

THE GERMAN FAST-START FINANCE CONTRIBUTION

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EXECUTIVE SUMMARY

Industrialized countries have repeatedly committed to provide new and additional finance to help developing countries transition to low-carbon and climate-resilient growth. This assessment addresses German efforts to provide “fast start finance” (FSF) as a contribution to the pledge by developed countries to provide USD 30 billion from 2010 to 2012 under the United Nations Framework Convention on Climate Change (UNFCCC).

This document is part of a series of studies scrutinising how developed countries are defining, delivering, and reporting FSF. It analyses the German FSF contribution on the basis of information available for the whole FSF period, using a common methodology developed by WRI, ODI and the Open Climate Network.

Germany is one of the richer countries in the developed world, and has been an important historic contributor to the accumulation of greenhouse gases (GHG) emissions in the atmosphere. Germany committed EUR 1.26 billion during the FSF period 2010 to 2012, as part of the overall EU FSF pledge of EUR 7.2 billion. The following table presents key quantitative characteristics of the German FSF contribution, based on a database of roughly 220 activities derived from official government project lists (specific projects as well as contributions to multilateral funds) and complemented by additional research.

Germany has increased climate finance in recent years and met its self-defined FSF pledge. According to the government’s FSF reporting, from 2010-2012 Germany provided a total of EUR 1.29 billion (approximately USD 1.7 billion) for climate action in developing countries that was counted towards FSF. Germany has therefore slightly exceeded its FSF pledge for the period 2010-2012.

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Figure 1 | Overview of German Fast-Start Finance



Even before the start of the FSF period, Germany was already providing significant funding for climate change-related activities in developing countries, particularly for renewable energy and energy efficiency. It therefore started from a relatively high climate finance baseline. Moreover, FSF is only a part of what the German government provides in climate-related finance for developing countries. Overall, Germany has increased delivery of international climate finance when compared to climate-related spending prior to the FSF period: In 2011, Germany committed about EUR 1.8 billion in total for climate finance, an increase from EUR 470 million in 2005.

Germany's FSF is roughly evenly distributed between bilateral and multilateral cooperation. Out of the EUR 1.29 billion, EUR 585 million was channelled through multilateral funds. The largest single channel is the World Bank-administered Climate Technology Fund (CTF), which received EUR 375 million from Germany from 2010-2012. Substantial amounts of funding were also transferred to adaptation-related multilateral funds and the Forest Carbon Partnership Facility. Two federal ministries, the German Federal Ministry Economic Cooperation and Development (BMZ), and the German Federal Ministry Environment, Nature Conservation and Nuclear Safety (BMU), are responsible for the disbursement of FSF resources. Nearly half of this funding has been channelled through the German development cooperation agencies GIZ and KfW. Relatively few resources were delivered directly to developing country domestic institutions.

Germany FSF has primarily supported general mitigation (45%), and efforts to reduce emissions from deforestation and degradation (26%), while 28% supports adaptation. Germany aimed to provide 50% of its climate finance for mitigation, 33% for adaptation activities, and 27% (EUR 350 million) for REDD+. The Copenhagen Accord sought a balance between adaptation and mitigation (including REDD+) during the FSF period. Adaptation has received less finance than expected at the outset of the FSF period. Overall, most German FSF resources have been allocated to the regions of Africa (34%) and Asia (29%). Additionally, roughly 60% of all adaptation finance and 50% of bilateral adaptation finance has been allocated to Small Island Developing States, Least Developed Countries, and African countries.

The majority of Germany's FSF is provided through grants. Loans are provided to the CTF, and account for about 29% of the overall FSF contribution.

Germany is relatively transparent about its FSF. Through BMU and BMZ, the German government publishes lists of the FSF projects it supports, reporting on the recipient country, project name, project description, objective, amount, implementing agency, financial instrument, and expected project duration. It also reports to the European Commission (EC) on an annual basis. In addition, Germany has commissioned a study on lessons learned from FSF for long-term finance. However, official reporting would be strengthened through the inclusion of information on the actual disbursements and on project impact.

Germany is one of the few countries which has applied and published a specific definition of "new and additional" for its FSF. Germany only counts those funds towards FSF which were committed in addition to a 2009 baseline (as part of Official Development Assistance, or ODA, spending) and/or which are generated by new financing sources, namely the auctioning revenues under the EU ETS. Nonetheless, some of the financial resources counted as FSF were pledged before the FSF period: for example, Germany pledged finance to the CIFs in 2008, but only funding delivered from 2010 onwards was counted as FSF. All German FSF is counted towards ODA. However, Germany has yet to meet its commitment to provide 0.7% of its Gross National Income as ODA, and in fact its ODA contributions have recently declined. Also, Germany's climate finance is committed in the context of a complementary commitment to scale up finance for biodiversity under the Convention on Biodiversity (CBD). It will be important to monitor reporting against both of these commitments in order to understand whether pledges have been duplicated or recycled.

Most of the projects counted towards FSF seem to have a principal or at least significant climate objective. An independent application of the Organisation for Economic Development (OECD) climate markers to the FSF projects suggests that the vast majority of projects seems to have a clear climate element, based on limited project information. However, a focus on only bilateral projects reveals that the share of principally climate-driven projects may be lower than bilateral projects committed to other climate objectives. Furthermore, an assessment of the incremental climate change costs that are covered through the projects is not available.

Germany is one of the few developed countries to have committed climate finance beyond the FSF period. At COP18, Germany pledged to deliver EUR 1.8

billion in climate finance in 2013, an increase from the EUR 1.4 billion delivered in 2012.¹ These funds will come from the general budget and from the “Sondervermögen Energie und Klimafonds” (“Special Energy and Climate Fund”). This separate budget structure is financed by auctioning revenues from the EU Emission Trading Scheme (EU ETS). The current low prices of carbon, however, may reduce available climate finance beyond 2012.

RECOMMENDATIONS

With regard to reporting on international climate finance, we suggest the following actions to further increase transparency:

- Continue to publish annual, project-level information after the close of the FSF period. Reporting systems could be updated to reflect the parameters of the new United Nations Framework Convention on Climate Change (UNFCCC) common reporting format (for example, by specifying the sectors to which funding is directed). It could also seek to improve reporting on the actual state of implementation of projects, and actual disbursement of committed funds. Therefore, Germany may explore practical options for providing some project-level information on the results of at least the larger programs funded in real time, e.g on the basis of the project reporting that is required of implementers (such as through annual or evaluation reports).
- Provide additional information on which projects are funded by which ministries.
- Provide more detailed financial information on projects that meet commitments to increase both climate and biodiversity finance to provide greater clarity on synergies, and assure that finance has not been double-counted. Such reporting can also be related to climate finance reporting under the OECD climate markers, in order to ensure consistency with FSF reporting.
- Further strengthen and harmonise reporting and transparency standards for implementing institutions, in particular dedicated multilateral climate funds. Germany can support progress to this end as a member of the governing bodies of these funds.

With regard to Germany’s international climate finance approach as a whole, we offer the following recommendations:

- Continue to work to increase support for adaptation, with the goal of achieving a greater balance between adaptation and mitigation.
- Explore ways to work more closely with recipient country-based institutions through its delivery of climate finance. This may need to be accompanied by capacity building support in order to increase these countries’ capacity to access such funding and use it effectively.
- Explore options to ensure that increasing climate finance as part of efforts to deliver ODA does not reduce support available to help countries address development challenges as a whole. In the German case, the fact that ODA has been declining while climate finance increases at a relatively rapid rate presents a particular challenge.
- Consider options to find more reliable sources of climate finance. The German climate finance approach has been largely sourced through the revenues from emission-trading. Nevertheless, there is a need for all countries to further scale-up climate finance in order to meet agreed goals of mobilising USD 100 billion from a mix of public and private sources by 2020. Options might include multilateral efforts to strengthen the EU ETS through increased EU mitigation targets, as well as the deployment of other innovative sources, such as financial transaction taxes or revenues from international transport. A clear pathway for scaling up climate finance would help create greater predictability of finance, and help generate trust and ambition in developing countries.

INTRODUCTION

In 2009, Germany joined a collective pledge along with other developed countries under the UNFCCC to provide finance “approaching USD 30 billion for the period 2010-2012” to support climate-related needs in developing countries. First articulated in the Copenhagen Accord (see Box 1), this “fast-start” pledge – along with a commitment to mobilize USD 100 billion a year by 2020 – was reiterated and formalized in the Cancun Agreements of 2010. Although responsibility for meeting the pledges was not formally allocated among Parties to the UNFCCC, Germany pledged to provide EUR 1.26 billion toward the EU FSF pledge of EUR 7.2 billion.

Germany has pioneered a unique approach to sourcing FSF by using auction revenues from the EU ETS, initially through the BMU's International Climate Initiative. The BMZ also administers FSF, channelling funding to bilateral development activities and to multilateral funds. Germany reports toward its FSF contribution only finance that meets its own criteria for "new and additional" – that is, German FSF must be committed in addition to a 2009 baseline, and/or supported by innovative financing sources (i.e. auction revenues).²

FSF is only a share of German development finance related to climate change, which has increased steadily over the past years, from EUR 470 million in 2005 to EUR 1,434.4 million in 2010 (BMZ, 2012b; BMU, 2013). As the FSF period came to an end at the end of 2012, Germany announced at the Conference of the Parties to the UNFCCC in Doha that it would provide EUR 1.8 billion of international climate finance in 2013. This is already included in its national budget provisions and should be generated in part through auctioning revenues from the EU ETS. This represents an important signal of leadership on this crucial issue. Like most other developed countries, however, Germany has not yet developed a clear roadmap regarding how climate finance will increase from 2013 to 2020.

While Germany has taken a particular approach to FSF, as described above, Parties to the UNFCCC have not reached agreement on what may "count" towards international climate finance in general and towards FSF in particular. During the fast-start period, there was no common approach on delivering and reporting on climate finance spending. As such, this assessment aims to shed light on how developed countries are defining, delivering, and reporting FSF by examining the German FSF contribution. It is part of a series of country-specific studies³ designed to:

Box 1 | **Fast-Start Finance in the 2009 Copenhagen Accord**

The collective commitment by developed countries is to provide new and additional resources, including forestry and investments through international institutions, approaching USD 30 billion for the period 2010 – 2012 with balanced allocation between adaptation and mitigation. Funding for adaptation will be prioritized for the most vulnerable developing countries, such as the least developed countries, small island developing States and Africa.

Source: UNFCCC. Decision 1/CP.16. Paragraph 8

- Clarify what major contributor countries have counted as FSF
- Quantify FSF, by contributor country, in terms of the institutions through which it flows, the financial instruments it comprises, and the ends – particularly the objectives and recipients – it serves
- Identify best practices and areas for improvement in reporting on climate finance

The assessments do not aim to provide full third-party verification of FSF reports, evaluate on-the-ground impacts or effectiveness of FSF, or take positions on specific political issues related to FSF.

BACKGROUND AND CONTEXT

The UNFCCC, adopted in 1992, committed developed countries to help developing countries meet their cli-

Box 2 | **What are the finance needs, and are they being met?**

Estimates of the level of funding required to meet developing countries' climate change needs vary widely. For adaptation, the U.N.'s 2007/2008 Human Development Report estimates that additional, incremental costs for adaptation would amount to USD 86 billion annually by 2015. The UNFCCC puts the price tag at USD 28-67 billion per year by 2030, while a 2010 World Bank study estimates it at USD 70-100 billion per year between 2010 and 2050. The costs may be significantly underestimated in particular in case of global warming of an average of four or more degrees in this century. For mitigation, estimates from the World Bank, the Climate Group, and the UNFCCC range from USD 100-170 billion per year by 2030.

While developed countries' 2010 FSF reports indicated they had collectively provided USD 10 billion of the USD 30 billion FSF pledge, some developing countries have said that as little as USD 2.4 billion has actually been made available. These disparate figures demonstrate a number of issues that can impact the perceived amount of finance. In FSF reports, donors usually only report the commitments and not the actual flows, which would be more adequate at least for past years. Also, there is currently a definition monopoly on the donor side, since they define what to report as climate finance (even if according to some guidance e.g. through the OECD climate markers), without the recipient countries to verify the appropriateness of this definition.

Source: World Bank 2010a, UNFCCC 2007, UNDP 2007, Haites 2008, World Bank 2010b, Buchner et al. 2012, BNEF and UNEP 2011, WRI 2011, IEA 2008.

mate mitigation and adaptation needs (see Box 2). More recently, developed countries committed to provide USD 30 billion in “fast-start” funds for the years 2010–2012, and to mobilise USD 100 billion annually by 2020 from a variety of sources. Parties to the UNFCCC have recognized the need to provide the timely transfer of sustainable, predictable, and adequate international climate finance to developing countries to help ensure that these countries – particularly the poorest and most vulnerable – have the resources necessary to adapt and cope with the effects of climate change and to transition onto a low-carbon development pathway.

Why Focus on Public Climate Finance?

While private finance, as well as domestic finance from developing country governments, will undoubtedly play a significant role in meeting developing countries’ needs to address climate change⁴, public finance by contributor countries plays a unique role, and merits special scrutiny for four main reasons: First, developed countries have pledged climate finance, on the basis of their legal obligations enshrined in the UNFCCC. Delivery on these pledges therefore carries significant implications for the level of trust countries place in the UNFCCC process – and in each other – to achieve fair and effective outcomes. This becomes even more important in light of the agreement reached at COP17 in Durban to negotiate a “protocol, legal instrument or agreed outcome with legal force” (Decision 1/CP.17) until 2015, coming into effect no later than 2020. Second, whereas private-sector finance responds primarily to existing and anticipated market conditions, public finance can in some circumstances help shape those conditions by leveraging private finance to magnify investments in climate goals. Third, there are strong geographical differences in regard to where private finance in developing countries flows (Atteridge, 2011). Finally, while efforts are underway to engage the private sector in adaptation⁵, these efforts continue to be highly dependent on public funding, partially because the most vulnerable parts of society are often those with the least resources. At the same time, those countries most vulnerable to severe impacts and disruptions from climate change typically also have the most limited domestic resources to address it, and thus have the greatest need for international support.

The Politics of Climate Finance

This paper reviews the scale, objectives, and modalities of climate finance with reference to many of the issues that have been debated under the UNFCCC. Developed and de-

veloping countries have different views about channelling institutions, with developing countries generally expressing a preference for their own institutions to have direct access to climate finance (Ballesteros et al. 2010). There is also a growing emphasis on the need to build capacity within countries to address climate change and manage climate finance, with some stakeholders expressing the view that this requires increasing reliance on developing-country-based institutions. Developed countries, on the other hand, have tended to prefer working through their own development institutions and international organisations, which generally give contributor countries greater voice. Financial instruments have also been a source of debate: many developing countries and non-governmental organizations (NGOs) hold that climate finance – especially adaptation finance – should be delivered primarily in the form of grants to avoid burdening developing countries with additional debt. However, loans, capital contributions, and guarantees are often seen as appropriate instruments by some developed countries. The issue of how to generate climate finance at scale from new sources – other than contributions from national budgets – has been a topic of significant interest. It was the focus of the High Level Advisory Group on Climate Finance convened after the Copenhagen Conference of the Parties by the United Nations Secretary General and recently of the work programme of long-term finance under the UNFCCC.⁶ Therefore the sources for FSF used by Germany are described.

The distribution of climate finance is another topic of concern. There is general agreement that support for adaptation and mitigation should be balanced, as reflected in the Copenhagen Accord. This agreement appears to recognize that to date, most finance has prioritised mitigation and that there is a need to scale up support for adaptation while continuing to increase mitigation finance. However, there is a lack of agreement on how balance should be interpreted in practice given the urgency of reducing GHG. Therefore, we describe the current balance of thematic priorities for the German FSF spent. Furthermore, the geographic distribution has been a topic of debate, with many stakeholders expressing the view that the most vulnerable countries should receive most support. Therefore, we describe the regional distribution of German FSF. A related concern is the need for timely disbursement of climate finance, and the need for clarity on the status of pledged funding.

Finally, the UNFCCC states that climate finance should be “new and additional.”⁷ This refers to the fact that

responding to climate change will require new effort and a substantial scale of resources, and should not divert funding from other development goals.⁸ While the EU is working towards a common definition for “new and additional,”⁹ little progress has been made on this front within the UNFCCC, and no such common definition governed the fast-start period. Due to the absence of an international agreement in this regard, we evaluate the nature of the German contribution with reference to a range of considerations proposed by various Parties and observers.

Challenges in Climate Finance Tracking

It is important that systems for reporting on climate finance provide consistent and comparable information sufficient to determine the extent to which contributor countries have delivered on their climate finance commitments, how they have done so, and to what effect. Achieving this goal is made challenging by a number of factors, including a lack of consensus as to what constitutes climate finance, unharmonized reporting guidelines, and an uneven application of such guidelines by reporting countries (stemming in part from a history of diverse approaches and capacities among reporting entities).

Various analysts have suggested reporting practices that would facilitate an assessment of the extent to which contributor countries have met the climate finance commitments under the UNFCCC, and would support the measurement, reporting, and verification (MRV) of climate finance more generally. It has been suggested that donor countries report on the activities and thematic areas or sectors, recipient countries and institutions, financial instruments, and disbursement status (Griebhaber et al., 2011; Stasio, 2011). In addition to aggregated statistics, some observers have also called for project-level information addressing these same variables. This would be necessary to support verification of aggregate figures; to improve coordination between contributors, recipients, and other stakeholders; and to promote accountability.

So far, climate finance tracking under the UNFCCC has not fully adhered to these parameters, although significant progress has been achieved since the beginning of the fast-start period. The Cancun Agreements required developed countries to report on their FSF contributions, but provided few guidelines as to what information these reports should include, and countries – as detailed in this report and those that accompany it – took varying approaches. Improvement can be seen in the common reporting format for Biennial Reports, which began in 2014. Under this

Box 3 | The purpose and limits of the OECD adaptation marker

The climate markers present guidance on how to identify projects that contribute to addressing climate change. While the Rio climate marker has been used for more than a decade, since 2010 the OECD has used a mitigation and adaptation marker. Previously the Rio marker only considered mitigation projects. Marker 2 means that a project has been identified to address mitigation or adaptation as a principal objective; marker 1 indicates that climate change is a significant objective. The reporting approach also generally represents an improvement in transparency, since the whole OECD project list is published.

However, in practice, it is difficult to apply the markers precisely. Many users find that the guidance on how to apply the markers is vague, and projects are not always correctly classified. Several studies of the use of the Rio markers suggest that more projects have been classified as climate-relevant than publicly available information suggested was necessarily accurate.¹⁰ There is of course a political dimension to coding: using broader definitions and identifying a larger number of projects with climate change as an objective increases the volume of finance for climate change activities that developed countries can report having delivered. DAC estimates are therefore likely to provide at best an upper bound estimate of climate finance delivered. If OECD systems evolve to be the mechanism through which countries report on delivering international climate finance against agreed targets, then there is a risk that the existing limitations of this approach may become common practice.

system, developed countries will report on sectors, instruments and status of disbursement (UNFCCC, 2012). To facilitate verification, however, Parties would also need to provide information on a disaggregated level, which is not required by the agreed format.

Several initiatives outside the UNFCCC also track climate finance provided to developing countries (see Annex 2), including the adaptation and mitigation markers used since 2010 by the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) (see Box 3).

METHODOLOGY AND APPROACH

This assessment reviews the self-reported German FSF contribution from 2010 to 2012 on a project data basis, describing it with regard to issues of both pragmatic and political significance as outlined above. These include the themes and activities supported, channelling institutions and financial instruments employed, recipients, and the

extent to which the finance might be considered new and additional. Throughout the assessment, our aim has been to clarify what Germany is counting as FSF and to discuss the implications of its contribution, without taking a position on what should count toward the international FSF pledge. Where appropriate we provide information on the overall finance related to addressing climate change beyond the FSF as well.

This assessment is based on a variety of official sources of information. A key source has been the lists of projects and programmes that are counted towards FSF, published by BMZ and BMU (BMU/BMZ, 2011a; 2012a and 2012b). The work also builds on previous studies in which the authors have been involved and which also included direct communication with key personnel at BMZ and BMU (Enting/Harmeling, 2011; Vieweg et al., 2012).

The availability of information on projects funded by the International Climate Initiative (ICI) under the BMU is relatively high, and includes project-level details and links to project websites (BMU, n.d.). Since mid-2012 the BMZ has also published the climate-related projects funded (including those counted to FSF) in an online database (BMZ, 2012a). We also attempted to cross-reference the FSF projects reported for 2010 and 2011 with those reported to the OECD DAC. However, project-level data for mitigation and adaptation projects was only available for the 2010 expenditure, and there was often inadequate information available to facilitate accurate cross-referencing.¹¹ This is due in part to the fact that donors report to OECD when a project actually commences, while the FSF reports reflect when funding was committed (BMZ, 2013).

Annex 3 explains our methodology in more detail. In addition to listing the parameters comprised by our data

Table 1 | **Planned allocation and actual commitment for German FSF**

YEAR	PLANNED ALLOCATION (IN MILLION EUR)	ACTUAL ALLOCATION (IN MILLION EUR)
2010	356	361
2011	433	495
2012	471	433
Total	1260	1289

Source: BMU/BMZ, 2012b, BMU, 2013

set, it also details how and from which sources we compiled information, and describes how we analyzed certain parameters, such as source, recipient region, country, and institution, financial instrument, objective, and activity. An earlier version of this methodology was subject to expert peer review coordinated through the Open Climate Network (OCN), and included representatives of bilateral and multilateral institutions involved in climate finance, as well as independent experts. It has been adjusted slightly with regard to some terminologies in order to take into account specific characteristics of German FSF.

FINDINGS

What Germany counts as FSF

Germany has defined and published its definition of additionality for FSF, which is the basis for what it reports. According to this definition, Germany counts the following as FSF:

- Funds committed which are additional to a 2009 baseline (as part of usual ODA spending)¹² and/or
- Funds which are generated by new financing sources, notably the auctioning revenues under the EU ETS (German government, 2010). Innovative sources provide a substantial share of the German FSF contribution, but not the entire amount of funding delivered.

Quantification: In the run-up to Copenhagen in 2009, the German government pledged to provide EUR 1.26 billion in FSF. By March 2013, full aggregate figures were available. The reported FSF amounted to roughly EUR 361 million (in 2010), 495 million (in 2011) and 433 million (in 2012) (BMU/BMZ, 2011a; 2012a; Kowalzig, 2013), resulting in overall 1.29 billion (see Table 1). According to the official reporting, Germany slightly exceeded its FSF target.

Information on all projects was publicly available as part of the official project lists and with additional website information for the period until September 2012. However, information varied in terms of the level of detail (BMU/BMZ, 2011a; 2012a and 2012b). The government made final FSF figures available for inclusion in this study (BMU/BMZ, 2013).¹³ These project lists are the basis for the analysis presented in this paper. While the project list does not specify which projects are funded by BMU or BMZ, we

were able to clarify this information through desk research and communication with government sources.

Reporting practice: Table 2 below presents a snapshot of our findings regarding Germany’s reporting practices.

Eligibility: The eligibility criteria for German FSF projects are diverse and depend on the modalities of the specific instruments. The additionality criteria mentioned above are central to this process. The BMZ mainly delivers its climate finance through the conventional modalities of bilateral cooperation. The BMU primarily delivers FSF through the International Climate Initiative, which was set up in 2008. Projects eligible for ICI support must contribute to its mitigation, adaptation, REDD+ goals; be based on the policies of the respective partner countries; be implemented in cooperation with local or regional partners; and have clearly defined goals which can be achieved

within the project duration (BMU, 2012). BMZ-financed FSF projects are part of the bilateral development cooperation, and the eligibility criteria of ODA projects also apply to FSF-projects: recipients must be BMZ bilateral ODA partners, and projects must be compatible with the partner country’s strategies (Vieweg et al., 2012).

German FSF is channelled almost equally through multilateral institutions and bilateral cooperation

Roughly half of German FSF is spent for bilateral cooperation, and the other half for multilateral institutions. As for multilateral finance, we have counted those contributions going directly into certain multilateral funds, but not those where, e.g., multilateral agencies such as UNEP implement specific projects. Table 3 shows the distribution of funds being channelled to multilateral funds versus bilateral projects.

Table 2 | **German FSF reporting practices at a glance**

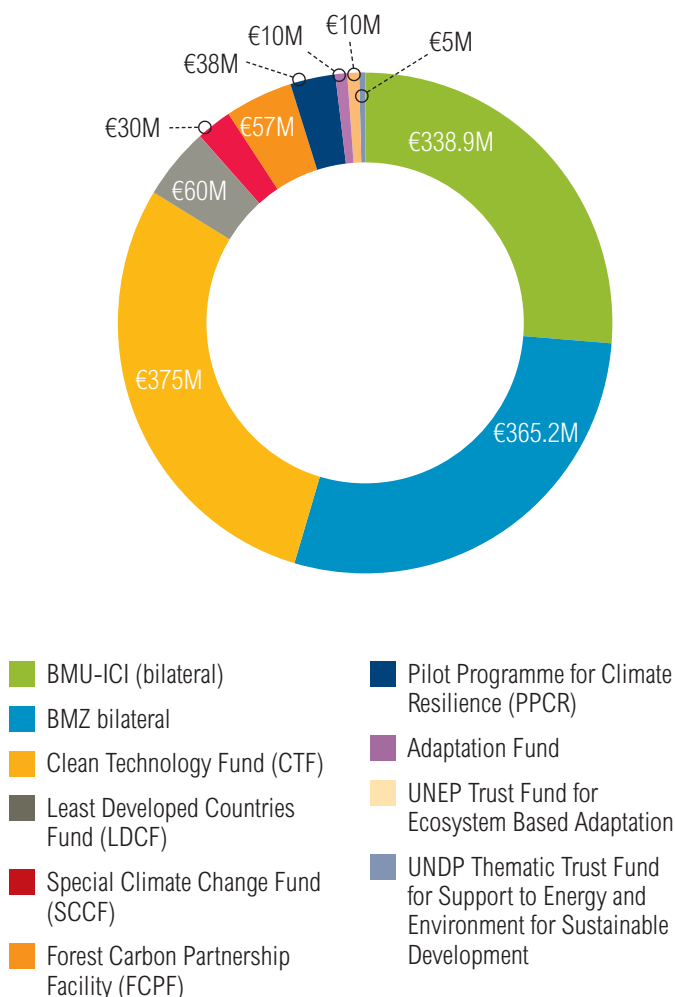
REPORTING PARAMETER	GERMAN PRACTICE IN OFFICIAL FSF REPORT (BMU/BMZ, 2011B)
Aggregate Information	
Objectives supported / Thematic area	Identified in general terms with aggregate analysis (adaptation, mitigation, forest and biodiversity protection including REDD+ ¹⁴).
Channeling institution / Implementing agency	In the aggregate analysis specified by multilateral agency, but not regarding the role of the different German ministries.
Type (loan or grant)	Included.
Geographic distribution of countries/regions supported	Included.
Disbursement status	Information on disbursement to multilateral funds is available, but further information on disbursement to other recipient partners is not available.
“New and additional” criteria	All FSF seen as “new and additional” according to the government’s own definition (beyond 2009 baseline and from innovative sources, see above); existence of definition positive; but fully counted towards 0.7% ODA commitments; overlaps with other commitments (such as biodiversity finance pledges) are not clear.
Eligibility criteria	Varies depending on involved ministry, therefore not explicitly included.
Project-specific Information (based on the submissions to the UNFCCC)	
Objectives/thematic area	Usually specified in project description.
Channelling institution/ Implementing agency	Implementing agency always identified, but not whether funded through BMZ or BMU.
Type (loan or grant)	Specified.
Recipient countries & institutions	Information on recipient countries was available for all projects.
Disbursement status	No information publicly available (only partially for multilateral cooperation).

Table 3 | Channels for German FSF

	TOTAL EUR MILLION	%
BMU bilateral (ICI)	338.9	26.3%
BMU multilateral	35.0	2.7%
BMZ bilateral	365.2	28.3%
BMZ multilateral	550	42.7%
TOTAL	EUR 1289.1 MILLION	

Source: Own calculation, based on BMU/BMZ, 2011a; 2012a and 2012b; BMZ/BMU, 2013

Figure 2 | German FSF channels



Source: Own calculation, based on BMU/BMZ, 2011a; 2012a and 2012b; BMZ/BMU, 2013

Figure 2 presents the main channelling institutions and mechanisms for German FSF. Roughly 45% of this finance to date has been directed through dedicated multilateral climate funds. The scope and distribution of these multilateral funds is well documented, including through resources such as the ODI and Heinrich Böll Foundation’s (HBF) Climate Funds Update web site, and the joint NGO website on German climate finance (www.germanclimatefinance.de). The largest share of this finance is the contribution of EUR 375 million to the Clean Technology Fund (CTF).¹⁵

German FSF spending presently focuses on mitigation

The Copenhagen Accord envisioned a “balanced” allocation between mitigation and adaptation. While this principle was never formally defined at the international level, Germany set itself a target to provide 50% of its climate finance for mitigation, 33% for adaptation activities, and EUR 350 million for REDD+. In practice, about 46% of German FSF supports mitigation projects, with an additional share of 26% for “forest and biodiversity protection including REDD+.”¹⁶ Some of these activities may also offer adaptation benefits. Roughly 28% of German FSF has been allocated for adaptation-related activities (see Figure 3 and Table 4).¹⁷

Germany has made some progress in improving the distribution of finance between different objective areas over the FSF period, as in the first year of FSF 60% of funding supported mitigation, 21% to adaptation, and 19% supported REDD+ (BMU/BMZ, 2011).

Adaptation is largely financed through bilateral cooperation

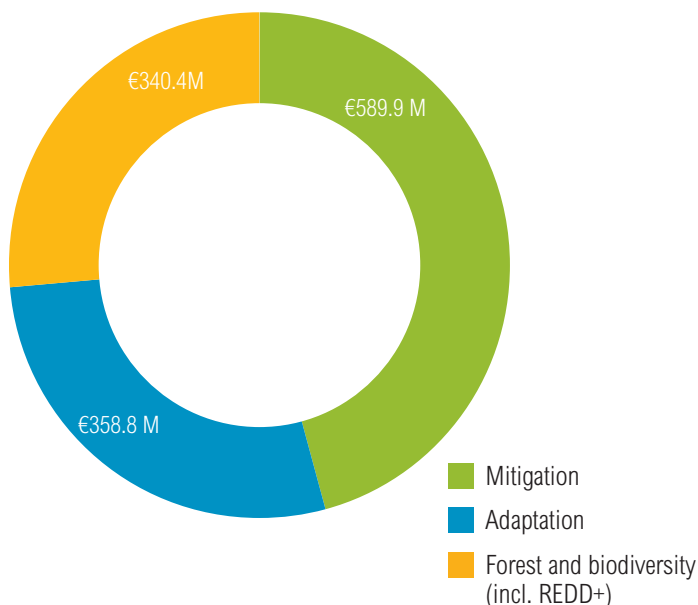
EUR 150 million for adaptation is delivered through BMZ bilateral cooperation programs as part of FSF, while BMU’s ICI provided an additional EUR 58 million for adaptation. In 2012, the project list contained three projects worth EUR 23.7 million marked as “REDD+/adaptation,” which were evenly split between adaptation and mitigation.

In terms of multilateral channels, most FSF support for adaptation – EUR 60 million – has been channelled through the Least Developed Countries Fund (LDCF) over the last three years. Germany has also contributed to the Pilot Programme for Climate Resilience (PPCR, EUR 38 million, as FSF), the adaptation window of the Special Climate Change Fund (SCCF, EUR 30 million) and the Adaptation Fund (AF, EUR 10 million in 2010). A relatively

Table 4 | **German FSF spent by purpose and channel spent (in million EUR) (2010 to 2012)**

	MITIGATION	ADAPTATION	REDD+
BMU bilateral (ICI)	186.9	58.7	93.3
BMU multilateral	5.0	20.0	10
BMZ bilateral	23.0	152.1	190.1
BMZ multilateral	375.0	128.0	47.0
TOTAL	589.9	358.8	340.4

Figure 3 | **Objectives of the German FSF spend**



small share of adaptation finance is channelled through multilateral institutions. The limited support for the Adaptation Fund to date is notable, given that Germany is the Fund's host country. Germany's contribution to the AF is relatively small given that it is also the official host of the fund.

Mitigation finance is primarily channelled through the Clean Technology Fund and bilateral cooperation.

German development cooperation has built up a decade-long tradition and experience of funding for renewable energies and energy efficiency. Building on this experience, a significant share of the mitigation finance counted towards FSF is spent through bilateral cooperation. Germany

has developed different bilateral facilities and initiatives related to renewable energies and energy efficiency, with overall much larger investment into these activities than only the share that is counted towards FSF. However, the loan contribution to the CTF of the CIFs (EUR 125 million per year from 2010 to 2012, EUR 375 million in total) is Germany's biggest single expenditure on mitigation finance. The goal of the CTF is to support the deployment of clean technologies in the energy and transport sectors that will deliver cost-effective emission reductions at scale, and support transformational change within recipient countries.

Forestry mitigation finance is channelled primarily through bilateral cooperation and the Forest Carbon Partnership Facility

The German government has been a major proponent of finance for the reduction of emissions from deforestation and degradation, stressing the scope for such initiatives to offer substantial development benefits as well as relatively low-cost mitigation potential. Most of German FSF which was counted towards REDD+ has been channelled through bilateral cooperation. At EUR 57 million, the contribution to the Forest Carbon Partnership Facility (FCPF) has been the most significant multilateral contribution to REDD+.

Some German documents refer to "forest and biodiversity protection including REDD+," rather than using narrower terminology focusing exclusively on REDD (BMZ, 2012d). While biodiversity protection can be climate relevant (BMZ, 2012d), this calls into question the extent to which projects tagged by the government as REDD+ incorporate a specific focus on avoided emissions; some of the projects appear to address sustainable land and forest management more generally. The government notes that its approach "allows a transparent and traceable tracking of the climate-relevant activities in the area of forest and biodiversity protection including REDD+ in the overall climate portfolio" (BMZ, 2012d, p. 4),¹⁸ however, and BMZ confirms that its reporting aligns with OECD climate and biodiversity markers. From 2012 on, the BMU's ICI has also supported biodiversity (in addition to mitigation, adaptation and REDD+). Limited information was available on the projects themselves, and therefore an independent analysis was not possible.

Some projects have multiple objectives

We have identified a few projects which clearly address multiple purposes (e.g. capacity building for national climate policies or related to support for country groupings

in the UNFCCC negotiations) and for which allocation to just one of the objectives (such as mitigation, adaptation or REDD+) appears difficult. However, BMU and BMZ have not used a “multiple” category but have allocated these projects to one of the three purposes. It is possible that more detailed project information would reveal a bias to one of the objectives; we cannot confirm this based on available information.

In the official 2012 project list, the category “REDD+/adaptation” was for the first time explicitly used, and has been applied to three projects (BMZ, 2013). For our analysis, we have split the apportioned funding evenly between the two purposes, consistent with government reporting practices. In addition, REDD+/biodiversity projects may also contribute to both objectives.

Climate change seems to be a key driver for most of the climate finance under FSF, but less so for the bilateral finance

We sought to analyse the extent to which projects supported by German FSF focused on adaptation or mitigation objectives. To this end, we used the Rio Marker system used by the OECD DAC as a starting point, and completed an independent review of all reported projects based on available project information, using the following categories:

- **Principal:** Climate change as a main driver for the

project/financial flow (equivalent to the 2 of the Rio Marker OECD guidelines);

- **At least significant:** Climate change is a driver of the project, but is not possible to determine if the project would **not** have happened without the climate change component (this may include some cases when climate change has been integrated later in the cycle of a particular project; at least 1 in the Rio Markers).
- **Ambiguous:** Climate change relationship with the project is not clear (such as with energy projects that do not necessarily contribute to emission reduction as a specific objective and climate is not mentioned).

While this approach has its methodological limitations, it provides an initial indication how closely the projects reported as FSF are related to climate change. Table 5 presents the key results of this exercise.

Some projects clearly address both mitigation and adaptation. In such cases, we counted them as having both as at least a significant objective. This is in line with the approach by the German government, which either uses 2 as a marker for one of the objectives and 0 for the other one, or only uses 1 as a marker. The three projects categorised as both REDD+/Adaptation by the German government have been evenly split between adaptation and mitigation. Our analysis reveals that it is often more difficult to under-

Table 5 | **Application of Rio markers to German FSF projects (based on Germanwatch assessment)**

CLIMATE OBJECTIVES	ADAPTATION ONLY (TOTAL EUR 358.8)		MITIGATION (INCL. REDD) (TOTAL EUR 930.3)	
	% (IN MONETARY TERMS)	EXAMPLE PROJECT TYPES	% (IN MONETARY TERMS)	EXAMPLE PROJECT TYPES
Principal	58	Contribution to climate change-specific funds, adaptation programs	76	Clean energy programs with explicit climate objectives Contribution to climate change-specific funds Forest Preservation Programmes (REDD+)
At least significant	22	Food and water security programs which are explicitly linked to climate change, but not clear whether projects would have taken place without this objective	23	Biodiversity-related programs with mitigation as explicit objective
Ambitious	20	Water resource management program without visible link to climate change	1	Integrated conservation of biodiversity without explicit link to REDD+

Source: own calculations, based on PPCR, 2012; CTF, 2012; AF, 2013; LDCF/SCCF, 2012

stand whether climate change impacts are actually taken into account in adaptation projects (with 20% of reviewed funding having ambiguous links to adaptation as an objective). By contrast, there were very few mitigation projects with ambiguous objectives (less than 1% of identified funding). Regarding projects categorised as REDD+ with potential synergies for broader biodiversity protection and nature conservation, we identified 42% of the REDD+ funding with mitigation marker 2, 53% with mitigation marker 1 and roughly 5% as ambiguous projects where it was not possible to identify a specific mitigation component. However, a significant share of the projects driven by either adaptation or mitigation as a “principal objective” are multilateral contributions to climate-specific funds. Considering only the bilateral share of the German FSF portfolio, the picture changes. The links between bilateral funding and climate change are generally somewhat more ambiguous: 28% of bilateral adaptation programs seemed to have adaptation as a principal objective, 40% had adaptation as a significant objective, and 32% was ambiguous. Fifty-four per cent of bilateral mitigation finance had mitigation as a principal objective, 43% as at least a significant objective and 3% was ambiguous.

More than two thirds of the German FSF spent is in the form of grants

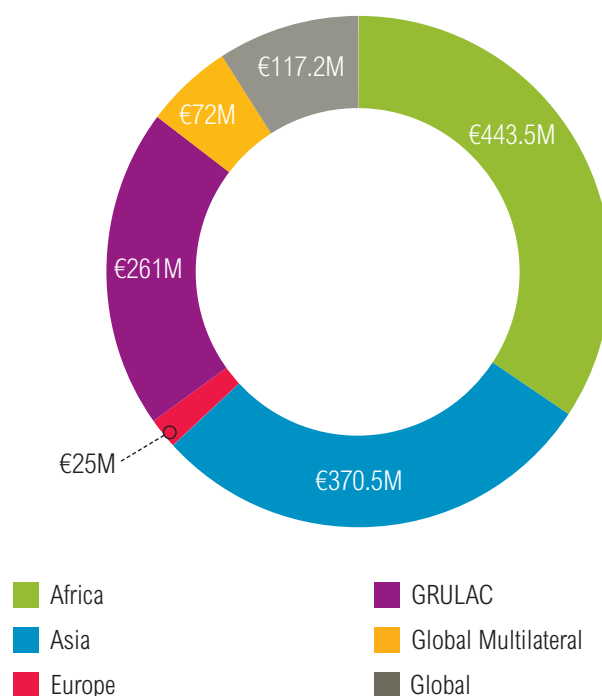
The contributions to the CTF are the only non-grant element in German FSF. The loan contribution amounts to EUR 375 million, and accounts for roughly 29% of the FSF contribution.¹⁹

Germany reports only on funds committed to projects, but not those disbursed

The implementation status of projects receiving German FSF is not always clear. In their reports, the two relevant German ministries usually provide information on the committed funds (except for the contributions to the multilateral funds) and the intended duration of a project, but not on the actual disbursement, nor do the reports differentiate between projects that have been approved for financing and those for which disbursement has begun. More information on the state of disbursement would improve transparency.

This may change in the future, since the common reporting format for Biennial Reports under the UNFCCC requires developed countries to report on the status of multilateral and bilateral finance provided, committed or pledged (UNFCCC, 2012, table 7). However, it is not

Figure 4 | **Regional distribution of German FSF spent**



Source: Own calculations based on BMU/BMZ, 2011a; 2012a and 2012b; 2013

clear whether this applies only to the overall sum or also to parts of the sum (i.e. if parts of it have already been disbursed). Several of the multilateral funds through which also Germany channels climate finance, such as the AF and the Climate Investment Funds (CIFs) provide project-level information on the disbursement of funds for approved projects at least to the implementing entities as well as on the receipt of contributions from donors (Watson et al 2012). The project performance reports submitted by AF implementing entities include details on annual disbursement within the recipient country. Other multilateral funds provide less information: for example the CTF does not report on the status of disbursement of finance to private-sector projects that it supports for business confidentiality reasons. It has begun to report in aggregate on funds disbursed in recipient countries through implementing MDBs on a biannual basis at the meetings of its sub-fund governing committees (see CIF, 2013). The CIFs are also implementing systems to report on disbursement from the trustee to implementing MDBs in real time. Most multilateral funds also report on fees for the implementing entities and project execution costs, which provides greater clarity on how much finance supports concrete implementation within recipient countries. These differ-

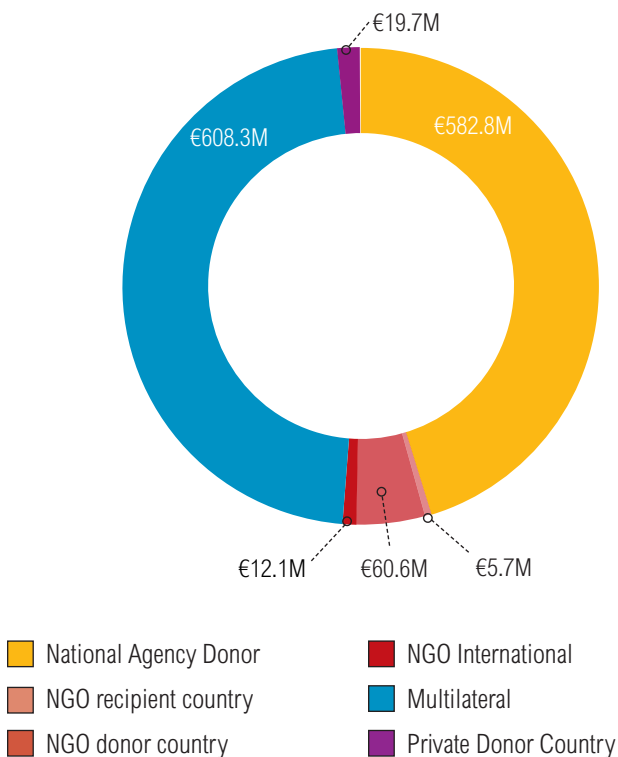
ent approaches show the need for more coordination and harmonization in regard to monitoring and reporting.

Roughly a third of the resources are allocated for Africa

The regional distribution of the German FSF spent is presented in figure 4. This includes finance channelled through most of the multilateral funds.²⁰ Because the FCPF has hardly approved any resources, it is not taken into account here. Roughly a third of the resources are allocated for activities in African countries, followed by Asia and the Group of Latin America and the Caribbean. (GRULAC). While this is only an approximation, it gives a clearer idea of where the resources are expected to achieve results.

Another question of interest to the international community is whether German adaptation finance has been prioritised for LDCs, SIDS and African countries. Table 6 provides a notional indication. It is important to note that one cannot simply add the figures for the different group-

Figure 5 | **Distribution of FSF finance by type of institution**



Source: BMU/BMZ, 2011a; 2012a; 2012b; 2013

ings, since these groups overlap. Contributions through multilateral funds (LDCF, PPCR, AF, SCCF) have been taken into account in the same way as in the above analysis.

About 60% of the total adaptation resources provided appear to support LDCs, SIDS, and Africa (see Table 6), and roughly 50% of bilateral adaptation finance is allocated to these country groups. Multiple factors may constrain the volume of funds flowing to these groups: recipient countries need to seek access to funding for climate purposes, and this may not necessarily be a priority for all countries. Absorptive capacity may also be limited in smaller countries. BMZ reports that its growing contributions to the LDCF in 2011 and 2012 are motivated by its intent to increase adaptation finance for LDCs (BMZ, 2013).

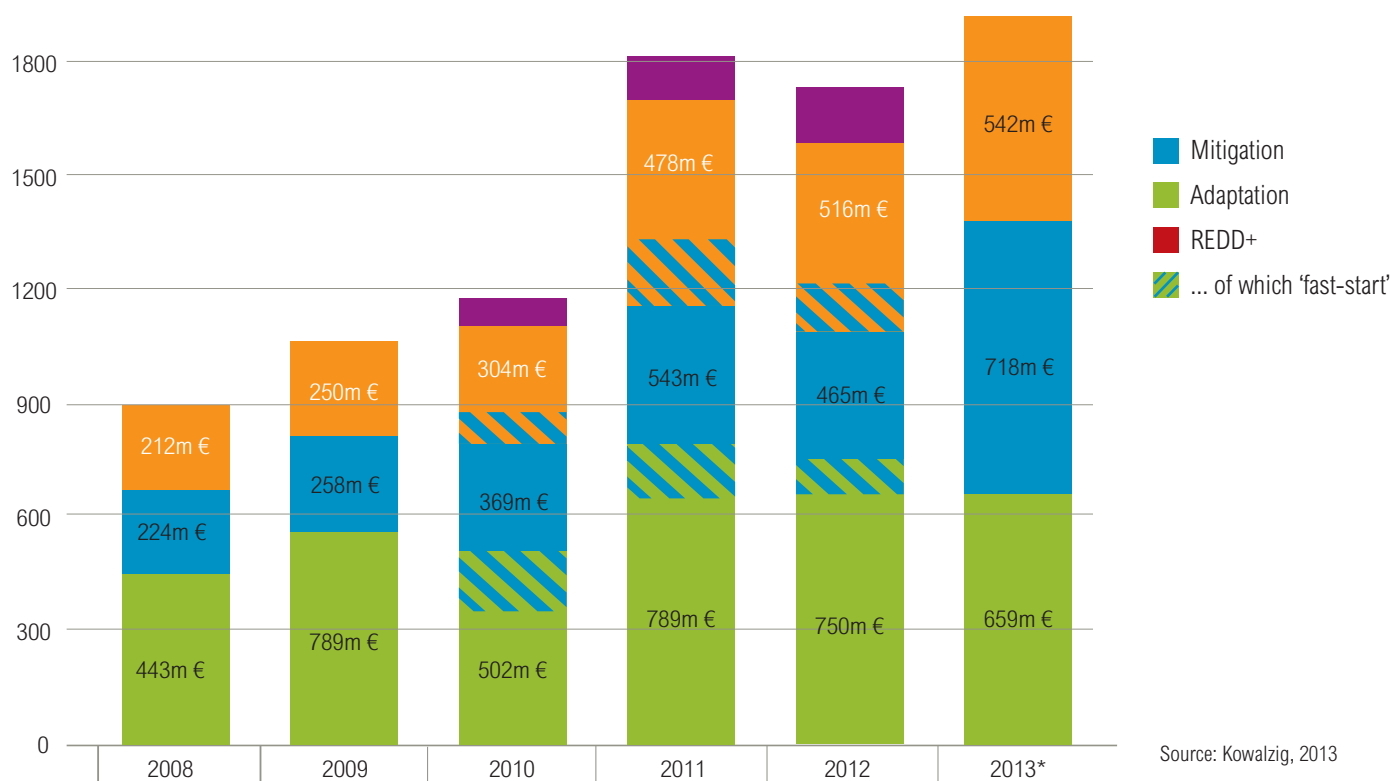
After multilateral institutions, German FSF is mainly channeled through the national implementing agencies GIZ and KfW

About EUR 318 million has been allocated for projects implemented by the GIZ, while KfW oversees projects worth about EUR 256 million. GIZ usually works through its country offices when projects have a specific geographic focus, whereas KfW largely manages and oversees the funds for projects that are implemented by other organisations. Therefore, most of these resources are likely channelled to other institutions within developing countries; however, this information is not available through the project lists. Relatively few resources go directly to developing country-based institutions (see Figure 5). In no case has national funding or an implementing entity in a developing country been directly supported, although the number of these institutions is steadily increasing (see e.g. UNDP, 2011).

New and additional?

Parties to the UNFCCC have agreed that international climate finance should be new and additional.²² However, there is no common definition for these terms.²³ As noted, Germany is one of the few countries that has provided information on how it defines new and additional: it requires funding to be additional to a 2008 baseline (BMU/BMZ, 2012c, 12), and supported with new dedicated sources of finance from EU ETS auctioning revenue. Since this definition has not been adopted internationally, however, this section considers whether the German FSF contribution might be considered new and additional with regard to a range of considerations reflected in the literature and global debates on climate finance.

Figure 6 | German government spending for climate-related activities and the share of FSF



Does the current German climate-related finance, including FSF, exceed annual German spending on climate-related issues in the years prior to the FSF period?

Some stakeholders hold the view that the term “new and additional” implies that climate finance needs to be additional to previous support for developing countries for environmental and climate change issues. In this regard, a review of past German government expenditure reveals a clear increase in the climate-related component (see Figure 6). The contributions for 2012 and 2013 are expected to be at least double the 2008 amount (Kowalzig, 2013; BMU, 2013). Overall, according to the calculations of the German government, climate finance has even increased more sharply than the share counted as FSF.

Does German FSF “recycle” or duplicate previously pledged climate-related finance?

Germany has increased climate finance for developing countries in recent years. Some of the funds were committed before the COP-15 in Copenhagen in 2009. A stricter definition of “new and additional” was applied, in which

funds would only be ‘new’ if they had not been pledged, committed, planned, or otherwise in the pipeline before Copenhagen; however, based on this, one might conclude that a smaller share can really be defined as new and additional (Kowalzig, 2013).

Some of the increased climate finance is also counted towards pre-existing pledges to scale up finance for related agendas, such as biodiversity. At the 9th COP of the CBD, which took place in Bonn in 2008, the German chancellor Angela Merkel promised that Germany would invest EUR 500 million for biodiversity protection from 2009 to 2012, and 500 million annually from 2013 onwards. Reporting on biodiversity finance includes projects which are also counted towards FSF: for example, the contributions to the Forest Carbon Partnership Facility have been counted towards both FSF and biodiversity finance (BMU/BMZ, 2012c). In 2010, EUR 2.3 million was spent to implement projects towards the CBD, but these projects were also included in the FSF project list (although they were excluded from the 2011 list). Of the International Climate Initiative-funded projects, EUR 95 million for 2010 and 2011 are also reported as biodiversity finance.

According to information provided by the BMZ, the OECD Rio markers (mitigation, adaptation, biodiversity) are used to avoid - or minimise - the double counting of funds to multiple objectives. For example, if a project does not target biodiversity as a principal overarching objective, only specific project sub-components that do target biodiversity are counted towards the biodiversity objective. Combined with the already described approach of using the climate markers, this can result in different figures for the allocation of funds for a specific project, depending on whether it is reported under biodiversity or under climate finance (based on BMZ, 2013). This highlights the challenge of identifying double-counting towards multiple funding commitments.

Do projects and programs identified as FSF include more climate finance than they did prior to the fast-start period?"

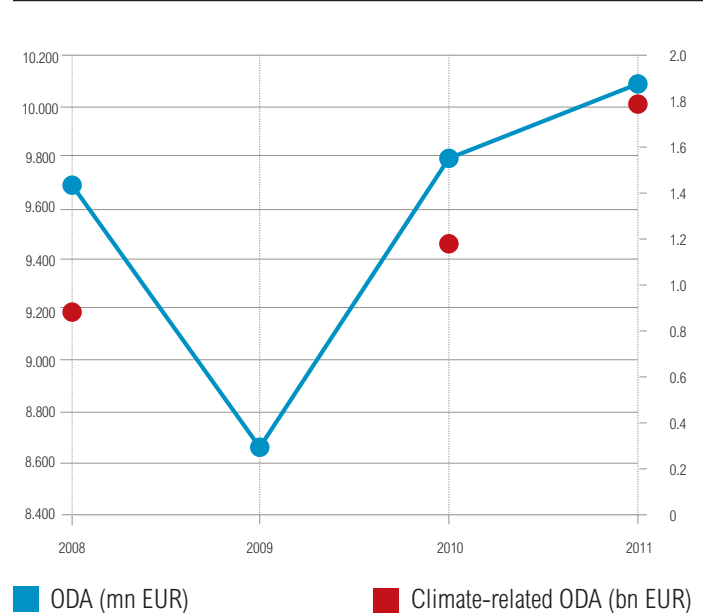
A comprehensive evaluation of the funding history of projects and programmes reported as German FSF is beyond the scope of this assessment. As far as we could assess, no funds committed before 2010, the start of the FSF period, have been counted.

We identified 15 projects for which contributions under FSF are reported as “supplementary funds for ongoing projects.” Three of the projects related to forestry began in 2009. One project on protected areas in Brazil started in 2007, prior to the German baseline of 2008. Only the contributions after 2010 have been counted towards FSF, however. Whether these projects have actually taken new climate-related elements on board, however, remains unclear in some cases.

What is the role of FSF with regard to Germany’s commitment to spend 0.7% Gross National Income for ODA?

One proposed definition of “new and additional” holds that climate finance must be additional to the pledge of many developed countries to increase their ODA to 0.7% of their Gross National Income (GNI), which was originally made in 1970 and repeated at subsequent summits (Monterrey Summit in 2002, G8 summit in 2005) (G77, 2008, Stadelmann et al., 2010). This definition reflects two perspectives: (1) Some regard that climate finance – and especially adaptation finance - should be considered compensation or restitution (see e.g. Mueller, 2008) to help affected countries to cope with a problem they are not responsible for causing. Counting adaptation finance towards an old commitment to support development efforts would not reflect this interpretation of climate finance. (2) Many stakehold-

Figure 7 | Recipient Region (FY10-11)



Source: Own calculations based on BMZ 2011

ers fear that increasing climate finance within the 0.7% ODA commitment would result in the diversion of development assistance from pressing development priorities. This concern has been prevalent in German debates (see Kowalzig, 2012; VENRO, 2010; Scholz et al., 2011; Enting/Harmeling, 2011), as Germany has not yet met the 0.7% target. All of its FSF is also counted as ODA, and therefore is also counted towards the 0.7% target.

How does the change in German climate finance from the pre-fast-start period to the fast-start period compare to the change in German development assistance over the same period?

In this context it is important to investigate whether the FSF increase may have come at the expense of non-climate development aid. Figure 7 suggests that German climate-related ODA has increased much faster in recent years than total German ODA. Therefore, there may have been some relative diversion, even if the absolute spending has increased.

Of course, this does not necessarily mean that increasing climate finance will directly compromise poverty reduction, since climate-related projects can also promote development, and ODA addresses objectives other than poverty reduction. But it highlights the fact that that without climate finance (and the associated resources from ETS revenues), Germany would be further from its 0.7%

target by 2015. The issue of additionality and its relation with ODA is therefore difficult, since it is necessary to ensure that development projects do take climate concerns into consideration. In 2011 the BMZ began applying an obligatory “climate check” for all of the bilaterally funded projects.²² Furthermore, many climate finance projects have development aspects and are supposed to be aligned with the development strategy of the recipient country.

Germany has pioneered institutional innovations for climate finance

Germany has promoted two important institutional innovations for climate finance. It was the first country to direct auction revenues from EU ETS emission allowances to international climate finance. This approach is intended to provide sustained support, and should be considered by other countries as well, especially since the use of EU ETS revenues for national and international climate finance is also suggested in the relevant EU Directive. However, there is an element of uncertainty due to the volatility of the carbon market: at the moment, the EU ETS certificate price remains low as a result of an excess of emission allowances in the markets. This is due to a combination of factors, including the fact that the EU has not increased its GHG reduction targets, which would drive greater demand for allowances, as well as the economic crisis, which reduced emissions in many EU countries. Policymakers must continue working towards solutions to these challenges to enhance the viability of German climate finance beyond 2012.

Secondly, the German government established a special fund on energy and climate change (“Sondervermögen Energie- und Klimafonds (EKF)”) as a permanent structure outside of the general budget, funding both domestic and international climate action (see also Vieweg et al., 2012).

Since 2012, the EKF is financed by nearly 100% of the German auctioning revenues from the EU ETS (the national allocation authority receives a very small fraction of this

revenue). This has strengthened the political viability of sustained commitment to climate action (as it is not seen to be funded solely from core tax revenues), and has strengthened the transparency of Germany’s climate finance approach to stakeholders within Germany and in the international community.

About 19% of the EKF funds supported international climate financing in FY2013 (BMF, 2012a). The predicted allocation for 2013-2016 is outlined in Table 9.²³ It is important to note that actual ETS revenues depend on carbon prices; and therefore it is difficult to predict the amount of funding that will be available to the EKF (Esch, 2012).

The EKF budget authorisation for the fiscal year 2013 includes both bilateral and multilateral cooperation, including a EUR 750 million pledge to the Green Climate Fund, from 2013 to 2017 (BMF, 2012b). However, an official pledge of funding for the GCF, which is intended to become the largest multilateral climate fund, will depend on the operationalisation of the Green Climate Fund.

Understanding the effectiveness of climate finance

As has been outlined, the annual project lists include objectives and committed finance. But so far, there is no reporting on results achieved. All countries are grappling with this challenge. While assessing the effectiveness of the projects financed is beyond the scope of this report, each of our respective organisations is advancing research separately to understand the effectiveness of climate finance.²⁶ Over time, it may help to begin to share information on the impacts of programs supported. Most multilateral climate funds have now developed results-based management frameworks, which should guide programs. A results framework for the ICI does not yet exist, but an evaluation of its first phase of programming is likely to offer useful insights into its achievements (GFA 2011). German climate finance institutions may wish to explore options for sharing at least high-level information on the results of the programs they are supporting over time.

Table 8 | **The spending plan for the EKF 2013 – 2016 (adopted in 2012, adjustment expected in 2013)**

BUDGET LINE INT. CLIMATE FINANCING (ET. AL)	2013	2014	2015	2016
Cash funds	EUR 394 million	EUR 439.6 million	EUR 439.6 million	EUR 334.95 million
Budget authorization ²⁵	1.231 billions (for next 8 years)	(not decided yet)	(not decided yet)	(not decided yet)

CONCLUSIONS AND RECOMMENDATIONS

Germany has made a clear commitment to mobilise EUR 1.26 billion of “new and additional” in FSF between 2010 and 2012. While there is no agreed definition of “new and additional,” Germany is one of few countries to have publicized a definition, according to which it has exceeded its commitment. Germany will also largely meet its target for the distribution of funds between mitigation, adaptation, and REDD+, though it is unclear that this target reflects the “balance” envisioned under the Copenhagen Accord. Africa and Asia are the regions that have received the most FSF support. The majority of finance has been provided as grants, with the exception of the loan contribution to the CTF, which accounts for about 29% of the contribution.

There is a relatively high level of transparency about the German FSF contribution.

Germany provides detailed information in a publicly available manner, such as the project-specific information provided by the ICI, a publicly available definition of new and additional, annual project lists etc. The two responsible ministries BMU and BMZ provide a common list of FSF projects that includes substantial detail on project objectives and recipients, and also relevant information on their respective websites. The BMU’s reporting on its International Climate Initiative set early precedents of strong reporting practices.

A substantial share of German (and other developed countries’) FSF is channelled through intermediary institutions, particularly multilateral climate funds. Reporting practices across these funds vary, and there is a need for greater harmonisation. In the absence of coherent and complete reporting by implementing institutions, it will be difficult for stakeholders to have a complete appreciation of how climate finance is being used.

Reporting practices could be further strengthened through the following measures:

- Reporting on the status of project implementation and funding disbursement, which is a helpful indicator of the progress of programming. It is unclear how much of the bilateral funding supports management and administration, as opposed to implementation of programs within recipient countries.

- Clarifying which projects and programs are supported by the BMZ or BMU in aggregate project-level reporting, as this has implications for the eligibility criteria and approaches for accessing finance since the two ministries use somewhat different systems to manage their climate finance.

It is difficult to state definitively whether Germany’s FSF is “new and additional”

Germany is one of few countries to have provided a clear definition of the criteria it uses to ensure that its climate finance contribution is “new and additional,” stipulating that its FSF must be additional to a 2009 baseline and/or be generated by new sources. However, there is no international consensus on this definition, and other approaches have also been suggested. In recent years, overall climate finance has increased faster than ODA as a whole. All climate finance is counted as ODA, and is included in Germany’s efforts to increase ODA to 0.7% of GNI. Furthermore, some of the projects supported by FSF have been ongoing for several years. While these appear to be worthy projects with climate benefits, there is a question as to whether this represents “new” climate finance. There are a number of biodiversity-focused programs supported by FSF, and while these are relevant to climate change, a focus on climate change issues is not always clear from available project documentation.

The analysis presented in this report suggests the following recommendations that might further strengthen Germany’s climate finance efforts going forward:

Continue to provide project-level information and expand available information

Germany should continue to provide project-level information after the end of the FSF period, by reporting on disbursement, and clarifying which channelling institutions are entrusted with managing different climate finance programs. It should also seek to update its systems to reflect the parameters of the new UNFCCC common reporting format. In the future, having access to more in-depth information on projects, such as interim or evaluation reports, could improve information sharing, learning, and understanding of impacts and achievements.

Provide more information on projects that meet multiple commitments

Germany's climate finance is committed in the context of a complementary pledge to scale up finance for biodiversity under the CBD. It will be important to monitor reporting against both of these commitments, to understand whether pledges have been duplicated. The analysis identifies several projects that are counted towards meeting both commitments. It is quite possible that only part of the project budgets are being counted towards each of these commitments, however, this is unclear from the project information presently publicly available.

Strengthen and harmonise reporting and transparency standards for implementing institutions, in particular dedicated multilateral climate funds

Germany can support progress to this end as a member of the governing bodies of these funds. The adoption of the International Aid Transparency Initiative standard would also be essential. In addition to strengthening the reporting practices of existing institutions, new emerging institutions such as the Green Climate Fund should operate in adherence with high standards of transparency.

Seek consistency between the climate finance reported to the UNFCCC and climate related ODA reported to the OECD

It is challenging to identify the relationship between climate finance reporting and the OECD climate (and biodiversity) marker approach. Once the full OECD marker information is available on all FSF projects, it would be useful to cross reference the information to clearly show how FSF and forthcoming climate finance has been reported to the OECD in ODA reporting to the Creditor Reporting System. This could help reduce suspicion about potential double-counting.

With the fast start period now behind us, our research suggests the following additional insights that might strengthen delivery of climate finance In the future:

Strengthen partnerships with developing country-based institutions

A limited share of German FSF is directly channelled to recipient country-based institutions. Many such institutions have made significant progress in strengthening their financial management practices and implementation capacity. German bilateral cooperation has often supported efforts to strengthen the capacity of these institutions. There may be a case for exploring ways to work in more direct partnership with developing country-based institutions to support national ownership of efforts to respond to climate change.

Sustain and mobilise new sources of climate finance

Germany has made an important contribution to international climate finance. It is one of the few countries to have committed climate finance after the end of the FSF period, having pledged to deliver EUR 1.8 billion in 2013 at the COP-18 Doha. This is an important indicator of commitment. Questions remain, however, about how Germany will mobilise climate finance over the longer term as part of collective efforts to scale up funding and deliver USD 100 billion per year from a mix of public and private sources by 2020. Germany has pioneered innovative climate finance sources by using revenues from EU ETS auctioning. However, future funding from this source is uncertain as a result of low carbon prices, suggesting a need for further diversification of sources of climate finance. Several options are presently under deliberation within Germany and at the EU level, where financial transaction taxes and transport levies are being considered as new sources of revenue. Greater mitigation ambition within the EU ETS could also increase carbon prices. Germany has the potential to play a leadership role in working with other governments to explore collective approaches to mobilise and harness new and innovative sources of climate finance, and to elaborate clear pathways for scaling up climate finance.

ACRONYMS

AF	Adaptation Fund
BMU	German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
BMZ	German Federal Ministry for Economic Cooperation and Development
CBD	Convention on Biological Diversity
CIF	Climate Investment Funds
CTF	Clean Technology Fund
EC	European Commission
EKF	Special Fund on Energy and Climate Change
EU ETS	European Union Emission Trading Scheme
EUR	Euro
FCPF	Forest Carbon Partnership Facility
FSF	Fast Start Finance
GHG	Greenhouse Gas Emissions
GIZ	German International Cooperation Agency
GNI	Gross National Income
ICI	International Climate Initiative
IATI	International Aid Transparency Initiative
ICI	International Climate Initiative
KfW	Kreditanstalt für Wiederaufbau (German Development Bank)
LDCF	Least Developed Countries Fund
LDC	Least Developed Country
MDB	Multilateral Development Bank
NGO	Non Governmental Organization
OCN	Open Climate Network
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Cooperation and Development
OECD DAC	OECD Development Assistance Committee
PPCR	Pilot Program for Climate Resilience
REDD+	Reducing Emissions from Deforestation and Forest Degradation
SIDS	Small Island Developing State
SCCF	Special Climate Change Fund
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollars
WRI	World Resources Institute

ANNEX 1: CLIMATE FINANCE TRACKING INITIATIVES

- National Communications:** Under the UNFCCC, Annex II Parties are required to report information on climate finance, including bilateral and regional support by recipient country, support to multilateral institutions, and support to the GEF. They are also required to indicate the “new and additional” financial resources provided, and to clarify how they have determined these resources as such.²⁷
- Fast-Start Reports:** The 2010 Cancun Agreements invite Parties to submit information to the UNFCCC secretariat in May of 2011, 2012, and 2013 on the resources provided to fulfil their FSF commitment. In November 2011, the UNFCCC secretariat launched a FSF module (UNFCCC, 2011) on its Finance Portal that links to the May 2011 reports. The Netherlands has also established www.faststartfinance.org, to which both contributor and recipient countries self-report.
- Biennial Reports and Biennial Update Reports:** Developed countries shall submit on every two years a Biennial Report on amongst others the international climate finance provided. A common reporting format for these Biennial Reports has been agreed upon in Doha²⁸, which includes in table 7, 7a and 7b the common reporting format on international climate finance which the respective country has provided. Developing countries shall prepare every two years a Biennial Update Report which shall include amongst others information on the climate finance received.
- OECD DAC:** The OECD DAC compiles data on international aid from its 23 members and 12 multilateral organizations, and has collected data on aid for mitigation since 1998 and for adaptation since 2010.
- Multilateral Development Banks:** As climate change investments comprise a growing share of MDBs’ portfolios, a number of MDBs have begun to develop systems for monitoring climate finance. In 2011, the MDBs agreed to harmonize the manner in which they track their climate change finance, and subsequently established an MDB Working Group on Climate Finance Tracking to work toward this goal.²⁹
- Independent Initiatives:** Initiatives by non-governmental organizations and the private sector, such as AidData, the ODI HBF Climate Funds Update, WRI’s FSF summary table, and Bloomberg’s New Energy Finance also complement and supplement climate finance tracking efforts.³⁰

ANNEX 2: OCN FINANCE ASSESSMENT PARAMETERS

The following parameters were examined for each project:

PARAMETER	OPTIONS	EXPLANATION
Title	Project title	As included in the FSF project list.
Description	Qualitative description of the project as reported	As included in the FSF project list, and supplemented as possible with details from publicly disclosed supporting documentation and desk research.
Fiscal Year	<ul style="list-style-type: none"> ■ 2010 (January to December) ■ 2011 (January to December) ■ 2012 (January to December) 	Based on the year of the FSF project list.
Amount	in MN EUR (also available in USD in the annex and exec summary)	As reflected in the FSF project list.
Status	<ul style="list-style-type: none"> ■ Pledged ■ Identified with domestic legal force ■ Deposited ■ Approved for disbursement ■ Disbursed 	FSF lists report only on approved amounts in the context of bilateral projects, and disbursed amounts in the case of multilateral funds.
Source	<ul style="list-style-type: none"> ■ Budget appropriations ■ Development finance/export credit ■ Innovative Source: Public carbon market revenue, levy/tax on international transportation, or financial transaction tax ■ Private: Leveraged private finance, foreign direct investment, private carbon market revenue 	All of the German FSF is from the national budget. An important income source for climate-related activities is, however, revenue generated through the auctioning of emission allowances under the EU ETS. Only the loans to the CTF have been funded by half through market capital contributions leveraged with public money
Recipient Region	<ul style="list-style-type: none"> ■ Africa ■ Asia ■ Europe ■ Latin America and the Caribbean ■ North America <p>Based on UN regional classifications: http://unstats.un.org/unsd/methods/m49/m49regin.htm</p>	<p>Based on the country listed on the FSF project list.</p> <p>We assigned this parameter based on the recipient country that the finance is intended to benefit, which does not necessarily signify that the finance was transferred to an institution within that recipient country.</p>
Recipient Country	<p>Based on the country listed on the FSF project list.</p> <p>Except in instances where the finance supports multilateral or “global” programs, the recipient country and/or region was identified for each project in the relevant documentation.</p> <p>For multilateral funds, in order to determine the recipient country and region breakdown, we imputed assistance from the climate-specific funds back to the donor countries.</p> <p>We assigned this parameter based on the recipient country that the finance is intended to benefit, which does not necessarily signify that the finance was transferred to an institution within that recipient country.</p>	
Recipient Institution	Information on the recipient institution was usually provided in the FSF project list and supporting documentation. It is usually unclear whether an institution associated with a project was the direct recipient, an indirect recipient (e.g. subgrantee or subcontractor), or another kind of implementing partner. Thus, where our assessment lists a recipient institution, it could refer to any one of these roles.	

PARAMETER	OPTIONS	EXPLANATION
Recipient institution type	<ul style="list-style-type: none"> ■ Multilateral ■ Regional public donor ■ Regional public recipient ■ National government donor ■ National agency donor ■ National Government Recipient ■ State/City Government Donor ■ State/City Government Recipient ■ NGO Donor Country ■ NGO Recipient Country ■ NGO International ■ Private Donor Country ■ Private Recipient Country 	Classified based on recipient institution.
Fund Type	<ul style="list-style-type: none"> ■ Bilateral ■ Multilateral 	Assigned based on whether the funding flowed through a multilateral fund. Multilateral funds here do not include cooperation of multiple donors if it does not flow through dedicated multilateral funds.
Contributor Country Agency	Name of contributor-country government entity administering the financial instrument to the recipient	This parameter is generally self-reported by Germany in its FSF reports; otherwise, we identified it based on the additional sources mentioned. We specify whether funding is channeled through the BMZ or the BMU.
Channeling Institution	For funds channeled through a multilateral institution, the name of the multilateral institution	Based on available documentation
Fund	For funds channelled through a multilateral fund, the name of the fund	Based on a review of the project documentation associated with the project description and any supplementary information revealed through desk research.
Financial Instrument	<ul style="list-style-type: none"> ■ Capital Contribution ■ Grant ■ Loan ■ Loan Guarantee ■ Equity ■ Insurance ■ Other (specify) 	Except for the loan to the CTF all contributions were grants, as also laid out in the German FSF project lists.
Financial Instrument Characteristics	Any information on the characteristics of the finance (e.g., grant element), and/or how the country is counting that financial instrument towards its total fast-start amounts, where available. Based on a review of the project documentation associated with the project description and any supplementary information revealed through desk research.	
Objective	The objectives (mitigation, adaptation, REDD+, REDD+/mitigation) are used by the German government in its FSF reports. While there were few cases where the attribution seemed ambiguous because of the a broader nature of the project addressing multiple of these climate objectives, it did not seem useful to deviate from the official reporting. We attempted to identify the extent to which FSF projects target the climate-related objectives of adaptation and mitigation on the basis of the OECD DAC Rio Markers.	

PARAMETER	OPTIONS	EXPLANATION
Objective OECD Rio markers	For Adaptation and Mitigation Rio Marker ■ 0 - Ambiguous ■ 1 - At least Significant Objective ■ 2 - Principal Objective	<p>For the analysis related to the OECD marker categorisation, we examined projects on the basis of the OECD DAC Rio Markers for adaptation and mitigation. The Rio Markers were developed for use by donor countries to self-identify ODA that contributes to a range of specific objectives, including adaptation and mitigation. They also are designed to distinguish between projects that support those objectives as a “principal” objective versus those that support them as a “significant” objective (but may be primarily targeted at another, non-climate objective).</p> <p>The Rio Markers employ the following definitions:</p> <ul style="list-style-type: none"> • Mitigation: “[The activity] contributes to the objective of stabilization of GHG concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by promoting efforts to reduce or limit GHG emissions or to enhance GHG sequestration.” • Adaptation: “[The activity] intends to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience.” <p>The OECD has published further criteria and a decision tree to promote consistency in self-reporting, which we attempted to follow (OECD, 2011). Under the Rio Marker system, a project is labelled with a 2 – indicating that it “principally” targets the Rio Marker – if it matches the OECD criteria for eligibility and would not have been undertaken without mitigation or adaptation as an objective, a 1 – indicating that it “significantly” targets the Rio Marker – if it matches the criteria for eligibility but would have been undertaken without mitigation or adaptation as an objective, and a 0 if it does not match the criteria for eligibility.</p> <p>We assigned the Rio Markers based on our own assessment of the project descriptions and documentation.</p>
Activity	<ul style="list-style-type: none"> ■ Assessment, planning, strategy development ■ Research and development ■ Demonstrations ■ Deployment/Implementation ■ Capacity Building ■ Monitoring, evaluation and review 	Not investigated.
Intended impact		Information regarding expected or actual project impact in terms of GHG reduction, energy capacity, or other relevant metric. In most cases this information was not available as projects remain in their early stages of implementation; this is an important area to capture in future work analysing FSF.

New and Additional: For the purposes of this paper, we consider new climate finance as climate finance that has increased over previous years' allocations and/or pledges and additional climate finance as that which does not divert funding from development objectives. Due to the lack of consensus on these definitions and criteria for meeting them, in this assessment we evaluate German FSF with regard to multiple possible considerations without endorsing any single one.

Considerations related to "newness":

- Does FSF for a given year exceed annual climate finance in the years prior to the FSF period?
- Does FSF recycle or duplicate previously pledged climate finance?
- Do projects or programs identified as FSF include more climate finance than they did prior to the FSF period? For example, if funding is being counted for a project that began prior to the FSF period, has it received more funding relative to what would have been given in the absence of the fast-start commitment?

Considerations related to additionality:

- Has the contributor country in question achieved 0.7% GNI for ODA?³¹
- How does the change in climate finance from the pre-FSF period compare to the change in ODA over the same time frame?

See Brown et al. (2010) for further discussion.

Transparency: We evaluated German FSF reporting with regard to aggregate and project-specific metrics that facilitate interpretation and verification of climate finance information. The factors listed below are drawn in part from sources including Ciplet et al. 2011, Stasio 2011, and Tirpak et al. 2010.

Aggregate information:

- Eligibility criteria (e.g., project types and countries eligible to receive FSF)
- "New and additional" criteria, as defined by the contributor country
- Objectives supported
- Channeling institutions
- Financial instruments
- Geographic distribution of countries supported
- Disbursement status

Project-specific information:

- Objectives supported
- Channeling institutions
- Financial instruments
- Recipient countries
- Recipient institutions
- Disbursement status

ANNEX 3: GERMAN CONTRIBUTIONS TO DEDICATED MULTILATERAL CLIMATE FUNDS

The Climate Investment Funds

The CIFs were established in 2008 at the initiative of the governments of the UK, US and Japan to help the Multilateral Development Banks do more to help developing countries address climate change, and pilot the delivery of climate change finance at scale with the goal of delivering “transformational” change. The Funds are administered by the World Bank in partnership with the African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, and the Inter-American Development Bank. To date a total of USD 6.54 billion has been pledged to the CIFs, of which 5.6 billion have been received. Germany has contributed USD 619 million or approximately EUR 550 million in total to date, of which 75% have been counted towards FSF. This represents the largest share of its FSF. The other resources were transferred before 2010.

The majority of the funds (USD 4.86 billion) are allocated to the CTF to support investments in clean technologies that will yield large-scale emission reductions, particularly in large emerging economies. The German FSF project list details EUR 375 million in contributions to the CTF. To date, investment plans for 14 countries (Mexico, Egypt, Turkey, South Africa, Ukraine, Morocco, Thailand, Vietnam, the Philippines, Indonesia, Colombia, Kazakhstan, India and Nigeria) and a regional programme in the Middle East and North Africa have been approved.

In addition, a Pilot Programme on Climate Resilience (PPCR) of USD 1.1 billion (pledges) seeks to support developing countries to address climate risk and adapt to the impacts of climate change. The PPCR is supporting pilot programs in Bangladesh, Bolivia, Cambodia, Nepal, Niger, Mozambique, Tajikistan, Tonga, and Zambia and a regional programme in the Caribbean. Germany counts EUR 38 million (or approximately USD 50 million) of contributions to its FSF.

The Global Environment Facility (GEF)

Albeit a strong and reliable contributor to the GEF, Germany does not count contributions to the GEF Trust Fund as FSF.

The Adaptation Fund

Germany has transferred in 2010 EUR 10 million (approximately USD 13.8 million) to the Adaptation Fund (AF) under the Kyoto Protocol. The AF supports countries to adapt to the impacts of climate change, and is partially financed through a 2% levy on the sale of emission reductions generated through the Clean Development Mechanism. The AF presently has a total capitalisation of USD 325 million. It has so far approved 27 projects and has accredited 15 National Implementing Entities allowing these countries to access the AF resources directly.

The Least Developed Countries Fund/Special Climate Change Fund

In addition, Germany counts EUR 60 million (approximately USD 80 million) in contributions to the Least Developed Countries Fund (LDCF) under the UNFCCC towards its FSF commitments. Overall, it has pledged EUR 115 million over the last years. The LDCF supports the implementation of National

Adaptation Programmes of Action (NAPAs) in 49 Least Developed Countries, and has a capitalisation of USD 537 million since 2001. Furthermore it has contributed as FSF EUR 30 million (approximately USD 40 million) to the Special Climate Change Fund, the other GEF administered UNFCCC fund. In total Germany contributed roughly EUR 60 million to the SCCF. The SCCF funds adaptation and technology transfer activities in developing countries. Germany’s contribution has been fully allocated to the adaptation window of the SCCF.

Forest Carbon Partnership Facility

Finally, Germany counts EUR 57 million in contributions to the World Bank administered Forest Carbon Partnership Facility (FCPF) as part of its FSF towards its FSF spend. The FCPF is a programme to pilot new approaches to reduce emissions from deforestation and degradation in developing countries. It has the dual objectives of building capacity for REDD+ in developing countries, and testing a programme of performance-based incentive payments in some pilot countries.

Special UNEP and UNDP Trust Funds

Germany also contributed resources to the UNEP Trust Fund for Ecosystem Based Adaptation (EUR 10 million) and the UNDP Thematic Trust Fund for Support to Energy and Environment for Sustainable Development (EUR 5 million).

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ENDNOTES

- 1 It is important to note here that these 2012 and 2013 figures are based on a mixture of commitments and cash payments. If only commitments would be taken into account, the results are slightly different (EUR 1.7 billion in 2012 and 1.9 billion in 2013), see Kowalzig, 2013
- 2 Germany also provides climate-related finance to developing countries that does not meet these criteria, but it does not count this toward its FSF contribution (nor is it considered in detail in this report).
- 3 www.openclimatenetwork.org/analysis#finance
- 4 Buchner et al. (2011) place private finance at almost 57% of current climate finance. The UNFCCC (2007) identifies a significant role for domestic resources.
- 5 For example, the Private Sector Initiative under the Nairobi Work Programme, and “Caring for Climate” under the UN Global Compact.
- 6 For example, countries such as Germany have used revenues from the auctioning of EU ETS certificates to help finance their International Climate Initiative, and the government of Japan has counted private Japanese companies’ investments in climate-relevant sectors as part of its FSF reporting.
- 7 Art. 4(3)
- 8 Many in the development community, including Germanwatch, have taken the position that climate finance should be additional to provision of 0.7% of GNI for Official Development Assistance (ODA).
- 9 Knoke/Duwe, 2012
- 10 Michaelowa and Michaelowa, 2011; Junghans and Harmeling 2012
- 11 This is because information in the DAC was incomparable in timeframe and scope, and, moreover, insufficiently detailed to permit this approach.
- 12 In practice, however, this can include projects already running but where additional resources have been provided.
- 13 These figures will soon be published officially. The most recent project list has some differences from the information provided in response to a parliamentary inquiry from early March 2013 regarding the distribution between REDD+ and mitigation.
- 14 The simple FSF project list refers to “REDD+.” However, in other documents the government speaks of “forest and biodiversity protection including REDD+.” This already indicates some difficulties related to an important factor in the German FSF, the protection of biodiversity, which is often counted towards both commitments - FSF and biodiversity finance. The projects counted towards FSF do not always address REDD+ as their primary focus (see section on the OECD Rio markers).
- 15 These are administered by the World Bank group in partnership with the Asian Development Bank, African Development Bank, European Bank for Reconstruction and Development, and the Inter-American Development Bank. The CIFs were established in 2008 at the initiative of the governments of the UK, U.S., and Japan to help the multilateral development banks (MDBs) do more to help developing countries address climate change, and pilot the delivery of climate change finance at scale with the goal of delivering “transformational” change. To date, a total of USD 7.2 billion has been pledged to the CIFs.
- 16 The government’s terminology with regard to REDD+ suggests that it also takes into account biodiversity protection and conservation activities more generally (see section on REDD+ below). According to information from the BMZ, however, the projects counted towards FSF clearly had a REDD+ focus (BMZ, 2013).
- 17 These results slightly vary from early March 2013 aggregate figure communications by BMU which suggested that EUR 374.3 million had been directed to adaptation and EUR 324.2 million for REDD+ (BMU, 2013). This can largely be explained by the different allocation of the “REDD+/adaptation” projects contained in the 2012 project list.
- 18 Translation by the authors
- 19 About half of this money came from the public budget; KfW raised additional finance from the capital markets; the full sum is a public loan to the CTF.
- 20 The German FSF contributions to the CTF, AF, PPCR, LDCF and SCCF (adaptation window) have been divided by regions according to the share they receive under the current state of approved resources.
- 21 Art. 4.3, UNFCCC; paragraph 8, Copenhagen Accord; paragraph 97, Cancún Agreement
- 22 See e.g. Stadelmann et al., 2011, for different ways of defining additionality.
- 23 http://www.bmz.de/de/was_wir_machen/themen/klimaschutz/hintergrund/blick_entwicklung/index.html
- 24 Due to the low certificate price the planned disbursements for 2013 will need to be adjusted. Such adjustments are expected to be published in the first half of 2013.
- 25 A “budget authorisation” is a financial binding commitment of committing a certain amount over several fiscal years. This financial commitment refers to a future allocation in contrast to the commitment of “cash flows” – this refers to the present fiscal year.
- 26 See Vieweg et al., 2012, for some assessment of the effectiveness of FSF funded projects; see also Nakhoda 2013.
- 27 The guidelines for national communications do not provide a definition of new and additional.
- 28 UNFCCC, 2013.
- 29 Examples include the World Bank’s climate co-benefits tracking and the Asian Development Bank’s Procedures for Estimating Investments Renewable Energy and Energy Efficiency.
- 30 For more information, see: <http://www.aiddata.org/> ; <http://www.climatefundsupdate.org/> ; <http://www.wri.org/publication/summary-of-developed-country-fast-start-climate-finance-pledges> ; <http://www.newenergyfinance.com/>.
- 31 Parties in the international climate negotiations have often referred to additionality in relation to an amount or percentage of Overseas Development Assistance (ODA). One baseline for additionality that has been proposed by developing countries is that of the 0.7% of Gross National Income (GNI) for ODA pledge reiterated by developed countries over the past several decades (e.g. in the Monterrey Consensus in 2002, at the World Summit on Sustainable Development in Johannesburg in 2002, and most recently at the Gleneagles G8 summit in 2005). Note, however, that some aid experts have argued that countries must rethink the traditional measure of Official Development Assistance given the diversification of goals it is asked to pursue and the multiplication of instruments used to achieve policy objectives (Severino/Ray, 2009).

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The World Resources Institute (WRI) is a global environmental and development think tank that goes beyond research to create practical ways to protect the Earth and improve people's lives. We work with governments, companies, and civil society to build practical solutions to urgent environmental challenges. WRI's transformative ideas protect the Earth and promote development because sustainability is essential to meeting human needs and fulfilling human aspirations for the future.

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Germanwatch is an independent non-profit development and environment organisation. It has been following the UNFCCC negotiations since their inception, and is actively engaged on climate finance.

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