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

The fight against climate change is a cross-cutting priority of French development policy. For several years France has been strengthening its international programmes in this area, relying at the bilateral level on its leading operator, the AFD (French Development Agency), which handles one third of French development aid, as well as on the FFEM (French Global Environment Facility) and on technical operators such as the Research and Development Institute (IRD), the Environment and Energy Management Agency (ADEME) and the international branch of the National Forests Office (ONFi). At the multilateral level, France is a contributor to the GEF and the Clean Technology Fund. It actively participates in the work of the Green Climate Fund Board, whose fifth meeting was held in Paris at the beginning of October 2013.

A French priority reaffirmed during the last meeting of the Interministerial Committee for International Cooperation and Development (CICID) – 31 July 2013

France's development policy is part of a new framework which combines combating poverty with sustainable development in economic, social and environmental issues. The aim of this policy is to participate in the international effort to combat extreme poverty and to reduce inequality by encouraging equitable and job-rich economic development, preserving global public goods, fighting climate change and promoting peace, stability and human rights. The government has decided to step up the integration of issues related to limiting and adapting to climate change into its global development and cooperation strategy.

France has fulfilled its commitments pertaining to fast-start financing by raising over €420 M a year between 2010 and 2012, that is a total of €1,26 billion. However, in order to limit the increase in temperatures by 2 °C by the end of the century, France considers it essential to adopt a global and integrated approach to development and the fight against climate change. This approach encourages the design and implementation of new, low-carbon development strategies that stand up to climate change.

As part of its strategic development plan for 2012-2016, the AFD thus undertook to allocate 50% of its annual financial grants in developing countries to “climate” projects (30% for its “private sector” subsidiary Proparco).
In 2011, the AFD group also introduced a systematic carbon footprint assessment procedure for projects financed by the AFD and Proparco in developing countries. The impact of the projects in terms of greenhouse gas emissions is taken into account using a criteria grid, according to which certain projects are not eligible for AFD financing. These criteria are defined by the mandate of the AFD and depend on the level of development of the country, its climate policy and the carbon footprint of the project. The AFD Group has also decided not to finance projects from coal power plants, unless they are equipped with carbon capture and storage devices.

**Over 2.4 billion euros in 2012**

Thus, in 2012, the AFD Group authorised 2.4 billion euros to be committed to 54 “climate” projects (development projects with co-benefits in terms of the fight against climate change) in developing countries and in France’s overseas territories. This brings the total sum authorised for “climate” projects by the AFD Group to over 12 billion euros since 2005.

**Sponsors need to be better coordinated**

Today, the AFD is one of the major international financial institutions committed to climate change action. It is a member of the IDFC (International Development Finance Club) which groups together 20 international, regional and national financial institutions for the development of both the northern, but mainly the southern hemisphere, with an aim to encourage exchanges on good practices and promote coordination and innovation in the field of sustainable development and, in particular, climate change action. In 2011, the members of the IDFC allocated nearly 50 billion dollars of “climate” funding to developing countries and drafted several discussion papers, in particular regarding the establishment of the Green Climate Fund and its modus operandi (www.idfc.org).

**A major player at the multilateral level**

At the multilateral level, France has contributed €215.5 M to the Global Environment Facility (GEF) for the 2011-2014 period (of which €75 M are specifically devoted to financing early action for sustainable forest management); it is the fifth largest contributor. France contributes also to the European Development Funds, which provides in particular €500 M to the Sustainable Energy for All Initiative. It is also a member of the Green Climate Fund Board and is actively involved in making the Fund fully operational so that it can contribute to projects in the shortest possible time.

**Raising additional funding**

States, civil society and public opinion are showing increasing interest for innovative sources of funding. Since the Monterrey conference on financing for development in 2002, these have been recognised as mechanisms that, in addition to the Official Development Assistance (ODA), can contribute to reaching development objectives. France has been actively promoting them for several years, both in the Pilot group and in the European and international arena (United Nations, G20, OECD). A number of innovative funding solutions have already proven their worth in the field of health and, together with other sources, could effectively contribute to meet the climate challenge.

**Examples of projects in 2012**

**Morocco**

Morocco already suffers from water stress and climate change will accentuate this problem in the future. Together with the KfW, the ADF has provided the National Office for Electricity and Drinking Water with €30 M of funding for its research programme on leakages and the servicing of the drinking water supply network for 30 small and medium-sized towns in Morocco with a view to adapting to climate change.

To set the example, France introduced a financial transaction tax (FTT) on 1st August 2012. A part of the product of this tax will be devoted to financing climate change action in developing countries, in particular via the Green Climate Fund. Another of the French President’s priorities is the adoption of a European Directive on taxing financial transactions, as part of an effort to enhance cooperation. Eleven European states have already supported this project which is currently undergoing negotiation.
In Vietnam, the AFD contributes, through budget support, to the national programme to combat climate change. Thus, a third €20 M tranche of funding was provided in 2012 by the AFD, along with other sponsors such as the JICA and the Korea EximBank, in order to support Vietnam in the implementation of its “climate plan” whose purpose is to place climate issues at the heart of the country’s development strategy.

In India, the AFD provided €110 M of funding in 2012, together with the Asian Development Bank, for the construction of the metro in Bangalore which is the country’s 3rd largest city after Mumbai and Delhi. The construction of the metro will allow Bangalore to face the significant demographic growth that it is experiencing by relieving congestion of the existing transport networks. Thanks to the modal shift and urban densification, the construction of the metro should enable the equivalent of 230,000 tonnes of CO₂ emissions to be avoided per year.
In South Africa, an energy intensive country whose energy mix is predominantly coal-based, the AFD allocated €100 M of funding in 2012 to help finance the construction of a concentrated solar power plant (CSP) with a capacity of 100 M and with a central tower receiver and thermal storage system enabling continuous electricity production. It is scheduled to start operating in 2016 and it will be the first solar power plant of this type and with this level of production capacity in sub-Saharan Africa.

The AFD contributes to the development of agricultural weather risk management and insurance systems in West African countries by providing €1 M of funding for research, initiatives and pilot projects, led by the IFAD and PlaNet Guarantee, for developing index-based crop insurance schemes in Mali, Senegal, Burkina Faso and Benin.

The RESCCUE project, co-financed by the FFEM (in 2012) and the AFD (in 2013), is a regional cooperation project in the South Pacific for the restoration of ecosystem services and adaptation to climate change, implemented in partnership with the Secretariat of the Pacific Community (SPC) in New Caledonia. The project aims to help increase the resilience of the terrestrial and marine ecosystems of the Pacific in the face of climate change by building community capacity and setting up a payment system for maintaining ecosystem services in sites that are representative of the socio-economic, ecological, geographical and cultural diversity of the Pacific in Fiji, New Caledonia, French Polynesia and Vanuatu. It will contribute to the preservation of an exceptional biodiversity and to the adaptation of island societies and populations to climate change.

The FFEM has provided €1 M of funding to the programme for the development of a building market for low-carbon structures that are adapted to climate change in Africa (Nubian vault). The overall aim of the project is to contribute to the implementation of the national policies of the Sahelian countries whose purpose is to guarantee local rural populations sustainable access to sustainable, adapted and ecological housing with a minimal carbon footprint by implementing action to both adapt to and reduce climate change. The specific objective, between 2012 and 2016, is to launch a scale-up strategy for the outreach programme on Nubian vaults, a technique that is adapted to roof-construction in the Sahel.