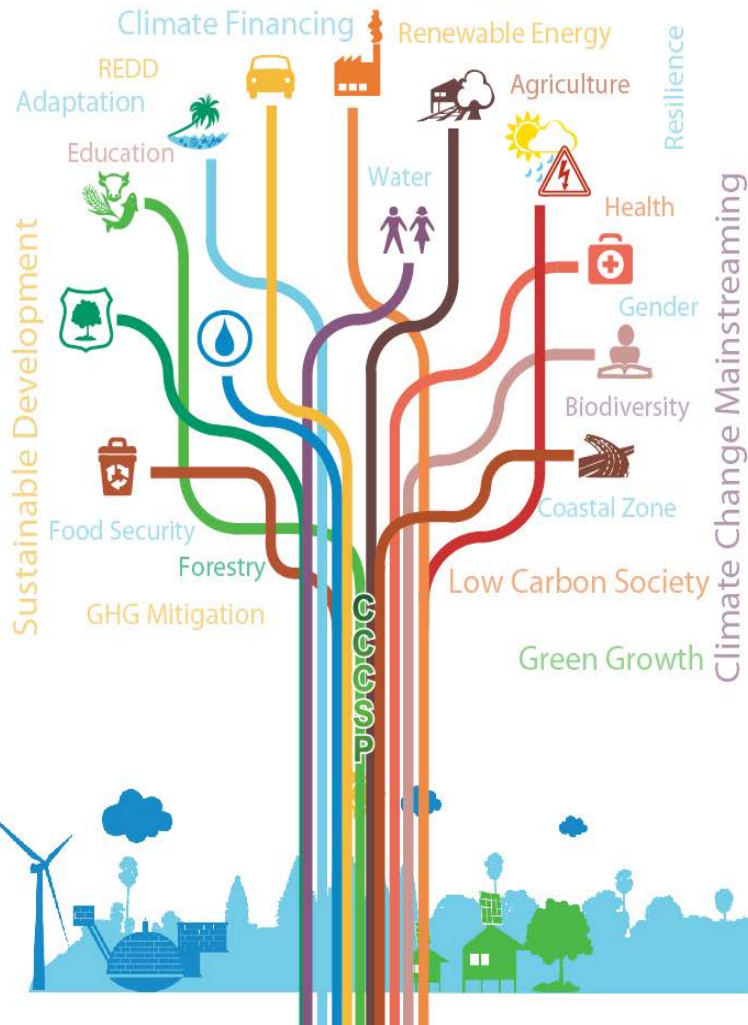


3rd National Forum on Climate Change

5 – 7 November 2013, Cambodia

“Taking Action for Sustainable Development in the Changing Climate”

Climate Change



The International Climate Change Financing Landscape

Joanne Manda, UNDP APRC

7 November 2013

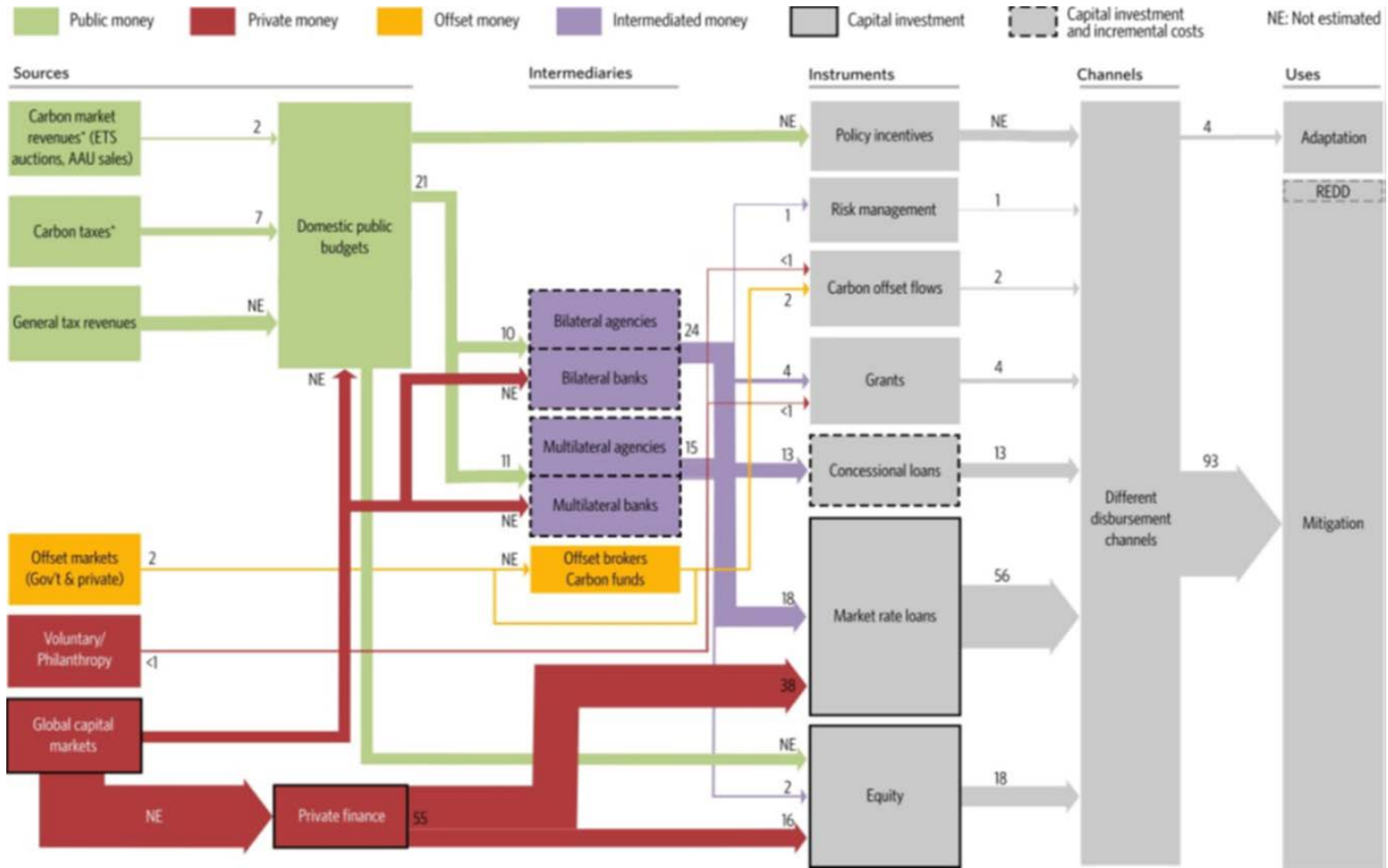
CAMBODIA CLIMATE CHANGE ALLIANCE



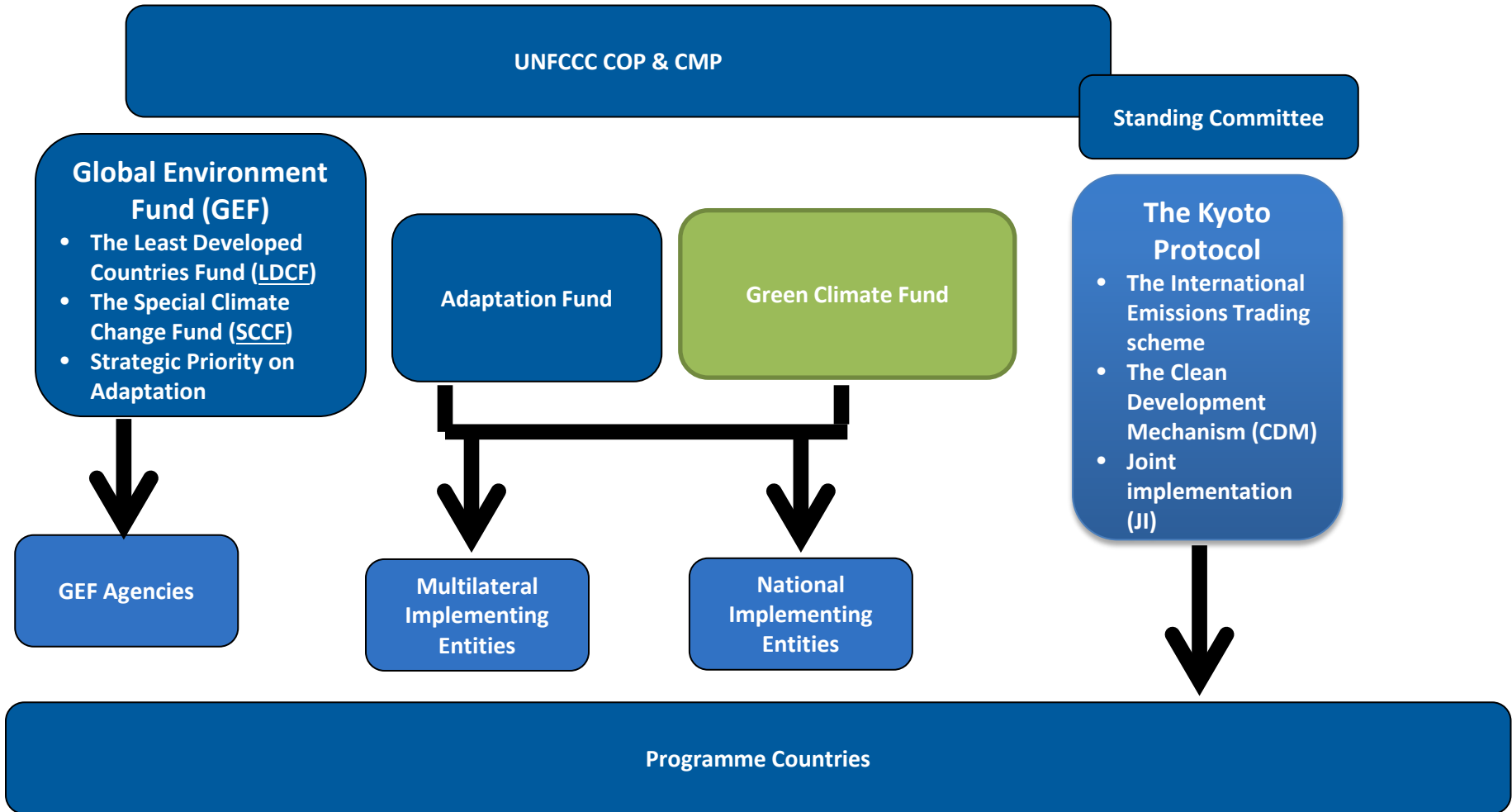
Outline

- Global Climate Finance Architecture
- Global Lessons in Climate Finance
- Issues and Challenges
- Readiness for CC Finance
- Private Sector
- Some Implications
- Menu of Support for Countries

Global Climate Finance Architecture is Complex



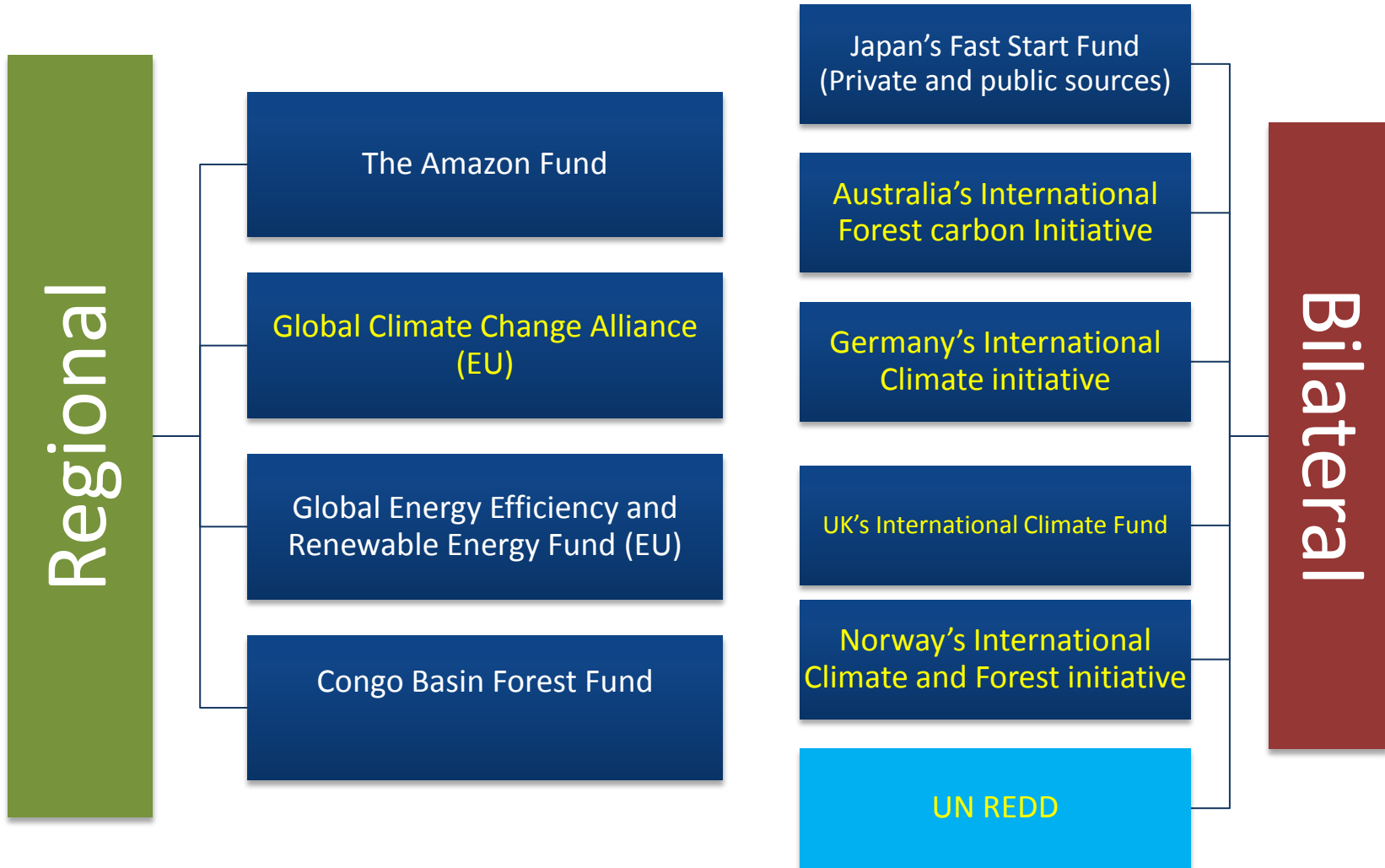
Climate Finance under the UNFCCC



There is a growing menu of Multilateral climate finance instruments to catalyze and leverage



There are also regional and bilateral climate finance instruments to manage



Scale of Finance for Mitigation and Adaptation

“Additional” Funding Needs

- **\$2.129 b** (Urgent and Immediate Priorities -NAPAs)
- **\$30-100 b/year** for period 2010-2050 (*WDR 2010*)
- **\$290 b/year** (*Parry et al 2009*)
- **\$326 - \$355 b/year** for financing adaptation options on natural ecosystems) (*Source: Berry 2007*)

Mainly infrastructure

Estimates are likely an underestimate!

Commitments - Copenhagen Accord- \$100b/year *additional finance* by 2020
(50% of this for adaptation)

Present Level of Assistance

- Approx. USD \$140-175b & \$70-100 b/year for 2010-2050 (mainly for mitigation)
- Vertical Funds (for adaptation; LDCF/SCCF/AF): less than \$1.0b to-date cumulatively
- Fast Start Funds – 33 billion USD?

There is still a lot to learn

- **A Tangled Web**
- **‘Climate finance’** – Definition and Tracking is difficult
- **Adequate, predictable and sustainable** sources of finance – International vs national finance
- **‘New and additional’**
- **Mitigation vs. Adaptation focus.**
- **Transparency, monitoring & MRV**
- **Evaluation** is critical but complex
- **Private Sector** is a very big part of the picture – how to catalyse?

There are also many Issues and Challenges

- Governance
- Institutional Capacity
- Co-ordination and Accountability
- Transparency, Tracking and MRV
- Supply driven vs. demand led
- Project vs programmatic/strategic approach
- Sectoral vs. National mainstreaming approach
- Defining the climate deficit for each sector – A question of Additionality
- Evaluation

Catalyzing the Private Sector

- The private sector is already an important source of climate finance – Capital markets etc – Strong mitigation focus (WB/SEB Green Bonds)
- New opportunities with Adaptation – Debt and equity – e.g Direct project lending, credit lines to local finance institutions.
- Microfinance & micro-insurance products to reach the poor
- Technology - designing, manufacturing and distributing goods and services that can help reduce the vulnerability of individuals and communities to climate change.

- Raising awareness among the investor community and financial institutions
- Developing project pipeline
- Improving investment climate to deal with distributional issues

Countries Need to Address Climate Finance Readiness

Financial Planning	Accessing Finance	Delivering Finance	Monitor, Report & Verify
<ul style="list-style-type: none">• Assess needs and priorities, and identify barriers to investment• Identify policy mix and sources of financing	<ul style="list-style-type: none">• Directly access finance• Blend and combine finance• Formulate project, programme, sector-wide approaches to access finance	<ul style="list-style-type: none">• Implement and execute project, programme, sector-wide approaches• Build local supply of expertise and skills• Coordinate implementation	<ul style="list-style-type: none">• Monitor, report, and verify flows of results and funding• Performance-based payments

The Challenge of Climate Finance Readiness

Despite a growing volume and variety of resources, developing countries face challenges to climate finance readiness:

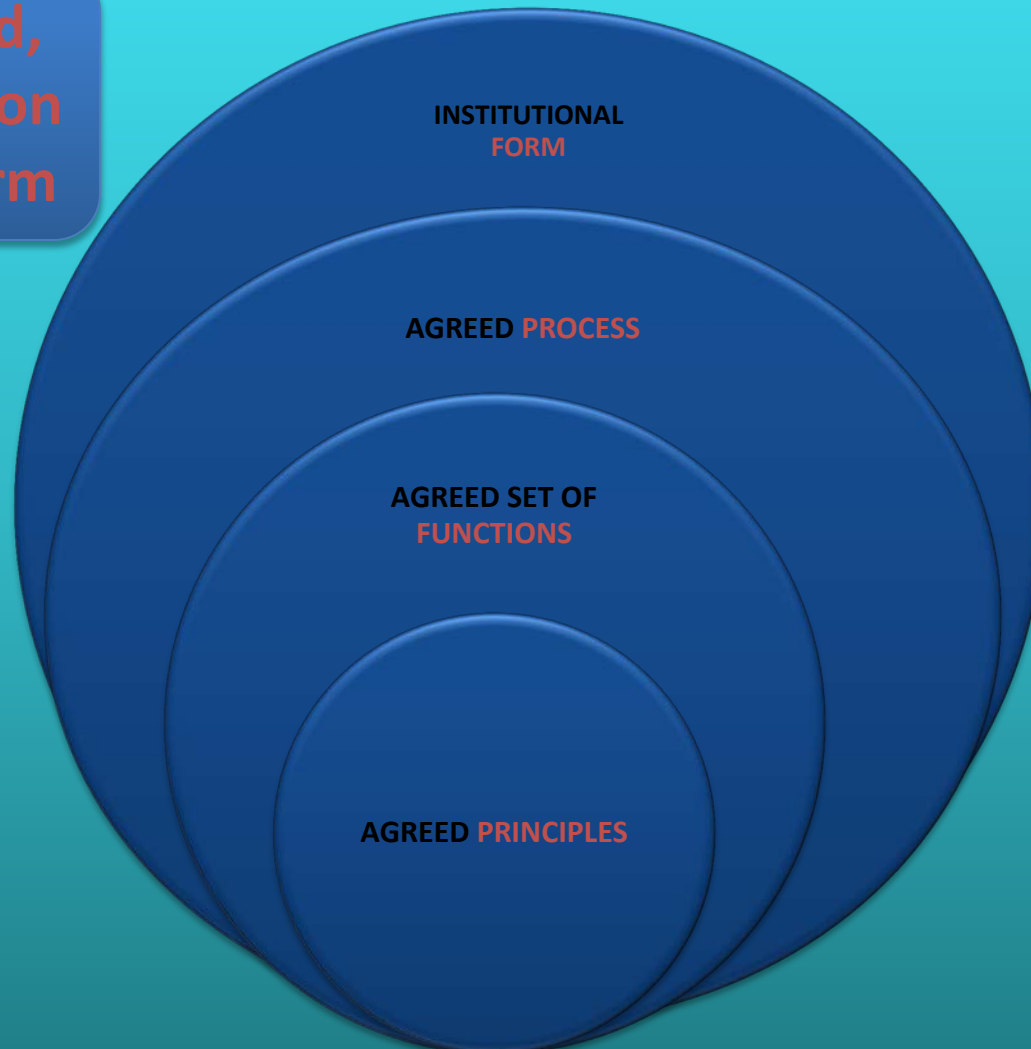
- **Barriers to Access:** Institutional Capacity, Fiduciary assurances and ability to navigate this complex landscape and to plan for, access, deliver, and monitor and report on climate finance, both international and domestic, in ways that are catalytic and fully integrated with national development priorities
- **Developing an enabling environment:** that redirects existing public investments and provides the incentives for private finance to invest in low-emission and climate-resilient activities.
- **Adequately embed climate finance within and alongside national development planning:** to drive an economy-wide transformation in production and consumption, climate finance must be mainstreamed into planning and development policy

Domestic Finance is increasingly becoming a part of the picture

- National Climate Change Policies supporting coherent planning and linking to development planning and finance. (CC Fiscal Frameworks, national co-ordination mechanisms and national capacity building initiatives)
- National Adaptation Plan Process – with National Reporting to UNFCCC
- Climate Public Expenditure and Institutional reviews (CPEIR) as tool for systematic analysis of the linkages between climate change policy and public finance. (E.G. Cambodia example)
- Innovative Instruments and financing modalities being explored
- Challenging political economy as discussion moves from Ministry of Environment to Finance and planning
- Opportunity for South South learning – How do we get this right?
- Use of country systems and effective institutions – Key issues to address also through the development effectiveness platform

Implications

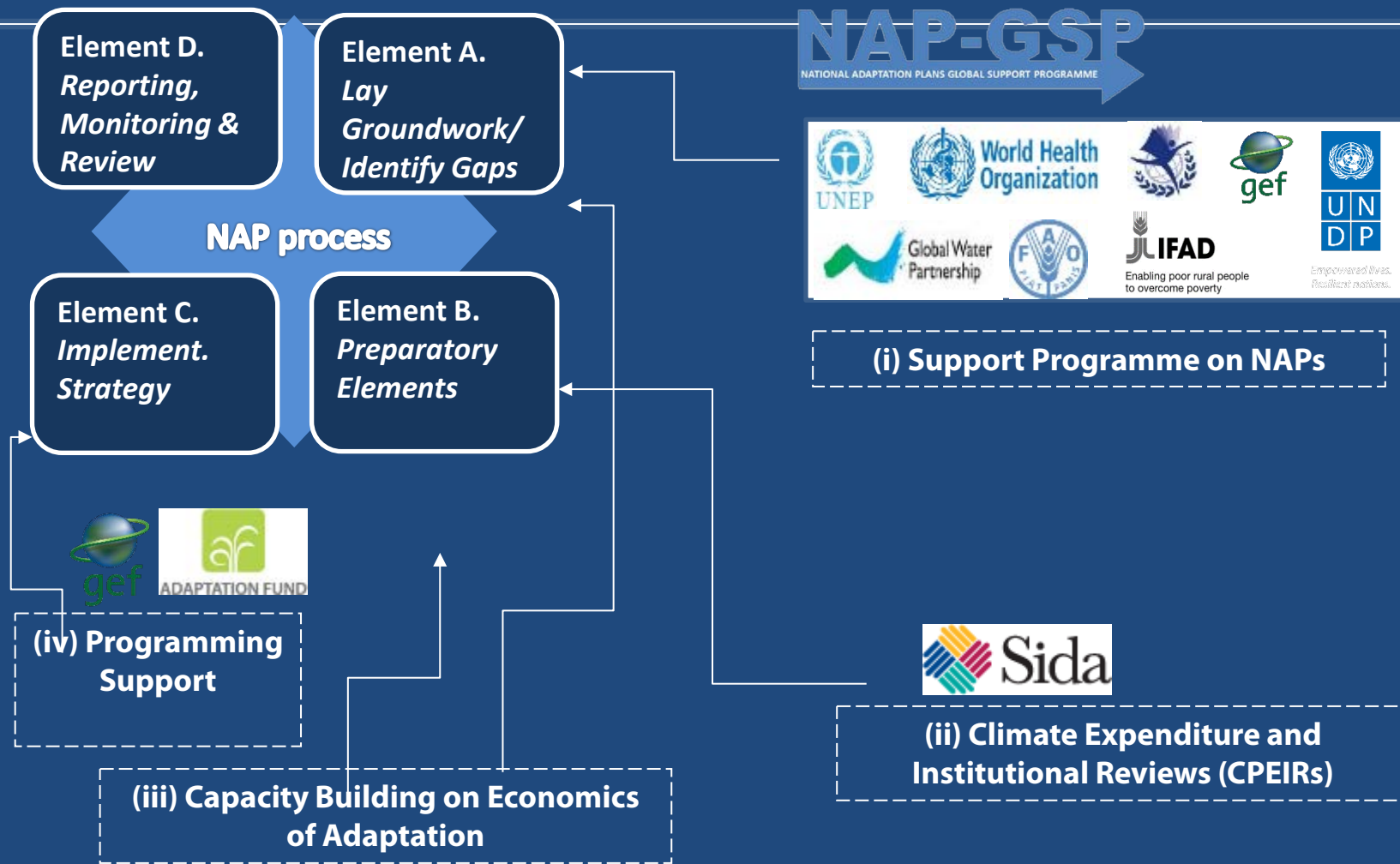
Shared,
Common
Platform





UNDP supported Programmes to Support Mainstreaming of Climate Change into Planning and Budgeting

Empowered lives.
Resilient nations.



Thank You !

CAMBODIA CLIMATE CHANGE ALLIANCE

Implemented by:



Ministry of
Environment

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Empowered lives.
Resilient nations. Danida



Danida



SWEDEN

