Readiness for Climate Finance:
Experiences from UNDP’s Readiness Support Programmes

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Adaptation Fund/UNEP Climate Finance Readiness Seminar
10 September 2014
Mainstreaming Climate Finance Capacities

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
**Climate Resilient Planning & Budgeting Frameworks**

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

- **Provide a framework** for sector-wide approaches & to incentivise private investments
  - **LDCF/SCCF/AF/Bilateral financed projects**

- **Institutional structures:** What are roles & responsibilities of institutions involved in managing CC response & their interaction?
  - **NAP-GSP, LECB, CPEIR, LDCF/SCCF/Bilateral financed projects**

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

- Developing bankable adaptation projects including training on the economics of adaptation
  - **Economics of Adaptation (Africa- with Global Water Partnership), (Asia-Pacific – with USAID)**
## Elements of Climate Finance Readiness

<table>
<thead>
<tr>
<th>Financial Planning</th>
<th>Accessing Finance</th>
<th>Delivering Finance</th>
<th>Monitor &amp; Report</th>
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<tr>
<td>• Understand current climate expenditures</td>
<td>• Directly access finance</td>
<td>• Implement &amp; execute project, programme, sector-wide approaches</td>
<td>• Track progress</td>
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<td>• Assess needs &amp; priorities, identify barriers to investment</td>
<td>• Blend &amp; combine finance</td>
<td>• Build local supply of expertise &amp; skills</td>
<td>• Monitor &amp; report flows</td>
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<tr>
<td>• Identify policy mix &amp; sources of financing</td>
<td>• Formulate project, programme, sector-wide approaches to access finance</td>
<td>• Coordinate implementation</td>
<td>• Performance-based payments</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
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 PLANNING PROCESS

- 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
- Mid Term Review of National Plan/Sectoral Plan & Adjustments
- Annual Implementation & Monitoring
- Final Evaluation

NATIONAL BUDGETING PROCESS

National Budget

CCA Funds
Climate Public Expenditure and Institutional Reviews (CPEIRs)

1. **Policies** - How is climate change policy articulated in public expenditure?

2. **Institutions** - ‘Whole of government’ approach

3. **Expenditure** - Focus on the budget
   - National and Sub-national focus
   - Better prioritisation of scarce resources
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, CPEIRs, NAMAs & NAPs

- Bottom-up national ownership
- Bridging needs assessments & priority setting processes

- Develop Partnership & Coordination Structure
- Prepare Climate Change Scenarios
  - Climate scenarios
  - Vulnerability scenarios
  - GHG emissions scenarios
- Identify Mitigation & Adaptation Options
  - Identify priority M&A options through a multi-stakeholder consultative process
- Assess Priority Climate Financing Needs
  - Assess existing financing
  - Undertake cost-benefit analysis of priority options
  - Identify Financial flow requirements
  - Identify financing options
- Finalize comprehensive Low Emission & Climate Change Resilient Policy Development and Investment Roadmap
Early Lessons Learned

• **Focus on the process** – Inclusive national dialogue and strong ownership from multiple stakeholders
  • Country-driven processes subject to political changes/ sensitivities

• Establish **institutional structures** and mechanisms that are demand led and enable innovation, accountability and transparency

• **Priority setting** for NAMAs/NAPs are lengthy & complex due to competing agendas among sectoral ministries
  • Implementation of mitigation actions & MRV politically sensitive in many countries
  • Scope of work (i.e. number of sectors etc) tends to be overambitious
Early Lessons Learned

• **Strengthen capacities** of national institutions to plan, budget, track and monitor climate finance
  • Share lessons and knowledge both nationally and internationally to build capacity and strengthen commitment to agreed climate responses
  • Build public capacity to design and implement national programmes and projects that are results (benefit) based and sustainable

• **Establish robust M&E systems** to track and measure climate finance effectiveness
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
Existing UNDP Tools and Guidance in English – some available in French, Spanish, Russian

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