



# Module 1: Setting the Scene

Climate Finance Training for Sector Experts (CliFiT4SE)

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*Focus: Agriculture in the GCF Portfolio*



# 1. Climate Change: The Science Basis

Setting the Scene on Climate Finance

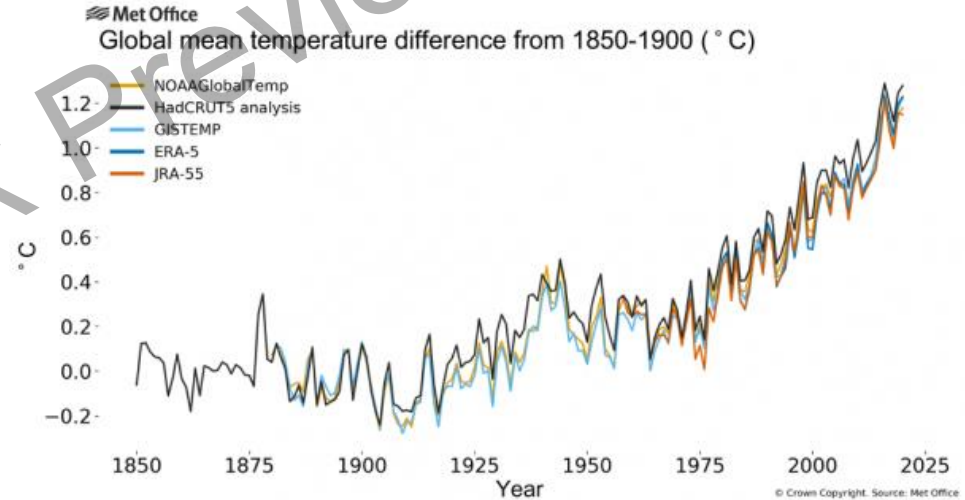
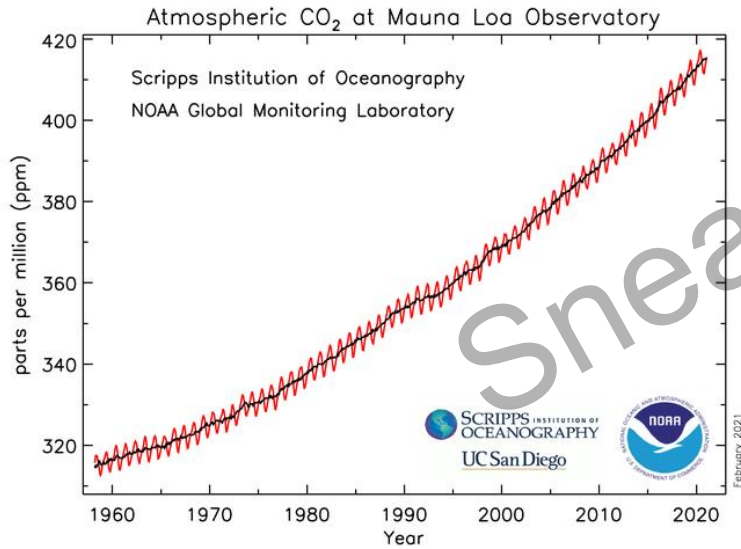
# The rise in average global temperature is directly linked to the rise in the concentration of CO<sub>2</sub> /GHGs in the atmosphere

## Carbon dioxide levels continue at record levels

WMO: 2019 highest CO<sub>2</sub> concentration in atmosphere in 800,000 years with 410.5 ppm.

## State of the Global Climate in 2020

WMO: 2020 was one of the three warmest years on record, 1.2°C above the pre-industrial (1850-1900) level.





# Focus: Agriculture and Climate Change

*The agriculture sectors present both challenges and solutions to climate change*

## Challenges

**1/4** Agriculture, forestry and other land-use cause almost one quarter of human greenhouse gas emissions.



**15%** Livestock supply chains account for 14.5 percent of human emissions.



**+78Gt** Soil degradation has released 78Gt of carbon dioxide into the atmosphere.



**Risk:** Biodiversity loss due to intensified agricultural practices and farming systems.



## Solutions

**1/3** One third of existing feasible solutions for agreed climate goals come from agriculture.

**-30%** Methane emissions from livestock production can be cut by 30 percent.

**-51Gt** Rehabilitating soils can remove 51Gt of carbon dioxide from the atmosphere.

(Source: FAO)

Comprehensive, integrated farming approaches (e.g. conservation agriculture.)

# Climate Change Regime: Policy Overview

Global frameworks to address climate change

## United Nations Framework Convention on Climate Change (UNFCCC) - 1992

- **General framework** with broad principles, general obligations, basic institutional arrangements, **and an intergovernmental process** for agreeing to specific actions over time
- **Objective:** “*stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system*”
- **Actions through decisions** by the Conference of the Parties **and other legal instruments**

## Kyoto Protocol - 1997

- **Top down approach:** setting internationally binding emission reduction targets for **developed countries only**
- **Pre-2020**

## Paris Agreement - 2015

- **Bottom up approach:** countries make individual pledges (NDCs) to communicate their targets.
- **All countries** obliged to take action
- **Post-2020**

# Focus: Agriculture in the Climate Change Regime

AGRICULTURE



## Agriculture and the Paris Agreement

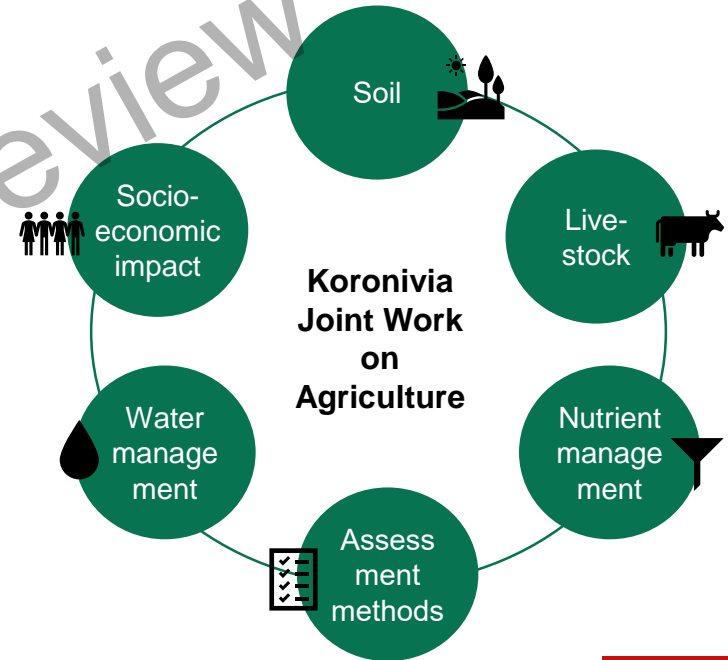
- The Paris Agreement recognizes the “fundamental priority of safeguarding food security and ending hunger, and the particular vulnerabilities of food production systems to the impacts of climate change”.
- Article 2 of the Agreement calls for increasing the ability to adapt “in a manner that does not threaten food production”.

## Agriculture and Climate Change Governance at the international level

### Koronivia Joint Work on Agriculture (2017)

- Aims at placing agriculture at the center of the international climate agenda by officially acknowledging the significance of the agriculture sector in adapting to and mitigating climate change.
- Cooperation to make sure that agricultural development ensures both increased food security in the face of climate change and a reduction in emissions.

(Source: FAO)



# Responding to Climate Change: Mitigation and Adaptation

## Puzzle

Allocate the GCF project sketches below to one of the following options:

A) Climate change mitigation

//

B) Climate change adaptation

//

C) Cross-cutting

### 1 - Ghana Shea Project

Restoration of degraded savannah forests and strengthening of livelihoods through enhanced ecosystem services.

### 3 – Multiple country – Green Cities Facility

Investments in urban energy efficiency and renewable energies, waste reduction and management, green and resilient infrastructure, low carbon transport and water cycle management.

### 2 – Guatemala RELIVE

Installation of greenhouses micro-tunnel facilities to diversify agricultural crop productivity, and setting up of hydro-meteorological monitoring stations to disseminate climate information and early warning of risks.

### 4 – Bangladesh – Energy saving for textile sector

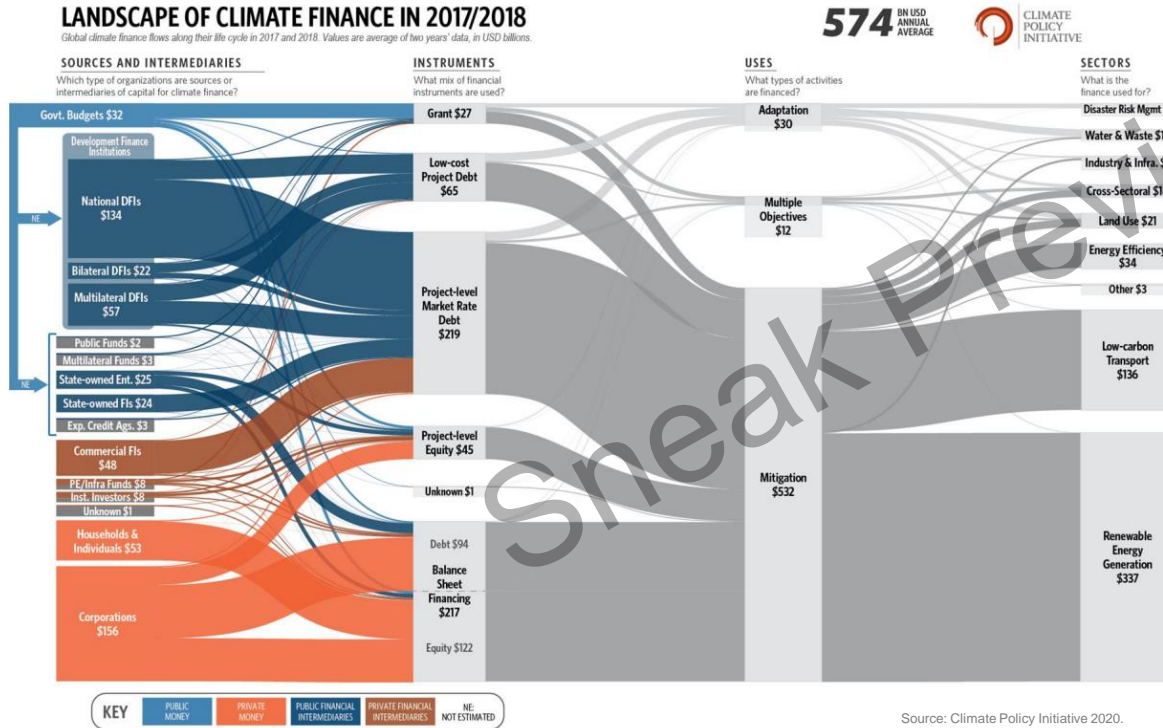
Concessional finance for textile and ready-made garments (RMG) manufacturers to invest in energy efficient (EE) equipment such as EE effluent treatment plants, energy management systems or Insulation of equipment and tanks.



# Climate Finance: Financing Mitigation and Adaptation Actions

## International Climate Finance Flows

Total global climate finance flows amount to more than USD 500 billion/year.



Source: Climate Policy Initiative 2020.

# Introduction to the Green Climate Fund

## GCF Background and objectives



**Aim:** Established in 2010, the objective of the GCF is to “**promote a paradigm shift** to low-emission and climate-resilient development, taking into account the needs of nations that are particularly vulnerable to climate change impacts”.

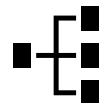


**Balanced allocation: 50:50** balance between mitigation and adaptation over time;

A floor of **50% of the adaptation allocation for particularly vulnerable countries**, including least developed countries (LDCs), small island developed States (SIDS) and African States;



**Governance:** Board comprised of an **equal** number of members from developed countries and developing countries; dedicated seats for SIDS and LDCs



**Access:** Recipient countries can utilize **direct access** or access through **international and regional intermediaries** and implementing entities accredited by the Fund

# Introduction to the Green Climate Fund

Support for project preparation

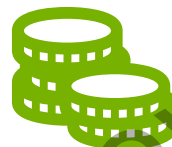


## GCF Project Preparation Facility (PPF)

The GCF's Project Preparation Facility (PPF) provides support to **turn a concept note into a full funding proposal** (max. USD 1.5 million).

The Board will approve requests for support from project proponents, by **reviewing and assessing them against GCF's investment criteria** as well as its **justification of needs for project preparation funding** with information on the underlying project.

The PPF is **available to all AEs**, with preference given to direct access entities submitting projects under the **micro- to small-size categories** (up to US\$10 million).



### PPF Funding

- Standard: Allows AEs to receive up to USD 1.5 million;
- Simplified: Supports up to USD 300k in grants, repayable grants, equity.

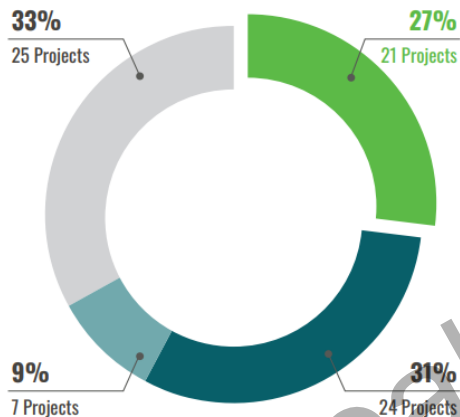


### PPF Service

- One project development firm, which will work directly with AEs, will be selected from a roster of independent project development firms administered by GCF.

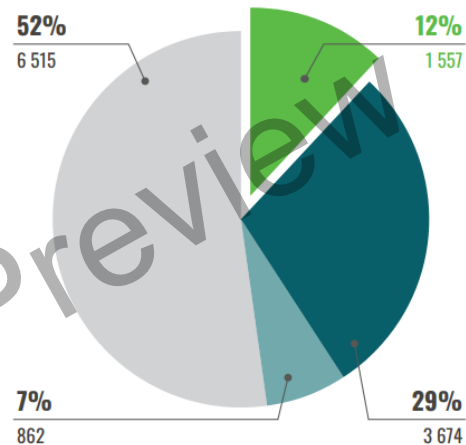


# Focus: Agriculture in the GCF Portfolio



**Number of GCF projects**

- Primarily agriculture project
- Non primarily agriculture, but some agriculture component
- Non primarily agriculture, but with some agriculture co-benefits
- Non agriculture project



**Funding of GCF projects (USD Mil)**

- Primarily agriculture project
- Non primarily agriculture, but some agriculture component
- Non primarily agriculture, but with some agriculture co-benefits
- Non agriculture project

*Diagram: Agriculture projects in the GCF portfolio. Review and analysis by FAO based on 77 projects approved between 2015 and 2018.*

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