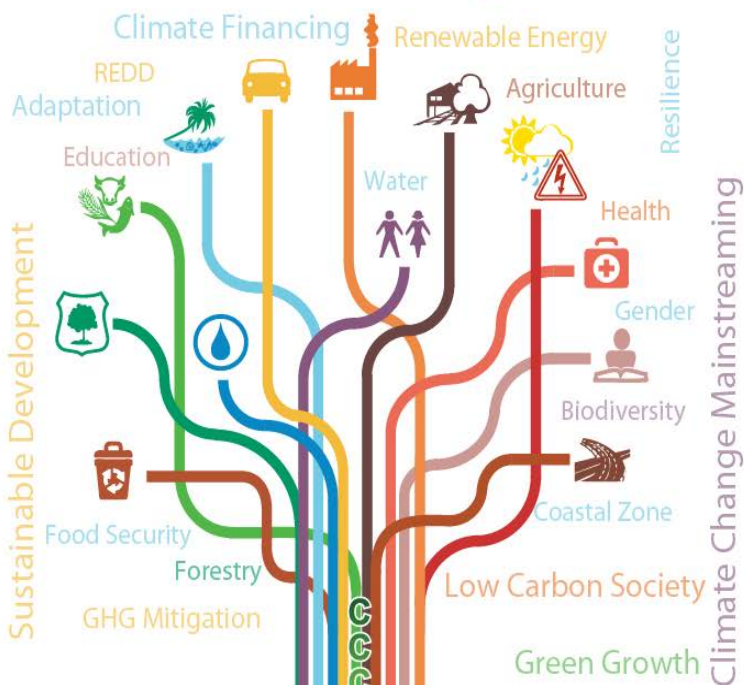


3rd National Forum on Climate Change

5 – 7 November 2013, Cambodia

“Taking Action for Sustainable Development in the Changing Climate”

Climate Change



National Climate Change Financing Framework

Dr. Tauch Chan Kresna
Ministry of Economy and Finance

7 November 2013

CAMBODIA CLIMATE CHANGE ALLIANCE

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Sources of Climate Finance in Cambodia

- Around USD 250 million mobilized in support of Climate Change programmes (mostly adaptation) over the past 3-4 years.
- A recent review of public expenditure showed that around 86% of climate-relevant expenditure in Cambodia is externally funded.
- Main multilateral donors: CIF (PPCR/SPCR), GEF, Adaptation Fund, UNDP.
- Main bilateral donors: USAID, Sida, Japan, EU.

Climate Finance modalities in Cambodia

- Pooled funding in support of national priorities: the Cambodia Climate Change Alliance (CCCA) – EU, Sida, Danida, UNDP
- Project support to government agencies (majority of cases) – CIF, GEF, Adaptation Fund, UNDP, Japan
- Project support through NGOs – USAID, Sida/UNDP Community Based Adaptation Programme, NGO funds

Climate Finance modalities

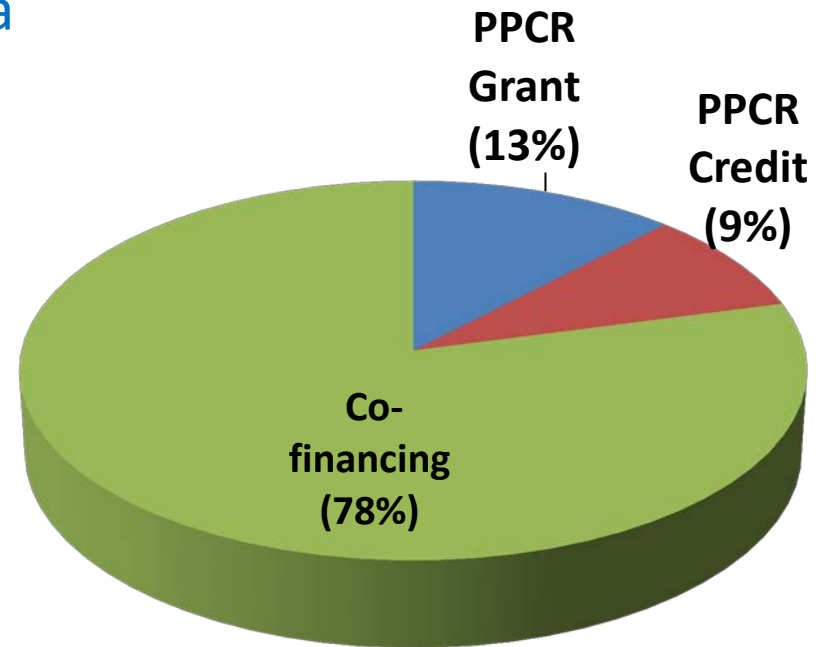
SPCR example

- PPCR is implemented in two phases in Cambodia.
- Phase 1 (US\$1.5 million) is aimed at enhancing institutional readiness to implement PPCR (was closed since April 2013)
- Phase 2 of PPCR is SPCR comprises four components:
 - Effective SPCR coordination, technical support and capacity Strengthening to mainstream climate change Adaptation into Development Plan;
 - Details Feasibility Studies for selected NAPA Projects to obtain international funding;
 - Civil Society support mechanism & capacity strengthening of NGOs and CSOs to mainstream adaptation and disaster risk reduction into their operations ;
 - Development and Dissemination of adaptation knowledge toolkits and products.

Climate Finance modalities

SPCR example (Cont.)

- SPCR endorsed in June 2011 with a total resource envelope of about US\$416 million comprising
 - PPCR Grant: US\$55 million
 - PPCR Credit: US\$36 million
 - Co-financing from ADB and others: US\$325 million



- SPCR comprises 6 investment projects and TA.
 - Water Resources (1 projects), MoWRAM
 - Agriculture (2 projects), MAFF, MoE, MEF, MLMUPC
 - Infrastructure (3 projects), MPWT & MRD
 - Technical Assistance (TA) (1 project).

Climate Finance modalities

CCCA example (1)

- Programmatic approach, pooled funding in support of national priorities, based on calls for proposals
- 21 projects supported (2010-2014), total 10.8M USD:
 - Climate Change Policy and Knowledge Management
 - Coastal Zone Adaptation
 - 19 pilot Climate Change adaptation projects in agriculture, fisheries, forestry, livestock, local governance/rural infrastructure, water management, health, sanitation, gender, ecosystem-based adaptation
- Often through Government-NGO partnerships
- Feeding results of demonstrations into policy-making

Climate Finance modalities

CCCA example (2)

- The Trust Fund is anchored to the National Climate Change Committee (proper institutional alignment). Funding fully aligned with national priorities
- Promotes partnerships between Govt – NGOs – universities to build capacity
- Procedures and capacities developed for the management of a national fund
- Transaction costs reduced through pooling of resources

Climate Finance modalities: Integrating Climate Finance in Sub- National Plans and Budgets

- First piloted with CCCA support (2011-13) in 3 districts, now expanded to an additional province with Sida and UNCDF support.
- Top-up funding for climate-related activities in commune and district investment plans. Channeled through national systems (treasury).
- Capacity development to include CC in local planning procedures
- Full alignment with local priorities.
- National guidelines currently under development, based on pilot experiences.
- Technical capacity challenges remain: need to define appropriate levels for various types of intervention (province, district, commune), and cooperation between these various levels.

Strategic Planning and Financing Mechanisms for Climate Change

- Ongoing work on Climate Change Action Plans in 10 ministries, and the development of a national Climate Change Financing Framework.
- Will include proposed climate change actions, costing, initial estimates of benefits, recommendations on financing mechanisms, coordination mechanisms, and ways to include climate change in planning and budgeting practices
- First drafts expected by December 2013.

Strategic Planning and Financing Mechanisms for Climate Change (2)

Innovative process for action planning, with the following key features:

- Ensure climate relevance: testing a methodology to assess climate relevance of actions, based on an analysis of benefits in the context of Climate Change. Could be used for screening of Government and donor projects in the future;
- Avoid a “silo” approach: planning of Climate Change actions is linked to sector strategies and investment portfolio. Integration with existing financing mechanisms whenever possible;
- Budget for coherent programmes rather than stand-alone projects;
- Avoid a “shopping list”: procedures for shortlisting of actions and prioritization, based on realistic financing scenarios.

Climate Finance Scenarios for Cambodia

- Initial (conservative) estimates for public funding: could reach 280M USD per year in 2018, with most of it coming from bilateral and multilateral donors in-country, but with an increasing share for global climate change funds, and also better integration of Climate Change concerns in regular development funding.
- Private sector contribution not yet fully estimated. Potential in renewable energy, energy efficiency in particular.

Lessons learnt from experience

- Resource mobilization as been reasonably successful, but scaling-up will be an issue if aid effectiveness principles continue to be ignored.
- Proliferation of sources of funding, low donor harmonization, project-based approaches. This generates transaction costs and sub-optimal alignment with national priorities (donors “pick and choose”). Limited use of national planning and budgeting procedures.
- Some interesting approaches are emerging (e.g. pooled funding, and use of sub-national funding channels).

Moving forward (1)

- Promotion of a programmatic approach: the national Climate Change Strategic Plan is finalized, ministerial action plans for 10 ministries and a Climate Change Financing Framework are under development.
- Need to organize regular dialogue with various stakeholders to coordinate the implementation of this strategic plan.
- Given current context, need to accommodate various modalities, but minimum requirements:
 - Alignment with strategic plan
 - Coordinated planning and budgeting mechanisms
 - Coordinated M&E, knowledge management mechanisms

Moving forward (2)

- As part of the Climate Change Financing Framework, promote increased use of pooled funding (to reduce transaction costs, ensure alignment and use of national systems), as a transition towards budget support. Project-based approach will not be sustainable given the volume of expected climate finance (would require a huge bureaucracy).
- In sectors where pooled funding arrangements or sector budget support exist, Climate Change should be integrated in these planning and budgeting mechanisms (e.g. health, education, decentralization). Climate Finance should complement regular resources.

Moving forward (3)

- Opportunities for public-private partnerships, contributing to Green Growth. Need to explore with the private sector how a favorable investment climate can be promoted for green investments.
- Need to put in place mechanisms to identify climate-relevant investments at an early stage, so that Climate Change can be considered in the design of these investments.
- Need to put in place mechanisms to regularly monitor climate-related expenditures and their impact/benefits.

Thank You !

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