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"I/A" ITEM NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee (Part 1)/Council

Subject: Lima Declaration
- Approval of signature on behalf of the European Union

1. In November 2014, discussions took place in Addis Ababa regarding a donor partners' declaration to be signed in the margins of the Lima Climate Conference in December 2014.
2. The purpose of the so-called Lima Declaration is to enhance ongoing political collaboration with Ethiopia to advance international climate policy, especially through the UNFCCC negotiations, and to express support for long-term cooperation in view of the implementation of Ethiopia's Climate-Resilient Green Economy Strategy. The Lima Declaration is a political declaration not connected with any financial commitment.
3. On 10 December 2014, the Lima Declaration was signed by representatives of Denmark, France, Germany, Sweden, the United Kingdom and also Norway.
4. In the past months, the partnership, attended by the EU as an observer pending signature of the Lima Declaration, has proved to become a strategic opportunity on the road to Paris.

5. On 29 April 2015, the Working Party on International Environment Issues (Climate change) and the Africa Working Party received a presentation from the European Commission on the Lima Declaration and exchanged views on the EU signing up to that partnership.
6. In light of the foregoing, the Permanent Representatives Committee is invited to suggest to the Council that it approve the signature on behalf of the European Union of the Lima Declaration, as set out in Annex.

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Ethiopia and Climate Partners Joint Communiqué – Lima Declaration

Minister of the Environment and Forests of Ethiopia, Ato Belete Tafere today met with high level representatives of Ethiopia’s key climate partners. These included Secretary of State for Energy and Climate Change of the United Kingdom, Ed Davey, Minister of the Environment and Development Cooperation of Norway, Tine Sundtoft, Secretary of State for Development and the Francophonie of France, Annick Girardin, the Deputy Prime Minister of Sweden, Åsa Romson, State Secretary of the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety of Germany, Jochen Flasbarth, and Minister for Climate, Energy and Building of Denmark, Rasmus Helveg Petersen. They met in Lima today to expand and renew the strategic partnership between Ethiopia, Norway and UK that was agreed in Durban 2011.

Purpose

The purpose of the partnership is to promote an ambitious, binding climate treaty to be agreed at the COP21 in Paris in 2015 by supporting the implementation of Ethiopia’s Climate Resilient Green Economy (CRGE) strategy as it is setting an example for all countries.

Ethiopia’s achievements

Ethiopia aspires to achieve middle-income status by 2025, without increasing its net greenhouse gas emissions and while protecting itself and the globe against the negative impacts of climate change. Since its launch in Durban in 2011, Ethiopia has moved quickly to operationalize and implement the CRGE. Key achievements include:

- Critical CRGE sectors have started to mainstream climate change and green growth into existing development initiatives and investments. The government of Ethiopia is allocating large amounts of domestic finance to implement CRGE initiatives in clean energy, forest conservation and management, rehabilitation of degraded land, climate-smart agriculture, urban development and transport.
- Ethiopia is currently integrating the CRGE strategy into its main development plan, the Growth and Transformation Plan II;
- Ethiopia has set up a national, green climate fund called the CRGE Facility, which was established in 2012. The UK’s Department for International Development (DFID) has contributed \$26 million to the Facility and Austria \$800,000. Further funding commitments have been made by Norway (\$10 million) and Denmark (\$4.6 million), and more are expected in the coming months. These funds will support projects in the following sectors: Agriculture, Water and Energy, Environment and Forests, Urban Housing, Development and Construction, Transport and Industry.

- Disbursal has begun; the first \$2 million has been provided to project implementers, and a further \$19 million was planned for full disbursement by June 2015.
- Climate Resilience Strategies are under preparation in Agriculture, Health and the Water, Irrigation and Energy sectors. These identify the risks and costs of climate change and prioritize investments at the sector level to reduce climate vulnerability.
- The Government has established an Advisory board to the CRGE Facility including representatives from civil society, academia and development partners.
- Coordination is led by a Management Committee of the CRGE Facility. Sector and Regional CRGE focal points have been established in all key sectors that are responsible for planning and implementation of the CRGE.
- Ethiopia has continued to show leadership in the area of climate change. In September 2014 Ethiopia was one of seven countries to commission a landmark global report on climate change. The New Climate Economy report finds that it is possible to combine economic growth with reduced emissions growth and improved climate resilience. The report provides evidence and a ten-point action plan, in the run up to the Paris climate change negotiations in 2015, where countries will agree a globally binding deal on climate change.

Development Partners' Support

Given the progress of Ethiopia's implementation of its CRGE strategy, development partners are scaling up their support:

The UK (DFID) has supported Ethiopia's CRGE strategy by committing up to \$26 million to support the Government's CRGE Facility, supporting a comprehensive and co-ordinated national response to climate change and setting up the structures needed to attract and manage international climate finance (e.g. GCF). In addition, DFID's work on avoiding forestry emissions, strengthening disaster risk management and mainstreaming climate resilience into the Productive Safety Net Programme (PSNP) are contributing to a climate-resilient green economy in Ethiopia.

Norway support climate change mitigation and adaptation through support to increased access to renewable energy in rural areas, reduced deforestation and sustainable land management.

Germany has provided financial and technical support for the main streaming of the CRGE strategy within the Ethiopian government. This work is done through the Global Green Growth Institute, while the project office of the work is based at the Ethiopian Ministry of Irrigation, Water, and Energy. The work is financed through the International Climate Initiative of the German Federal Ministry of the Environment, Nature Conservation, Building and Nuclear Safety. The project work will be finalized by the end of 2015.

France has supported Ethiopia's Climate Resilient Green Economy strategy notably by committing significant resources in projects geared towards promoting renewable energy, thus, reducing the country's vulnerability to climate change as 95% of the current energy supply is produced by hydroelectric plants, potentially subject to increasingly irregular rainfalls. With this regard, its main development operator, AFD, has allocated up to EUR 62 million for the erection of a 120 MW wind farm in Mekele, Tigray (North of Ethiopia) and for the development of the geothermal electricity potential in Tendaho, in the Afar region. These projects reflect the government's strong commitment to diversify and develop alternative, clean and reliable sources of energy to meet both the growing internal and regional demand. In the future, it is France's intention to remain fully mobilized alongside the Ethiopian authorities and bring more financial support for projects in line with this development priority.

Denmark supports Ethiopia's CRGE Strategy by committing DKK 177.5 million for Greening the Agricultural Transformation that aims to sustainably increase rural incomes. The Danish support is designed i) to accelerate a 'green' transformation of the agricultural sector with a focus on the Ethiopian small-holder farmers and ii) to gather speed to the mainstreaming and implementation of Ethiopian climate resilient green economy initiatives within agriculture and forestry. Under this support DKK 27.5 million is contributed through the CRGE Facility. In addition to this, Denmark has also contributed DKK 12 million to the Climate Smart Initiative (CSI) working to mainstream climate resilience in the Productive Safety Net Programme (PSNP).

Sweden recognises that the need for climate change mitigation and resilience as well as environmental sustainability are core aspects at the heart of the development of the upcoming strategy for the Swedish-Ethiopian development cooperation. As an initial step, we plan to support the country environment assessment, this will also form a good input for forward collaboration.

Continued partnership

Ethiopia and its climate partners will continue to work energetically together on climate change issues in general and on climate resilient green economic growth in particular.

The Lima Declaration between Ethiopia, UK, Norway, France, Germany, Denmark and Sweden will build upon the achievements of the Durban partnership on climate change and development, as follows:

- Continue to enhance ongoing political collaboration to advance international climate policy, especially through the UNFCCC negotiations aiming to reach an ambitious and comprehensive climate treaty agreed and accepted by all developing country parties at the COP 2015 in Paris.
- Long term financial and technical collaboration on the implementation of Ethiopia's CRGE strategy.

- The Partnership based on Ethiopia's CRGE will focus in particular on:
 - Continuing to build a strong CRGE Facility that is appropriate and has world class processes and systems, including in monitoring and evaluation, and safeguards, and is well integrated with the regular public financial management system.
 - Supporting the full mainstreaming process of green growth and climate resilience objectives with Ethiopia's national development plans (GTP II).
 - Ensuring gender equality in CRGE implementation.
 - Supporting efforts to build Ethiopia's institutional capacity both in the public sectors as well as other partners and community organisations to respond to climate change, in particular the continued development of the CRGE initiative.
 - Strengthening efforts to avoid deforestation and forest degradation, increase reforestation and afforestation, and promote sustainable management practices in forestry and agriculture.
 - Supporting participatory land use planning and sustainable resource management through benefit sharing.
 - Strengthening climate adaptation in agricultural and pastoral production systems making them more productive and climate resilient.
 - Strengthening food security and disaster risk management systems to protect the poorest and most vulnerable from climate shocks.
 - Supporting increased access to sustainable energy through the use of renewable energy resources and increased energy efficiency.
 - Strengthening open and transparent governance of natural resources to ensure maximum benefits for the Ethiopian people and for the global good.
 - Establishing appropriate and transparent measuring, reporting, and verification systems that harmonise with the provisions under the UNFCCC - including independent international verification - for greenhouse gas emissions, focusing initially on the forest, agriculture and energy sectors.
 - Reducing biodiversity loss through support to conservation of biodiversity hotspots.
 - Supporting efforts to build Ethiopia's institutional capacity to respond to climate change, in particular the continued development of the CRGE initiative.

- The partnership would be based on the following principles:
 - Support for Ethiopia's CRGE strategy will be results-based, incentivising and rewarding progress in implementing that strategy. The support will be aligned and adhered to the principles of aid efficiency, maximising country ownership, value for money and the delivery of development results.
 - As soon as feasible, Norwegian payments for results will be based mainly on verified reductions, avoided emissions, and increased removals of greenhouse gases from forests, agriculture, and energy while also considering poverty reduction results. Payments from the United Kingdom will also focus on results, looking to support results related to both vulnerability and emissions reductions.

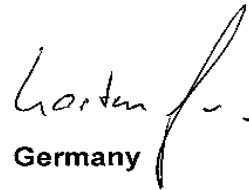
- The contributions will be used within the framework of the development and implementation of Ethiopia's CRGE strategy - through mutually agreed channels adhering to environmental, social and fiduciary safeguards.
- Efforts will be rooted in transparent, inclusive, multi-stakeholder processes, involving local communities and community-based organizations.
- As regards REDD+, the safeguards established through the UNFCCC REDD+ mechanism in the Cancun Agreements, as elaborated by subsequent decisions of the Conferences of the Parties to the UNFCCC, will be applied.
- Efforts to promote commercial investments will be encouraged and rewarded through the implementation of results based funding approaches, including public-private cooperation.
- Country-level tracking and reporting should enable Ethiopia to manage, monitor and report against financial transfers, reduced or avoided emissions and the agreed-upon results framework.

Date: 10th December 2014

Ethiopia



United Kingdom



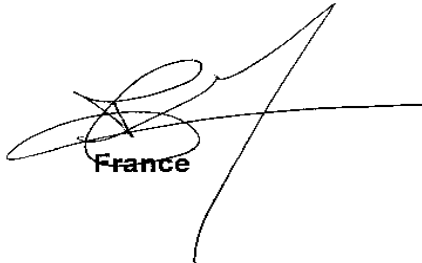
Germany



Norway



Denmark



France



Sweden