



Federal Ministry for the
Environment, Nature Conservation,
Building and Nuclear Safety

Protecting the Climate, Conserving Biodiversity

The Federal Environment Ministry's
International Climate Initiative





THE INTERNATIONAL CLIMATE INITIATIVE – AN INNOVATIVE COOPERATION INSTRUMENT

Climate change and loss of biodiversity are two of the greatest global challenges. If we are to avert the most serious consequences of climate change, it is crucial that we limit average global warming to two degrees Celsius above pre-industrial levels – a clear goal of the international community, as set out in the United Nations Framework Convention on Climate Change (UNFCCC). Many countries already have to adapt to the effects of global warming. In addition, as a result of a systematic overuse of natural resources, biodiversity is declining continually.

It is vital that all countries contribute to halting these developments. The industrialised world, however, has a particular responsibility. Many countries have set both ambitious national targets for themselves and also committed to supporting developing and emerging countries in their efforts to reduce greenhouse gases and adapt to climate change. In 2008, the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) – the government ministry responsible for climate and biodiversity protection – launched the International Climate Initiative (IKI) to promote this cooperation. The IKI funds projects working worldwide in areas such as mitigation of greenhouse gas emissions, adaptation to the effects of climate change, preservation of natural carbon sinks such as forest and peatland, and biodiversity conservation.

Projects within IKI aim to kick-start reform and transformation processes to protect the climate and biodiversity in the partner countries, while at the same time giving impetus into the negotiations under the UNFCCC and the Convention on Biological Diversity (CBD).

In 2011, the community of nations agreed to prepare a new, comprehensive climate change agreement which is to be adopted in Paris in the year 2015 and will come into effect in 2020.

At COP19 in Warsaw in 2013, all signatories for the first time agreed to specify their respective national contributions in preparation for this agreement. These contributions (Intended Nationally Determined Contributions, INDCs) set out emission reduction targets adopted by the relevant country and are to be submitted to the UNFCCC Secretariat. Germany is assisting its partner countries in this process. Through the IKI, BMUB has initiated a number of projects that support more than 30 countries in the process. Besides supporting them directly at local level, BMUB is helping the partner countries to prepare the INDCs through multilateral cooperation activities.

Creating policy frameworks to ensure they can be effectively implemented is also a priority. Approaches here include low-emission strategies (LCDs¹) and nationally appropriate mitigation actions (NAMAs²). Effective measurement, reporting and verification (MRV³) ensures transparency at national and international level. The REDD+⁴ process, which is concerned with reducing emissions from deforestation and forest degradation, is the main forest conservation instrument. Adaptation to climate change includes national adaptation plans (NAPs⁵) and the ecosystem-based approach to adaptation (Eba⁶). With regard to the CBD, the IKI funds the implementation of the Aichi targets set out in the 2011 – 2020 Strategic Plan.

Since the beginning of the initiative in 2008, over 446 projects in more than 100 countries with a funding volume

1 LCDS – Low-Carbon Development Strategies – create the strategic framework for climate-friendly development and help to identify relevant fields of action for climate policy.

2 NAMAs – Nationally Appropriate Mitigation Actions – are voluntary measures put in place by emerging economies and developing countries to initiate transformation processes in individual sectors and reduce greenhouse gas emissions.

3 MRV – Measurement, Reporting and Verification – involves collecting data on mitigation measures and greenhouse gas emissions, processing this information in reports and inventories and verifying it in an international process.

4 REDD+ – Reducing Emissions From Deforestation and Forest Degradation – is a climate protection instrument that pays compensation to national governments or local organisations as a 'reward' for forest conservation actions that result in verifiable reductions in carbon emissions.

5 NAPs – National Adaptation Plans – are designed for developing countries to determine what their needs are in the medium and long term in order to adapt to the effects of climate change and define appropriate action.

6 Eba – Ecosystem-based Adaptation – describes the specific use of biodiversity and ecosystem services to support the population in adapting to the negative effects of climate change.

totalling € 1.6 billion were pledged. Additional funds provided by implementing agencies and private and public-sector financing sources such as the European Union takes the overall volume of the projects to some € 4.1 billion.

BMUB attaches great importance to transparent reporting on climate and biodiversity financing. Information about all projects can be viewed at: www.international-climate-initiative.com

Breakdown of project portfolio by region (2008 – 2014*)
(incl. multilateral contributions, in € million)



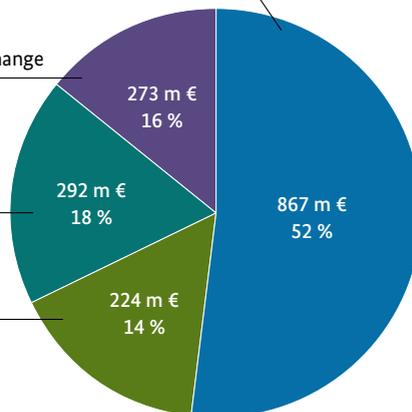
Breakdown of project portfolio by areas of support (2008 – 2014*)
(incl. multilateral contributions, in € million)

Area I – Mitigating greenhouse gas emissions

Area II – Adapting to the impacts of climate change

Area III – Conserving natural carbon sinks with a focus on reducing emissions from deforestation and forest degradation (REDD+)

Area IV – Conserving biological diversity



The International Climate Initiative in Practice

To illustrate the goals and effects of projects, a selection of project examples in each of the initiative's funding area – mitigating greenhouse gases, forest conservation, adaptation to climate change and conserving biodiversity – is given.

* committed fundings

THE INTERNATIONAL CLIMATE INITIATIVE IN PRACTICE



REDUCING GREENHOUSE GAS EMISSIONS

Many developing countries and emerging economies have devised approaches to working towards sustainable economic models and reducing greenhouse gases. Nationally appropriate mitigation actions (NAMAs) are a key policy instrument in this. The NAMA concept encompasses voluntary mitigation measures by developing countries and emerging economies, embedded in national development plans and supporting the shift to a low-emission development pathway. In contrast with 'classical' climate financing measures, which often focus on project financing, NAMAs primarily help to develop improved, climate-focussed structures in sectors such as electricity generation, energy efficiency, transport, agriculture, waste management etc.

One successful example is a project called **TRANSfer** in **South Africa, Colombia, Indonesia and Peru**. TRANSfer develops transport NAMAs in these countries, i.e. climate protection strategies that build on sustainable transport concepts and technologies tried and tested in Germany. Comprehensive information on concept and technologies has been compiled in a handbook 'Navigating transport NAMAs' also available to other countries to use. A toolbox with additional guidelines and templates provides advice on implementing different climate-friendly transport schemes in areas such as E-mobility or expanding infrastructure for bicycle transport.

The Colombian government plans to replace its national fleet of heavy goods vehicles because the existing fleet is responsible for a large proportion of CO₂ emissions in the transport sector. A report on fuel quality standards prepared by TRANSfer was used by the Colombian government as a starting point for introducing new statutory standards for

diesel fuels. In Indonesia TRANSfer has helped to develop a concept for sustainable urban transport in a number of pilot cities including Medan and Manado which were selected for funding by the NAMA Facility.

The NAMA Facility

Using IKI funds, the BMUB and the UK Department of Energy and Climate Change (DECC) jointly launched the NAMA Facility in 2012. The programme aims to help meet the need for focused climate change mitigation measures in developing countries and emerging economies by providing targeted support for implementing ambitious NAMAs in the partner countries. Projects are selected through an ideas competition. The pilot project in Mexico (energy efficient construction) had already been selected. Product proposals from Chile (renewable energies), Costa Rica (sustainable coffee production and processing), Indonesia (sustainable urban transport) and Colombia (sustainable urban development including transport management) were identified for funding in the first selection phase. Four more NAMA projects were pre-selected in a second phase in 2014: Burkina Faso (sustainable energy generation from biomass), Peru (sustainable urban transport), Tajikistan (afforestation and sustainable forest management) and Thailand (cooling and air conditioning systems). The selected projects combine instruments for both financial and technical cooperation. BMUB and DECC have provided funds totalling € 120 million for the NAMA Facility to date. www.nama-facility.org

Partners: Indonesia – Ministry of Transportation; Colombia – Ministry of Environment and Sustainable Development; South Africa – Department of Transport; Peru – Ministry of Transport and Communication

Implementing Agency: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Duration: 11/2010 – 12/2016

Funding volume: € 7 million

Website: www.transferproject.org





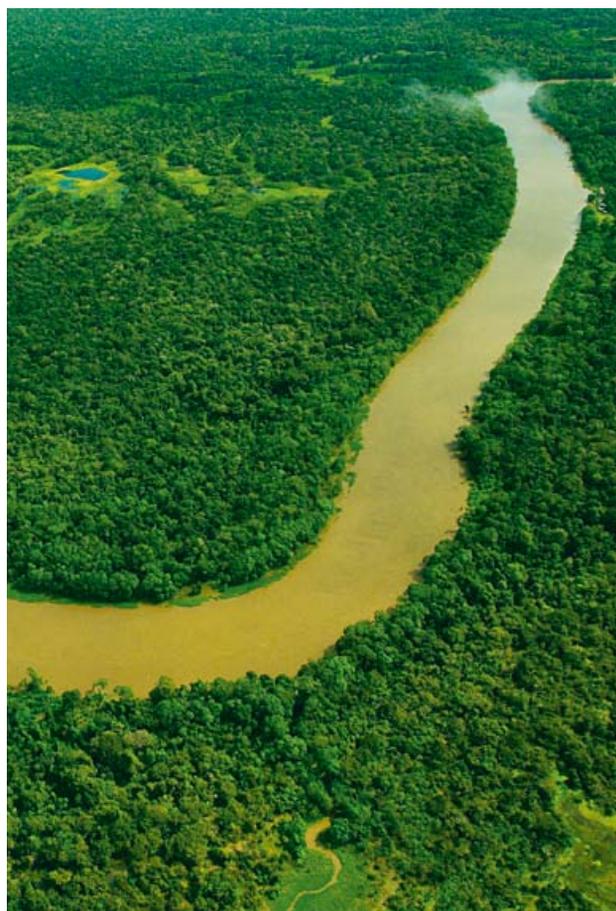
FOREST PROTECTION EQUALS CLIMATE PROTECTION

Ecosystems, especially tropical forests, store large amounts of carbon, their protection is therefore absolutely crucial to mitigating climate change. At the same time, worldwide the demand for products such as meat, soya, palm oil and wood is rising and with it the demand for agricultural land – often at the expense of tropical forest. Even now, clear-cutting natural forests is responsible for some 11 % of global greenhouse gas emissions. The REDD+ mechanism is a key approach to counteracting this trend, by providing financial incentives for verifiable forest conservation.

The International Climate Initiative funds the conservation and sustainable use of forests worldwide. To date, 91 projects are involved here with a funding volume of about € 292 million, making the programme one of the world's major REDD+ donors.

Unlocking Forest Finance – a project that focuses on the Amazon region – offers decision-makers in **Peru** and **Brazil** the know-how needed to implement REDD+ in their country. With the help of financial analyses and land-use models, it can show economic and environmental consequences of different forms of land-use. It does this by ascertaining the economic benefits of ecosystems and determining the value of the stored carbon among other things. At the same time, the capital costs and earnings associated with various forms of use and their environmental impact are modelled. Scientists are working in conjunction with finance analysts and the implementing institutions on highly complex dynamic land-use models, as a basis for optimised strategies for protecting forest resources and making agriculture more environmentally and economically sustainable. The project's findings show, inter alia, that currently common land-use practices, such as large-scale forest clearing to create agricultural land, are not only damaging the climate but are also detrimental to sustainable economic development. The financial loss incurred when forest functions such as water regulation and erosion protection are lost. Plus, missed opportunities from alternative sources of income, such as tourism, have a greater impact in the long term than short-term profit from forest clearance. As an alternative, the project partners identify sustainable, climate-friendly types of land-use, for example using optimised agricultural methods to improve yields or reducing the amount of land needed. Furthermore,

innovative financing mechanisms designed to make REDD+ equitable and affordable are being trialled in conjunction with the private sector.



Partners: Brazil – provincial governments of Acre and Mato Grosso; Peru – provincial government of San Martin

Implementing organisations: Global Canopy Program, Centro de Desarrollo e Investigación de la Selva Alta (CEDISA); Helmholtz Centre for Environmental Research (UFZ); International Institute for Applied Systems Analysis (IIASA); Climate Bonds Initiative (CBI); Amazon Environmental Research Institute (IPAM)

Duration: 04/2013 – 02/2017

Funding volume: € 3.7 million

Website: www.globalcanopy.org



HELP FROM NATURE FOR ADAPTING TO CLIMATE CHANGE

Ecosystems such as forests or wetlands and mangrove belts not only store carbon, they also fulfil numerous ecosystem functions, such as conserving soil fertility and protecting against erosion and flooding. EbAs build on this principle. In the light of current and future climatic change. EbA measures conserve important ecosystems, restore them, or help to manage them sustainably. In this way, the resilience of ecosystems can be increased and the vulnerability of people and nature to the effects of climate change can be gradually reduced.

A total of 22 of projects within IKI (funding volume: € 80 million) use this approach.

A project in **Nepal, Peru and Uganda – EbA Flagship Programme** – applies EbA methods and instruments tailored to mountain ecosystems. In mountain regions, effect of climate change include glaciers melting and changes in precipitation patterns which have a negative impact on the water supply. An increase in rainfall can trigger landslides and cause erosion which reduces soil fertility. Working in conjunction with the local population and institutions, the project is planning measures to minimise that kind of effect. A project in the Nepalese

mountain region of Panchase worked in conjunction with people in a number of local communities to restore ponds, providing water for livestock and agriculture. Overgrazed land was planted with native tree species and natural stone walls built around them to protect them from buffalo, thereby reducing erosion and restoring the soil's ability to store water, with the result that it is possible to grow new commercial forests. In Peru, irrigation channels for pastures and wetlands in two towns were repaired and land management has been improved. In Uganda, the partners are concentrating on agricultural methods such as using organic fertilizer, irrigation and drainage of fields and planting field margins.

The experience from pilot projects forms the basis for experimental learning across regions and countries. The partner countries develop their own methods for analysing the effects of climate change and vulnerabilities, for example, and share them regularly at workshops. In this way, successful approaches can be quickly disseminated and all stakeholders can build up the knowledge they need. The project presents its findings at UNFCCC conferences and other expert forums to enable other countries to benefit from the know-how they have acquired.



Partners: Nepal – Ministry of Science, Technology and Environment, Ministry of Local Development, Ministry of Forests and Soil Conservation and others;
Peru – Ministry of Environment and others;
Uganda – Ministry of Water & Environment and others

Implementing organisations: United Nations Environment Programme (UNEP), United Nations Development Programme (UNDP), International Union for Conservation of Nature (IUCN)

Duration: 12/2010 – 12/2015

Funding volume: € 11.5 million

Website: www.ebaflagship.org



THE VALUE OF BIOLOGICAL DIVERSITY

Biodiversity is the foundation on which ecosystems depend to function; it plays a crucial role in ecosystem services to people and nature. These services include things such as nutrient and water cycles, soil creation and conservation, pollination of plants, climate regulation and also cultural and recreational activities – values that are of immense importance but are often not directly visible. If it is possible to assess their economic value, their value to society can be established or a figure can be put on the costs their destruction would incur. It was in this context that The Economics of Ecosystems and Biodiversity (TEEB) was launched in 2007. This is an international research project, which gives an overview of existing approaches to attaching an economic value to biodiversity and ecosystem services.

Of the 44 IKI projects (€ 223.6 million) in the area of 'biological diversity' currently ten projects are concerned with refining the TEEB approach.

One of them – **Biodiversity Conservation through Integration of Ecosystem Services in Public Programmes and Business Activities** – supports the **Brazilian** government in incorporating biodiversity and ecosystem services into existing government programmes in sectors such as agriculture, transport and infrastructure. Existing evaluation approaches and methods and instruments are being analysed with a view to creating incentives to use ecosystem services sustainably. The best ideas will then be used in pilot projects at local levels. Local state agencies are supported in including ecosystem services in the criteria for awarding environmental licenses to private businesses. Another project element is working with small farmers in the state of Bahia on environmentally sound production of a variety of cocoa. Last but not least, small and medium-sized companies

are receiving advice on how to reduce the negative impacts of production processes on biodiversity.

In addition to specific pilot measures, capacity building measures boost the technical and conceptual expertise partners need. The areas covered by these training schemes include methods for calculating natural capital, mapping ecosystem services and awarding loans on the basis of environmentally sound criteria. Dialogue platforms promote an exchange of ideas and experience among relevant actors in the private sector and policymakers. The insights acquired in the pilot projects are disseminated nationally and internationally. South-South exchange plays a key role here.



Partners: Brazil – Ministry of Environment, National Confederation of Industry (CNI)

Implementing organisation: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Duration: 08/2012 – 10/2016

Funding volume: € 3.5 million

Financing Instruments for Climate Protection

Mobilising additional private investment and promoting sustainable business models as far as possible is a key objective of the IKI. With this in mind, BMUB and KfW Entwicklungsbank have set up the Global Climate Partnership Fund (GCPF) a financing mechanism that offers reduced-interest credit lines to finance institutions in selected partner countries, which those in turn can use to offer loans for investment in renewable energy and energy efficiency. The funds provided by the IKI serve as a 'risk buffer' for private capital and create incentives for additional investment.

www.gcpf.lu

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