Climate Finance Readiness
And the NAP Process

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• What and Why Climate Finance Readiness?
• Common Elements of Climate Finance Readiness
• Relationship of NAP and Adaptation Finance to Readiness Finance
What is “Climate Finance Readiness”

The capacities of countries to **plan for, access, deliver and monitor & report** on climate finance, both international & domestic, in ways that are catalytic & fully integrated with national development priorities & achievements of the MDGs
Why do we need to be “ready” for climate finance??

Because transitioning to a low-emission, climate-resilient development pathway requires a paradigm shift.

A paradigm shift is a process, not an activity.

But, activities contribute to the process.
Framework for Climate Finance Readiness

Supporting national systems to be “ready” for climate finance; helping countries to use finance effectively

Support for planning, accessing, delivering, and M&E ensures climate finance is available and effective in all countries

- **Financial Planning**
  - Assess needs and priorities, and identify barriers to investment
  - Identify policy mix and sources of financing

- **Accessing Finance**
  - Directly access finance
  - Blend and combine finance
  - Formulate project, programme, sector-wide approaches to access finance

- **Delivering Finance**
  - Implement and execute project, programme, sector-wide approaches
  - Build local supply of expertise and skills
  - Coordinate implementation

- **Monitor & Report**
  - Monitor and report, flows
  - Performance-based payments
Relationship of NAP and Adaptation Finance to Readiness Finance

• Country-owned and needs-based (incl subnational and local levels)
• Effective for both contributors and recipients
• Coherence with national & sectoral plans/priorities on climate change adaptation and mitigation
• Innovative and transformative to new approaches to catalyze private investment
• Contribute to formulation/implementation of LECRDS

Building toward “readiness” requires long-term integrated planning inclusive of NAPs, NAMAs, LEDS, other policies and plans
Despite growing volume and variety of resources (international & domestic, public & private), **3 key challenges to climate finance readiness:**

1. **National capacities** are required to navigate complex landscape and allow countries to access and deliver different forms of finance

2. **Need to catalyze private finance**: public finance alone is insufficient to meet demands of climate challenge, must catalyze greater volumes of private finance

3. **Limited alignment between climate and development**: to drive economy-wide transformation, climate finance must be mainstreamed into planning and development policy
Some Common Elements of Readiness Support Initiatives

- Strengthen capacities of national institutions to directly & indirectly access vertical funds + other sources of climate finance
- Build public & private capacity to develop fundable national programmes/projects based on national CC strategies, plans, policies
  - Provide technical assistance to local financial institutions to develop new financial products/services for prioritized sectors
- Support for national M&E systems which also measure effectiveness
- Share knowledge & lessons during implementation among countries and with fund governing bodies to support them in their design & operationalization
NAP GSP

- Medium & long-term adaptation planning capacities strengthened
- Tools & approaches for NAP process established
- South-South & North-South lessons shared to enhance capacities & advance NAP process

Readiness

- Long-term investment map based on national CC strategies, etc.
- Monitoring & tracking systems for climate finance & its effectiveness established
- Lessons during implementation sent back to countries and fund governance structures
Capacity building support for “Readiness” - Examples of Enabling and foundational initiatives

- National Adaptation Plan Support Programme
  - GEF/LDCF
- NIE Accreditation Support Programme - AF Direct Access
- GCF Readiness Programme
  - Germany - BMU/ICI
- Climate Public Expenditures and Institutional Reviews (CPEIR)
  - SIDA, multiple partners
- Economics of Adaptation
  - USAID
- Climate Finance Options website
  - World Bank, UNDP
- Low Emission Capacity Building Programme (LECB)
  - EC, Germany - BMU/ICI, Australia
- National Communications Support Programme
  - GEF
Thank you