 million to Morocco);
- remediation and decontamination of drinking water networks in Upper Egypt (€22.3 million loan) and in the Seychelles (€3.9 million loan);
- restoration of ecosystem services to help prevent the unfavourable effects of climate change in the Pacific (€2 million subsidy);
- support for the implementation of index-based harvest insurance programmes in western Africa (€1 million subsidy);
- development programme for a low-carbon and climate change-adapted building market in Africa (nubian vault - €1 million subsidy).

Forests

The FGEF was one of the chief vehicles of French bilateral aid on REDD+ under fast start financing. Significant efforts were made by the AFD and the FGEF to promote the sustainable management of forests:

- support for the sustainable management of forests in the Democratic Republic of the Congo (€5 million subsidy);
- capacity building and access to remote sensing data for central and west African countries (€11.9 million subsidy);
- support for the eco-certification of forest concessions in central Africa (€1.5 million subsidy);
- projects for the sustainable development of the forest and biodiversity in state of Amapa in Brazil (€1.6 million subsidy) and Gran Chaco in Latin America (€1.5 million subsidy);
- development of adaptation projects based on ecosystems in west Africa (€1.6 million subsidy).

Continuity of France's international climate financing

France is raising climate financing with overall amounts well over those of fast start financing. **As part of its strategic development plan for 2012-2016, the AFD undertook to allocate 50% of its annual financial grants in developing countries to "climate" projects (30% for its "private sector" subsidiary Proparco).** Concerning multilateral funding, France has contributed to the latest replenishment of the **GEF up until 2014 (€86 M in 2013-2014)**. It is also a member of the **Green Climate Fund** and is actively involved in the full operationalisation of the Fund in order to enable its contribution.

More generally, France is involved in increasing innovative financing for development. It carried this issue to the top of the political agenda during its chairmanship of the G20, during which the World Bank and the International Monetary Fund produced a report for the G20 on mobilising climate finance. France is co-chairman of the study group on climate finance established under the Mexican chairmanship of the G20. At the national level, as the French President had announced during the UN General Assembly in September 2012, **France will allocate 10% of the revenue from the financial transaction tax to financing development aid, particularly in the areas of health and climate change.**

For more information:

www.developpement-durable.gouv.fr
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