Readiness for Climate Finance:
Strengthening Country Systems to Support Access & Enhance Effectiveness

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Adaptation Fund Climate Finance Readiness Seminar
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## Elements of Climate Finance Readiness

<table>
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<tr>
<th>Financial Planning</th>
<th>Accessing Finance</th>
<th>Delivering Finance</th>
<th>Monitor &amp; Report</th>
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<td>• Understand current climate expenditures</td>
<td>• Directly access finance</td>
<td>• Implement &amp; execute project, programme, sector-wide</td>
<td>• Track progress</td>
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<td>• Assess needs &amp; priorities, identify barriers to</td>
<td>• Blend &amp; combine finance</td>
<td>approaches</td>
<td>• Monitor &amp; report flows</td>
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<td>investment</td>
<td>• Formulate project, programme, sector-wide approaches</td>
<td>• Build local supply of expertise &amp; skills</td>
<td>• Performance-based payments</td>
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<td>• Identify policy mix &amp; sources of financing</td>
<td>• access finance</td>
<td>• Coordinate implementation</td>
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- National systems must be “ready” for climate finance so that countries can access public & private, domestic & international finance
- Strengthening planning, access, delivery, and M&E capacities ensures climate finance is **available** & **effective** in all countries
Responding to Country Needs & Demand

Recipient countries face climate finance challenges despite increased financial flows from public, private, domestic & international sources:

- **Lack of national capacities** to navigate complex financial landscape to access, manage, deliver, track & report on different forms of finance

- **Barriers to catalyse private finance** to address the climate challenge as public finance alone cannot provide the “clean trillions” of necessary investment

- **Limited alignment between climate & development** inhibits economy-wide transformation; climate finance must be mainstreamed into business, planning & development policy
Busan Partnership for Effective Development Cooperation (2011):

“...support national climate change policy and planning as an integral part of developing countries’ overall national development plans, and ensure that ... these measures are financed, delivered and monitored through developing countries’ systems...”

Paragraph 34
UNDP & Partners’ Readiness Initiatives

• Low Emission Capacity Building Programme (LECB)
  ◦ EC, Germany - BMU/ICI, Australia

• National Adaptation Plan Support Programme (with UNEP)
  ◦ LDCF, SCCF, Govt of Japan (Caribbean and Pacific region)

• GCF Readiness Programme (with UNEP, WRI)
  ◦ Germany BMUB

• National Communications Support Programme (with UNEP)
  ◦ GEF

• Climate Public Expenditures & Institutional Reviews (CPEIRs)
  ◦ Canada-SIDA, multiple partners, LDCF, SCCF

• Climate Finance Options Platform (with World Bank)
  ◦ World Bank, UNDP

• National Adaptation Programmes of Action (NAPAs)
  ◦ LDCF
Climate Resilient Planning & Budgeting Frameworks

- **Policy development**: How is CC policy formulated? Are national CC strategies developed? Mainstreaming?
  
  CPEIR, NAP-GSP, LECB,

- **Institutional structures**: What are roles & responsibilities of institutions involved in managing CC response & their interaction?

  CPEIR, NAP-GSP, LECB, LDCF/SCCF/Bilateral financed projects

- **Public financial management**: How to quantify & track CC-related expenditures in the budget?

  CPEIR, GCF Readiness

✓ Provide a framework for sector-wide approaches & to incentivise private investments

  LDCF/SCCF/AF/Bilateral financed projects

✓ Developing bankable adaptation projects including training on the economics of adaptation

  Economics of Adaptation (Africa - with Global Water Partnership), (Asia-Pacific – with USAID)
Readiness is more than the ability to implement projects; readiness implies ability to scale-up for transformational change.

- Sector-wide strategies & plans can form basis of support to national systems to integrate climate & development.
- Help countries to plan & allocate finance, as well as identify appropriate sources of finance & policy mechanisms.
- Require a “whole-of-government” approach.
  - Incorporate human development goals.
  - Long-term, integrated planning.

LECRDS, LEDS, NAMAs & NAPs

- Bottom-up national ownership
- Bridging needs assessments & priority setting processes.
Readiness is more than the ability to implement projects; readiness implies ability to scale-up for transformational change.

LECRDS, LEDS, NAMAs & NAPs

Integrating CC into Planning and Budgeting

National Plan & Medium term Budget/Expenditure Framework – taking CC into account

Sectoral Plans Medium Term-taking CC into account

Annual sectoral budgets- taking CC into account

Annual Implementation & Monitoring

Mid Term Review of National Plan/Sectoral Plan & Adjustments

Final Evaluation

NATIONAL PLANNING PROCESS

NATIONAL BUDGETING PROCESS

National Budget

CCA Funds
OVERVIEW OF NAP-GSP ACTIVITIES
(As per approved LDCF Council Approved Project Document)

**IN-COUNTRY INSTITUTIONAL SUPPORT:**
- Promote common understanding of the UNFCCC NAP guidelines among Ministries of Environment, Planning, Finance & key sectoral ministries
- Support to developing NAP preparation strategies (“roadmaps”)
- Support stock-taking of existing initiatives and gap analysis
- Support identification of entry points in existing planning processes
- Capacity assessments of institutional gaps for long-term adaptation planning

**REGIONAL TRAININGS:**
- Thematic Regional Workshops on Elements of NAPs: All LDCs in each region: Asia, Pacific, Africa. → Knowledge sharing clinics
- Mobilization of **technical experts to deliver training** on planning skills in the context of adaptation (GWP in Rwanda; Economics of Adaptation training programmes in Asia, Africa, and the Pacific)

**PARTNERSHIPS TO SUPPORT ADVANCEMENT OF NAPs:**
- South/South **global dialogue & knowledge exchange**
- Outreach and dissemination of lessons and best practices, enhancement of practitioners’ networks and peer-to-peer learning
Low Emission Capacity Building (LECB) Programme:

- **Objective**: Build capacities to design & implement Low Emission Development Strategies & national mitigation actions in the public and/or private sectors

- **Five main work areas**:
  - GHG inventory management systems
  - Nationally Appropriate Mitigation Actions (NAMAs)
  - Low-Emission Development Strategies (LEDS)
  - Measurement, Reporting & Verification (MRV)
  - Mitigation actions in selected industries/private sector

- **Funding**: $40 million covering 25 countries; funded by European Commission, Germany & Australian Government.

- **Implementation period**: 2011-16

- **Sectors**: Energy, transport, industries, waste, agriculture. Industries include cement, fertilizers, mining, construction, chemicals
LECB: Early Lessons Learned

- Country-driven processes subject to political changes
- Priority setting for NAMAs are lengthy & complex due to competing agendas among sectoral ministries
- Scope of work (i.e. number of sectors & NAMAs) tends to be overambitious
- Implementation of mitigation actions & MRV politically sensitive in many countries
- Incipient institutional support to NAMAs and LEDS
- Weak technical capacities to undertake thorough NAMA formulation & implementation
Key Elements to Build Climate Finance Readiness

• Strengthen capacities of national institutions to directly & indirectly access variety of public **AND** private finance – country ownership fosters sustainability

• Build public & private capacity to develop bankable national programmes/projects based on national CC strategies, plans, policies

• Strengthen enabling environment for climate finance to flow **autonomously** as well as for planned investments – align with national strategies, but welcome innovation

• Establish national M&E systems to tag, track & measure effectiveness – demand-side & supply-side efficiency

• Share knowledge & lessons during implementation among countries and with fund governing bodies at national & international level to improve design & operationalisation
Existing UNDP Tools and Guidance in English – some available in French, Spanish, Russian

http://www.undp.org/climatestrategies
Thank you