

CLIMATE CHANGE

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Evaluation of the International Climate Initiative (ICI) of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)

- Short Version -

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On behalf of the German Federal Environment Agency

UMWELTBUNDESAMT

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Evaluation of the International Climate Initiative (IKI)

Results of the Evaluation

In 2010, the German Federal Environment Agency (UBA) commissioned an external evaluation of the International Climate Initiative (IKI) on behalf of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)¹ with the aim of accounting for the IKI and formulating recommendations for its future orientation. The analysis comprised a total of 115 individual projects approved or commissioned in 2008 and 2009 as well as an evaluation of the entire programme.

The 115 individual projects and the programme were evaluated on the basis of the generally recognized evaluation criteria (relevance, effectiveness, efficiency, sustainability, impact) defined by the OECD Development Assistance Committee (OECD-DAC) as supplemented by two criteria commonly applied in development cooperation, namely “coherence and coordination” and “planning and controlling”, and by standards specific to the evaluation of climate impacts.

The **evaluations of individual projects from 2008 and 2009** are predominantly positive. The projects contributed significantly to climate change mitigation, improving adaptability or preservation of biodiversity. Furthermore, a number of particularly innovative flagship projects generated high visibility in the partner countries and/or in the international dialogue on the climate issue. These positive results can be considered remarkable in that as a programme that was launched within a very short time the IKI was effective even in its initial period in 2008/2009.

Due to the short IKI start-up phase, planning and preliminary coordination of projects ahead of their start dates initially presented a challenge. Over time it was possible to devote greater care to these tasks. It was also possible in subsequent years to enhance the effectiveness and sustainability of the projects as well as their incorporation into national policy strategies (development strategy, climate strategy, energy strategy, etc.). It was found that good networking with national institutions and within political and institutional environments can create high motivation in the partner country to continue the processes initiated. This also includes ensuring broad acceptance early on through a sound basis for planning.

Supplementing the results of the individual-project evaluations, the **evaluation of the IKI at programme level** aimed to provide guidance on the future strategic and programmatic orientation of the IKI and the planning and programming processes affecting it. This includes identifying success factors and strengths and weaknesses of the IKI and, based on this, giving recommendations for the further development of the IKI.

The experts commissioned to evaluate the IKI judge the programme to be a highly innovative and targeted financing instrument for the promotion of climate-relevant projects. A specificity of the IKI is that as a thematically oriented programme it responds to developments in the international negotiations under the Framework Convention on Climate Change (UNFCCC) and thus stands out from existing development cooperation instruments with a mainly country-specific orientation. This gives the IKI a unique asset, with climate protection as the primary goal, compared to conventional development cooperation programmes.

¹ The evaluation was entrusted to a consortium composed of GFA Consulting Group and GFA Invest.

To meet the political call for transparent climate finance (“MRV of support”) from the very beginning, the International Climate Initiative has published project-level information on the use of the funds (country, funding, duration, performing institution/organization, project summary) on the Internet, setting an example which has received international attention. This transparent approach served as a model for other donors, e.g. in reporting by the EU on international climate finance during the fast-start period (2010 – 2012).

In recent years, a number of elements of the climate architecture have become increasingly important and specific in international discussions. They include, in particular, Nationally Appropriate Mitigation Actions (NAMAs), measuring, reporting and verification (MRV), the National Adaptation Programmes of Action (NAPAs, NAPs), reducing emissions from deforestation and forest degradation (REDD+), technology transfer and capacity building. The IKI takes up these elements and assists developing countries in further developing and applying these concepts. The IKI as a financing mechanism has responded to the developing framework and new instruments and has adapted its programme architecture to them.

As the IKI became increasingly known, developing countries increasingly requested technical support in the negotiations, which was provided through the IKI. This put Germany in a position to expand its alliance with like-minded progressive developing countries in the negotiations.

Generally speaking, bilateral climate change mitigation and adaptation projects open up new perspectives for dialogue on environmental and climate issues between the German Environment Ministry and partners in developing countries.

Based on the evaluation of the programme, three recommendations for the further direction of the IKI were made:

1) Greater focusing and communication of IKI goals

The thematic areas of support, as described in the programme information provided, cover a broad spectrum. As well as support for abatement of greenhouse gases, enhancing adaptability, and protection and sustainable use of forests and other ecosystems, the IKI also embraces the issue of biodiversity.

The eligibility conditions were further developed and specified over the years whilst the variety of topics was retained. The shift away from priority flagship projects towards projects with a clear reference to national climate policies and strategies and the international climate dialogue meant an important change.

In the light of the available financial resources and the diversity of topics and of countries requiring assistance it will be necessary in future to further concentrate and deepen the IKI’s goals and to differentiate priority areas as appropriate in order to strengthen effects at programme level. This could also include making increased use of indicators at programme level. By focusing the IKI’s goal, support priorities should be brought out more clearly in future and those areas should become visible where the interests of partner countries promise sustained incorporation into their national policy backgrounds. A medium- or long-term strategy for IKI cooperation with partner countries, which might be developed in consultation with other donors investing in other projects in the countries concerned, would be appropriate to achieve this.

2) Resolving the tension between the call for proposals and the preparation of projects in dialogue with partner countries

The projects to receive support from the IKI are identified through a call for proposals. This call for proposals is acknowledged as unique in its openness to a whole range of implementing organizations and as a beneficial contest for useful project concepts. However, in practice a more prolonged preparation of projects between partner countries and the German Environment Ministry is becoming increasingly important. In the course of this, projects and countries have been supported in a more targeted way in recent years, and the IKI has increasingly concentrated on a few overarching thematic areas and was able to provide significant impetus to the international climate dialogue in those areas (e.g. NAMAs, MRV, ecosystem-based adaptation, REDD+).

The positive elements of the call for proposals should be retained and could be combined with a direct commissioning of suitable institutions for strategic projects defined between the German Environment Ministry and partner countries. Therefore, it is recommended that the Ministry engage in a deeper direct dialogue with selected partner countries and strategically agree IKI projects with them. The selection process should respond to the situation that projects need to be incorporated into national policies in the longer term and therefore take a longer time to prepare.

3) Strengthening knowledge management and project monitoring to ensure effect

The IKI has already in the past placed strong emphasis on regional project approaches and thematic forums of exchange in order to transfer and multiply the knowledge gained. This includes networking between projects, increased cooperation such as in the field of NAMAs, and organization of events to mobilize private capital and regional projects.

In addition to this, the IKI requires a comprehensive and systematic knowledge management system in order to make the effects and experience from projects accessible and usable. This should include continuous monitoring of results and effects at project level and a systematic technical dialogue with selected partner countries beyond the project level.

The results obtained could be utilized when designing projects in future and support their effective implementation. The comprehensive knowledge management system should facilitate the exchange of know-how between technically similar projects, on the one hand, and generate information for the development and implementation of strategic goals in a partner country, on the other. This would enable the German Environment Ministry to become a strategic partner, monitor how the goals defined are being achieved and feed experience into the development of new projects and into the dialogue on climate action.

Pre-project feasibility studies which already define and spell out in more detail planned project steps can render project management more effective and efficient in future. An even stronger focus on political and strategic aspects in project monitoring by the German Environment Ministry could further increase the effectiveness of the projects and, in particular, the political implementation of climate change mitigation measures in partner countries.

Background

The International Climate Initiative (IKI) of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) has financed climate projects in developing and transition

countries and in emerging economies since 2008. The IKI receives funds from the general budget and from revenue generated in emissions trading and reuses it directly for climate change mitigation. It is thus an innovative funding mechanism which supports partner countries in mitigating and adapting to climate change and protecting biodiversity and which supports bilateral and multilateral development cooperation through inclusion of the perspectives of poverty eradication and promotion of sustainable (economic) development.

From the start of the IKI up to December 2012, the German Environment Ministry had committed to support over 350 projects and programmes with funding worth EUR 1.1 billion. Additional own resources as well as other public and private funding sources bring the total volume of IKI projects to over EUR 3.1 billion.

The policy context in which the IKI is embedded is the pledge made by developed countries during the UN climate negotiations of mobilizing US \$100 billion a year by 2020 for mitigation and adaptation to climate change in developing countries. In addition, at the UN Climate Summit in Copenhagen, Germany committed to make available EUR 1.26 billion in additional and new funds over the years 2012-2012 as an initial contribution to the “fast-start pledge”. Germany has fulfilled this commitment, with a contribution of EUR 1.28 billion. This pledge, and, in particular, credible steps towards its fulfillment, are an important key to the whole UN process and to the concrete negotiations launched in Durban on a new, comprehensive and binding agreement. Together with the other developed countries, Germany has a responsibility to make a fair contribution.

Future international climate finance needs a reliable roadmap for the years 2013-2020 in order to provide a credible account of how the US \$ 100 billion that have been pledged can be mobilized. Through the IKI, Germany is making an internationally recognized, innovative contribution to this which complements bilateral and multilateral development cooperation and provides important impetus.

The complete report on the evaluation of the International Climate Initiative (IKI) is available at <http://www.umweltbundesamt.de/uba-info-medien/4466.html>.