

# Introduction to Climate Financing

PIDA PAP 2 “Webinar” Series

15 October 2020, 10:00 – 12:00 (GMT)

Presenters

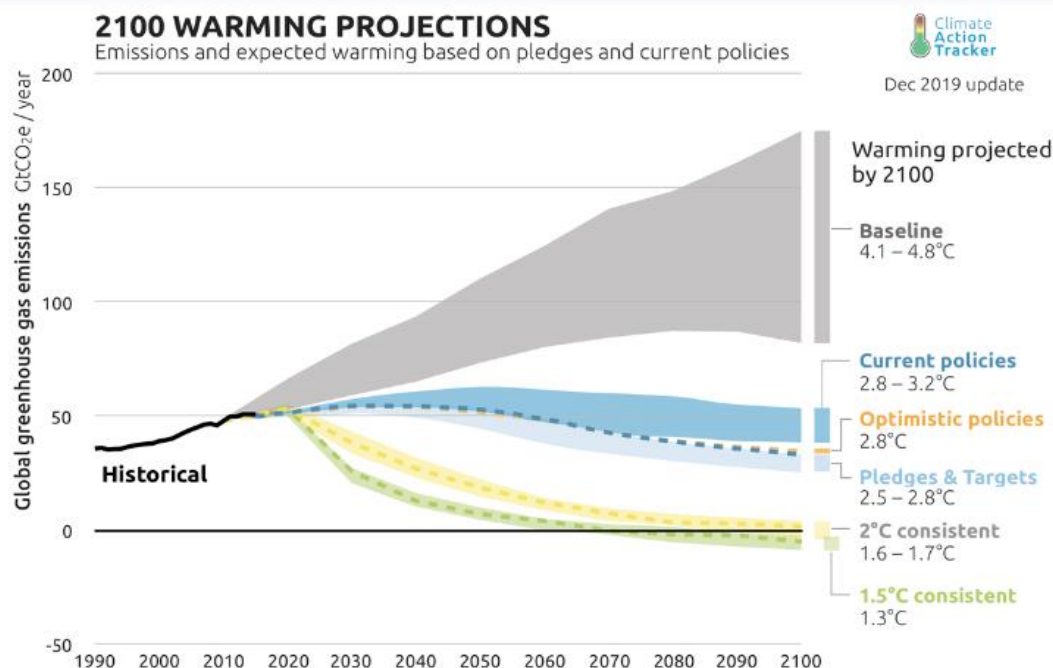
Sallie Lacy, Ursula Flossmann-Kraus, Ina de Visser



- Climate Change at a glance and the need for climate action
- Mitigation and Adaptation as complementary strategies
- A global framework for action: the Paris Agreement
  - What are NDCs and why are they important
  - And the newest buzzwords....Green Recovery
- Overview of Climate Financing: definition and landscape
  - Funds in Focus:
  - Financial Instruments
  - Project Examples
  - Resources for Proposal Preparation



## Climate Change at a Glance



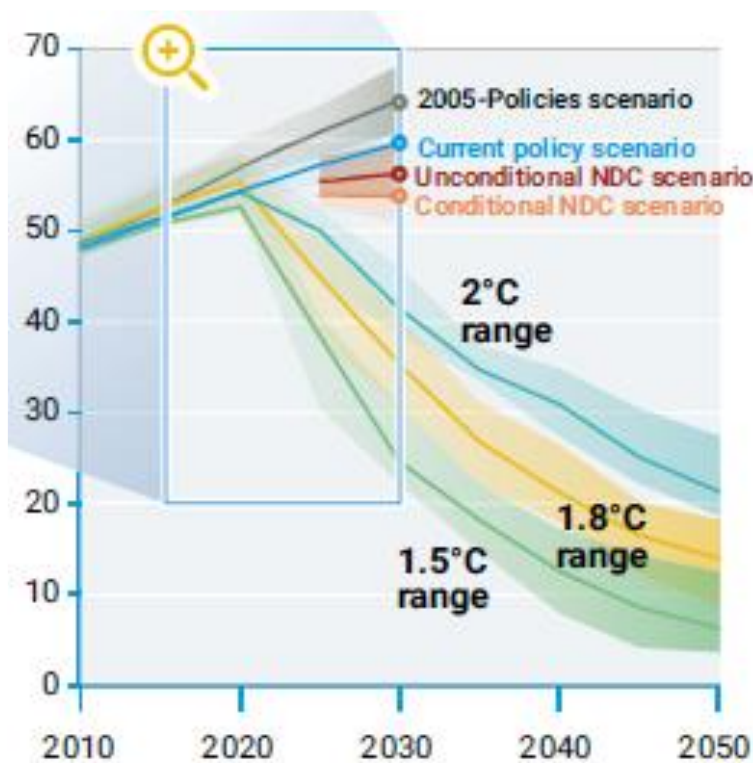
Without climate policies, global warming is expected to reach about 4.5 °C above pre-industrial levels by 2100

What are the impacts of 4.5 °C warming?

Source: New Climate Institute & Climate Analytics (2019)



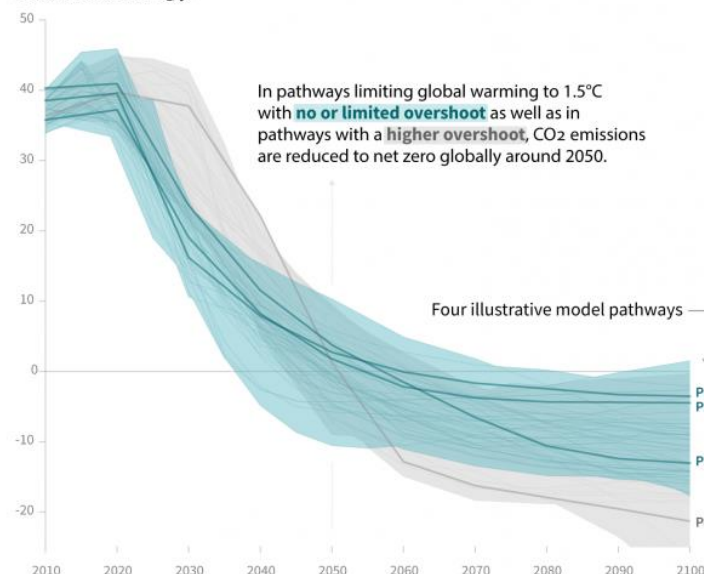
# The Need for Climate Action: significant GHG emission reductions needed to keep global temperature rise below 2 or 1.5 degrees



Source: UNEP (2019)

## Global total net CO<sub>2</sub> emissions

Billion tonnes of CO<sub>2</sub>/yr



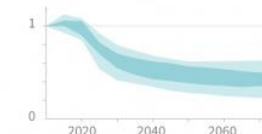
Timing of net zero CO<sub>2</sub>  
Line widths depict the 5-95th percentile and the 25-75th percentile of scenarios

Pathways limiting global warming to 1.5°C with **no or limited overshoot**  
Pathways with **higher overshoot**

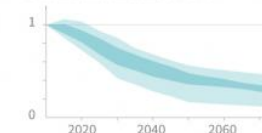
## Non-CO<sub>2</sub> emissions relative to 1.5°C

Emissions of non-CO<sub>2</sub> forcers are or limited in pathways limiting global warming to 1.5°C with **no or limited overshoot** as they do not reach zero globally.

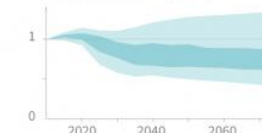
### Methane emissions



### Black carbon emissions



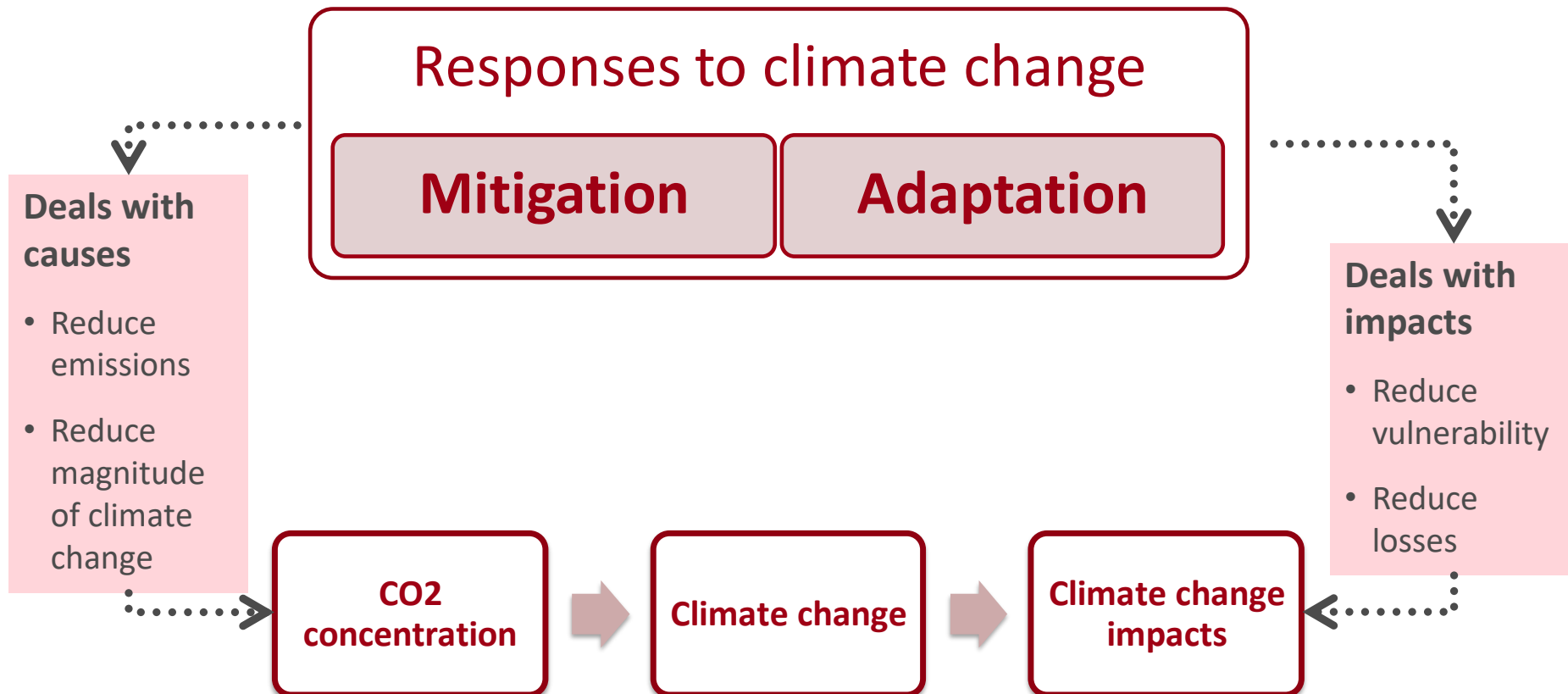
### Nitrous oxide emissions



Source: IPCC (2019)



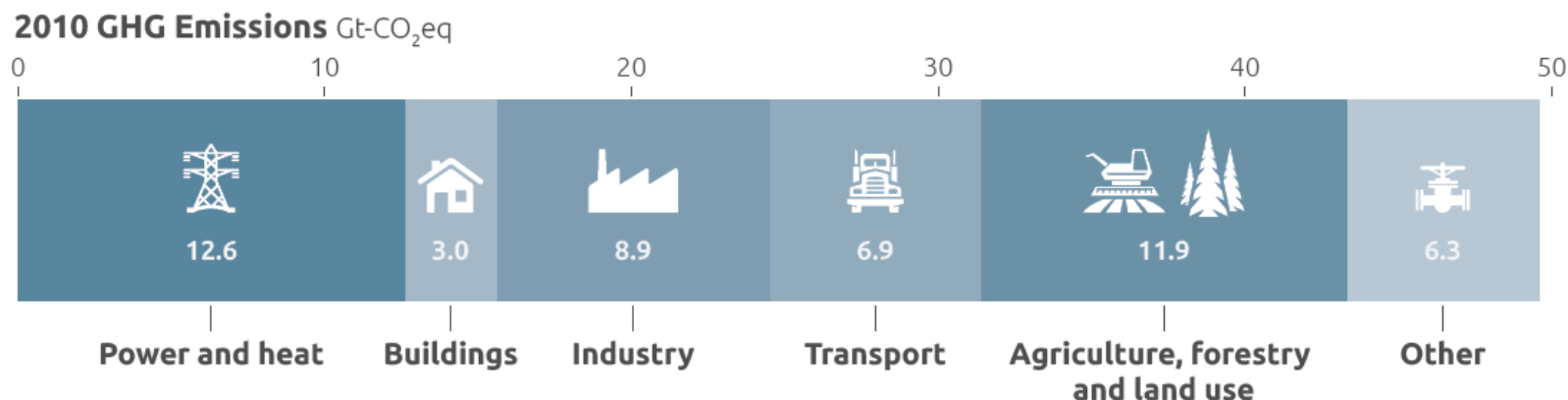
## Mitigation and adaptation are complementary strategies to respond to climate change





# The need to Mitigate GHGs: What needs to be done at sectoral level to limit global warming to below 1.5 °C?

## Global GHG Direct Emissions by Sector



### and what can be done in the short term



Sustain  
renewables  
growth



No new  
coal power  
plants



Last Fossil  
fuel car sold  
before 2035



Develop 1.5°C  
vision for aviation  
& shipping



New buildings  
zero emissions  
after 2020



Renovate  
3-5% of  
buildings p.a.



New industry  
low carbon  
after 2020



Best practice  
in agriculture



Zero  
deforestation  
by 2020s

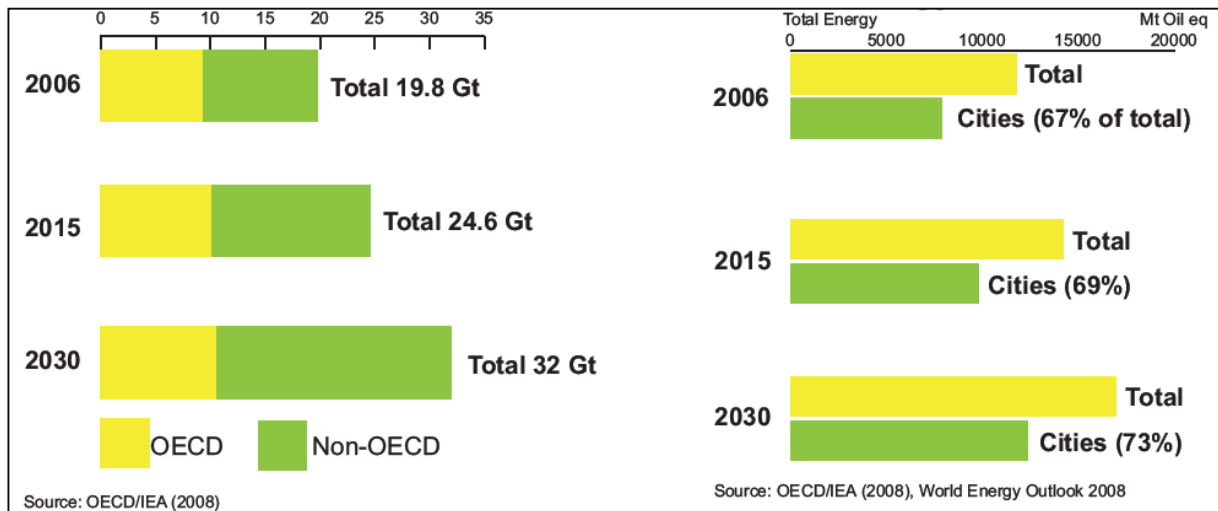
Source: New Climate Institute et al (2016)



# CO<sub>2</sub> emissions and energy demand

CO<sub>2</sub> Emission from cities in Gt

Energy consumption in Mt Oil eq



Source | ICLEI, 2010



## How can cities reduce CO<sub>2</sub> emissions?

Sectors	Potential measures
Urban Planning	<b>Reduction of land consumption</b> through compact urban design (e.g. establishing climate-friendly building codes, densification, designation of protected areas and restricted zones for settlements)
Building	<b>Resource efficient (re-)construction and operation of buildings</b> (e.g. sustainable building materials and design, efficiency in cooling and heating, appliances and lighting)
Mobility	<b>Reduction of traffic</b> by creation of walkable, compact and mixed-use neighborhoods, provision of public transport and sharing systems, safe bicycle network, and promotion of efficient and electric vehicles
Energy	<b>Decentralized and renewable energy supply</b> (e.g. distributed solar photovoltaics)
Waste	<b>Improving solid waste management</b> , 3R strategy (reduce, reuse and recycle), waste-to energy
Waste & Sewage	<b>Energy efficiency of treatment plants</b> and the use of renewable energies



# The need to Adapt to Climate Change

Adaptation entails **reacting** to current changes in the climate and proactively **anticipating** future events.

## Ask yourselves:

- How are changes like rising temperatures, changing rainfall patterns, increasing incidents of storms, warming oceans and sea-level rise currently impacting my surroundings?
- What does climate science tell us that we should be anticipating in the future?
- What can be done?



# Nations Unies

## Conférence sur les Changements Climatiques 2015

COP21/CMP11

Paris France



Source: <https://unfccc.int/process-and-meetings/the-paris-agreement/what-is-the-paris-agreement>



# A Global Framework for Action: the Paris Agreement

First **binding climate treaty** for 195 states under international law



**Nationally determined contributions (NDCs)** from almost 190 countries as the cornerstone of the new agreement and commitment to implement measures.

**Joint responsibility:** obligation for industrialized and developing countries

## Goals

### Adaptation

*Strengthening the ability to adapt to negative impacts of climate change*

### Mitigation

- 2 °C / 1.5 °C target
- Greenhouse gas neutrality
- Ambition mechanism

### Climate-friendly orientation of all financial flows

*Publ. Households, private sector, development banks  
USD 100 billion / yr until 2020*



## Paris Alignment

### MDBs' Building Blocks Approach to Paris Alignment

- 1 Alignment with Mitigation Goals**  
Operations consistent with national low-emissions development pathways and compatible with objectives of the Paris Agreement.
- 2 Adaptation and Climate-Resilient Operations**  
Operations systematically screened for climate resilience. Support increase in clients' ability to adapt to climate change.
- 3 Accelerated Contribution to the Transition Through Climate Finance**  
Further scale up climate finance, operationalize new approaches to support NDCs, and accelerate realization of ambitions agreed under UNFCCC and in line with science-based evidence identified by IPCC.
- 4 Strategy, Engagement and Policy Development**  
Develop new services to support clients putting in place long-term strategies for low-emissions and climate-resilient development while ensuring consistency with SDGs.
- 5 Reporting**  
Develop tools and methods for characterizing, monitoring and reporting on Paris-aligned activities.
- 6 Align Internal Activities**  
Progressively ensure that internal operations, including facilities and other internal policies, are in line with the Paris Agreement.

Making finance flows consistent with low greenhouse gas emissions and climate-resilient development  
PA Article 2.1 c

Source: Joint MDB Working Group on Paris Alignment.



# What are NDCs and why are they important?

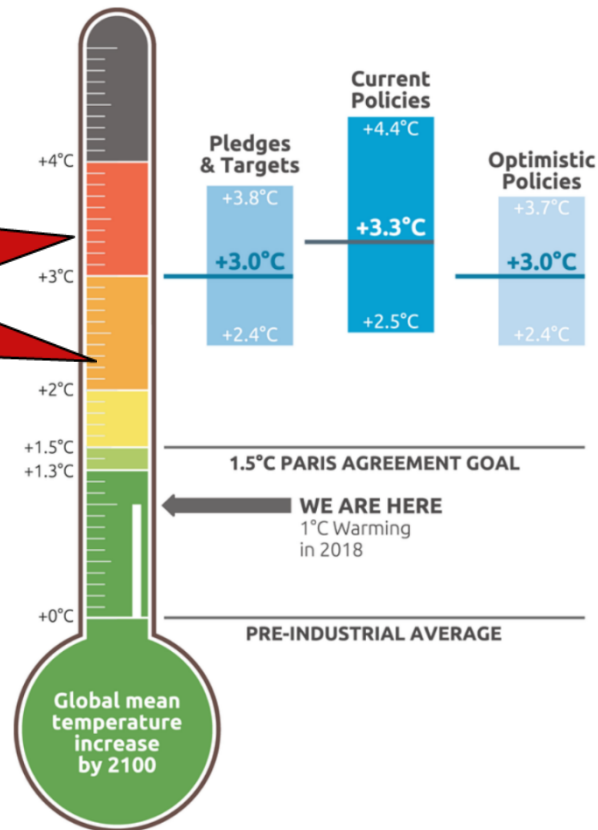
First time, without exception:

- All ratifying Parties to maintain  
national climate targets with  
their

**Take your cues from  
the NDCs: All project  
ideas should be  
derived from them!**

Parties to maintain and  
plan to undertake to address  
climate change

- To set a firm foundation for  
higher ambition, each  
successive NDC will represent a  
progression beyond the  
previous one and should ideally  
reflect the **highest possible  
ambition.**



CAT warming  
projections  
**Global temperature  
increase by 2100**

December 2018 Update

Source: <https://climateactiontracker.org/>

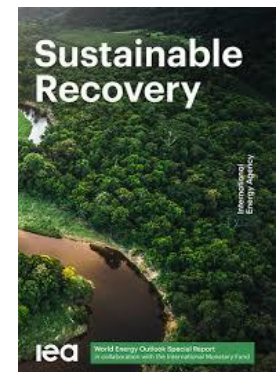
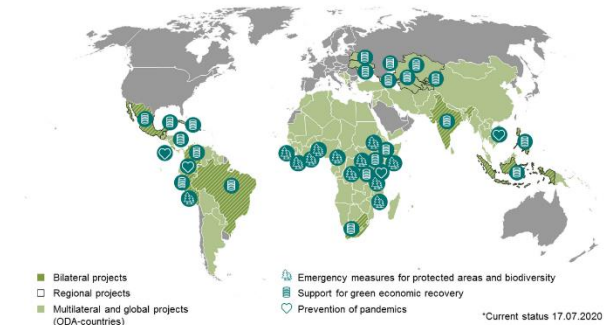


# Green Recovery

- Economic rebound as an accelerator for ecological transition!
- 2020 was supposed to kick off a decade of climate action...instead, the focus has shifted for many decisionmakers to COVID-19
- Green Recovery is about keeping both climate and Covid on the radar

=> restoring purchasing power, creating new jobs, prioritising the least well off while at the same time saving the planet.

- An estimated USD 10 trillion being mobilized for recovery:
  - Will it be used for BAU or low-carbon, climate resilient investments?



**#EUGreenRecovery**



## Overview of Climate Financing

- Definition
- Climate Finance Landscape
- Climate Funds relevant for PIDA
- Financial Instruments



## Definition:

### **No UNFCCC definition of Climate Finance, but according to the Standing Committee on Finance:**

*“Climate finance aims at reducing emissions and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts.”*  
(Standing Committee on Finance 2014)

**COP decision states that funding must be:** mobilised by developed countries; taking into account the urgent and immediate needs of those that are particularly vulnerable; balanced allocation between adaptation and mitigation; scaled-up, new and additional, predictable and adequate.  
(Decision 1/CP.16 Cancun)

### **Climate finance...**

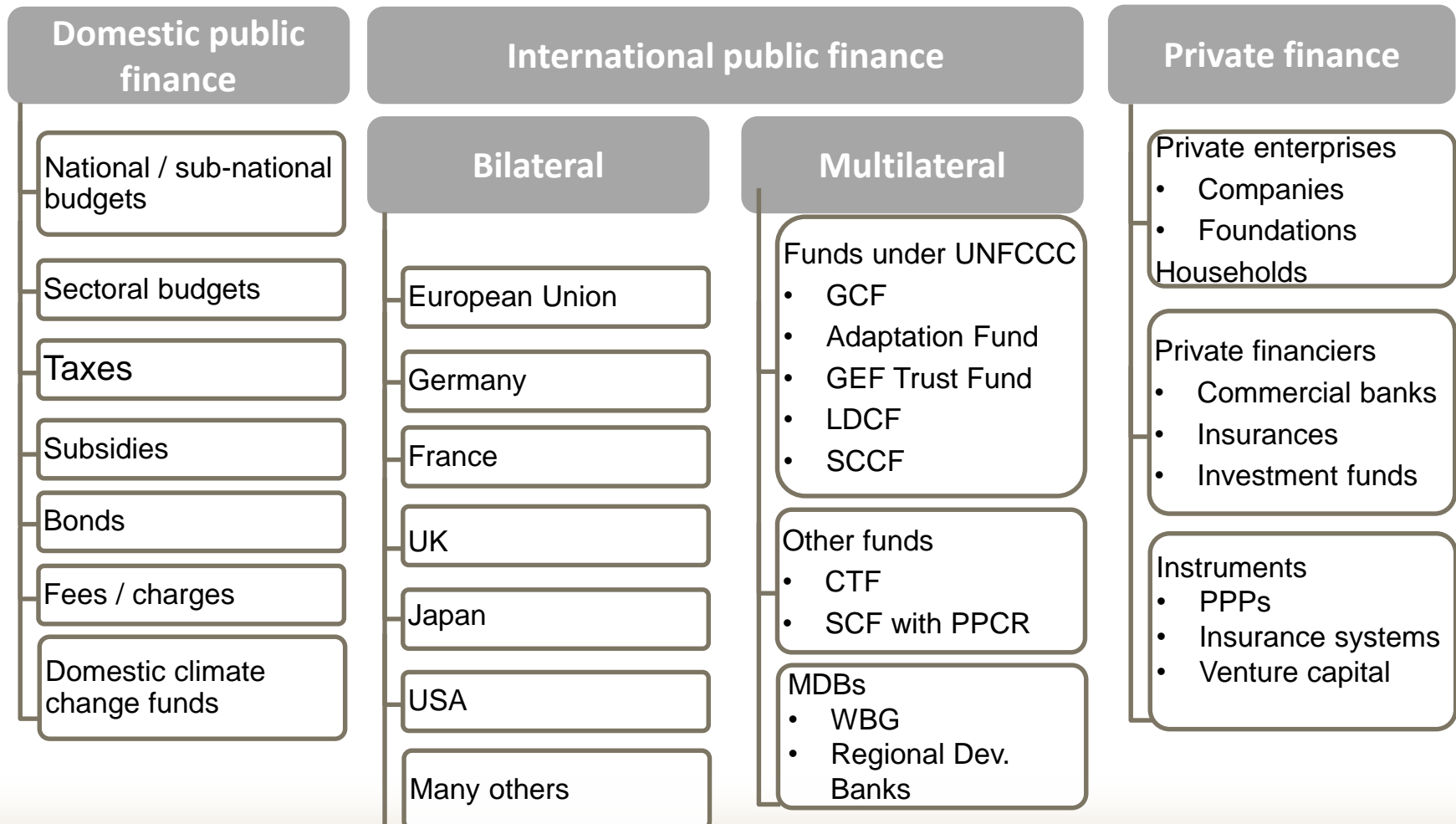
- ...is for **mitigation and adaptation activities**
- ...comes **from a variety of sources** (e.g. public, private, national, international)...
- ...and **in different forms** (e.g. grants, loans, equity, guarantees)

### **Ultimately...**

*“Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.”* (Paris Agreement, Article 2(c))



## Climate finance sources that need to be considered for the implementation of NDCs





# The climate finance landscape

## UNFCCC regime

GEF Trust Fund  
Green Climate Fund (GCF)  
Adaptation Fund (AF)

Least Developed Countries Fund (LDCF)

Special Climate Change Fund (SCCF)

## Multilateral funds

Clean Technology Fund (CTF)  
Strategic Climate Fund (SCF)  
Pilot Program for Climate Resilience (PPCR)

City Climate Finance Gap Fund

## Bilateral institutions

EU Global Climate Change Alliance (GCCA)  
UK International Climate Fund (ICF)  
International Climate Initiative (IKI)  
The NAMA Facility (NF)  
German Climate Technology Initiative (DKTI)



# City Climate Finance Gap Fund

## About:

- Cities are central to implementation of the Paris Agreement, but often struggle with developing climate-friendly and resilient infrastructure. Especially in low and middle-income countries, cities frequently lack the capacity and finance needed for the early stages of project preparation.

## Resource Allocation:

- The Fund provides in-kind support (advisory) to preparation of urban investment projects with climate change mitigation / adaptation impact in low- and middle income countries . **Sectors include:** public and non-motorised transport, energy, waste management, flood protection and green spaces

## Criteria for successful proposals:

- Contribute to mitigation &/or adaptation; cover an [eligible sector](#); urban dimension must be clear; support will cover strategic planning through to pre-feasibility stages.

## Access modalities:

Cities and other sub-national entities can apply with their project through the website: [www.citygapfund.org](http://www.citygapfund.org).



# Global Environment Facility

## About / Mission:

- “...is a partnership for international cooperation where 183 countries work together with international institutions, civil society organizations and the private sector, to address global environmental issues.”
- Global Environment Facility as the financial mechanism of the Convention (now together with the GCF)

## Resources allocation:

- Funding for mitigation, adaptation, technology transfer, capacity building, reporting obligations (Natcoms)
- GEF Trust Fund: Mitigation
- Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF): Adaptation

## Access modalities and country ownership:

- Direct access (through accredited GEF Project Agencies)
- Multilateral access (through the GEF Agencies)



# Adaptation Fund



## About / Mission:

- *“The Adaptation Fund was established to finance concrete adaptation projects and programmes in developing countries that are parties to the Kyoto Protocol and are particularly vulnerable to the adverse effects of climate change”*

## Resources allocation:

- Eligible countries: KP / PA parties
- \$745 million for 105 projects (August 2020) in 102 countries (18 SIDS, 28 LDCs)

## Criteria for successful proposals:

- Criteria include consistency with national strategies, cost-effectiveness, co-benefits, vulnerable groups and gender considerations etc.

## Access modalities and country ownership:

- direct, regional and multilateral access (32 in Africa)



## About / Mission:

- *“Given the urgency and seriousness of climate change, the purpose of the Fund is to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change.”*

## Resources allocation:

- 50:50 balance between mitigation and adaptation over time
- A floor of 50% of the adaptation allocation for particularly vulnerable countries, incl. LDCs, SIDS and Africa
- Total number of projects: 143, of which 57 in Africa
- Total financing committed USD 6.2b, 4.6b under implementation, total value of projects including co-financing: 21.2b (October 2020)

## Criteria for successful proposals:

- Impact potential, paradigm shift potential, sustainable development potential, needs of the recipient, country ownership, efficiency and effectiveness

## Access modalities and country ownership:

- Country ownership through National Designated Authority (NDA) and “no-objection” procedure
- Access through accredited<sup>1</sup> international, regional, national and sub-national entities



# International Climate Initiative

## About:

- Created in 2008, the International Climate Initiative (IKI) is one of the most important instruments of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) for the international financing of climate change mitigation and biodiversity.

## Resource Allocation:

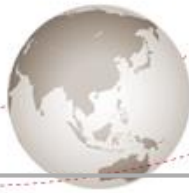
- Mitigation Greenhouse Gas Emissions, Adaptation, Conserving natural carbon sinks; REDD+ and Biodiversity Conservation

## Criteria for successful proposals:

- Transformation and Innovation; Focus on local partners and local innovation; impact monitoring; IKI safeguards; Gender Mainstreaming; Sustainable programme impacts; Synergies with other IKI programmes; Transparency; Digital Solutions **(NEW!)**

## Access Modalities:

- Direct access => through consortium



**About:** The NAMA Facility supports developing and emerging markets with the implementation of ambitious Nationally Determined Mitigation Actions (NAMAs). Financing is used to facilitate carbon-neutral development and bring about transformative change at the sectoral level. Calls 1-7: 523 million EUR. Call 8: about to open; Ambition initiative: 168 mio. EUR

## **Resource Allocation:**

Mitigation of GHGs in all key-emitting sectors, Call 8 special focus on green recovery

## **Criteria for successful proposals:**

- General eligibility
- Ambition
- Feasibility/readiness

Within the ambition criteria they assess: Mitigation ambition; Financial ambition; Transformational change potential

## **Access Modalities:**

- Direct access



# DKTI – German Climate and Technology Initiative

## About:

- Created in 2011 by BMZ; Linking Technical Assistance (TA) with Financial Assistance (FA). Focus on innovative climate change relevant technology and market potentials

## Resource Allocation:

- Mitigation, Adaptation and Technology Transfer
- Annual calls; DKTI 2.0 Prozess 2020

## Criteria for successful proposals:

- Project examples: [Biogas Brazil](#), market opportunities for solar clusters in [Morocco](#)

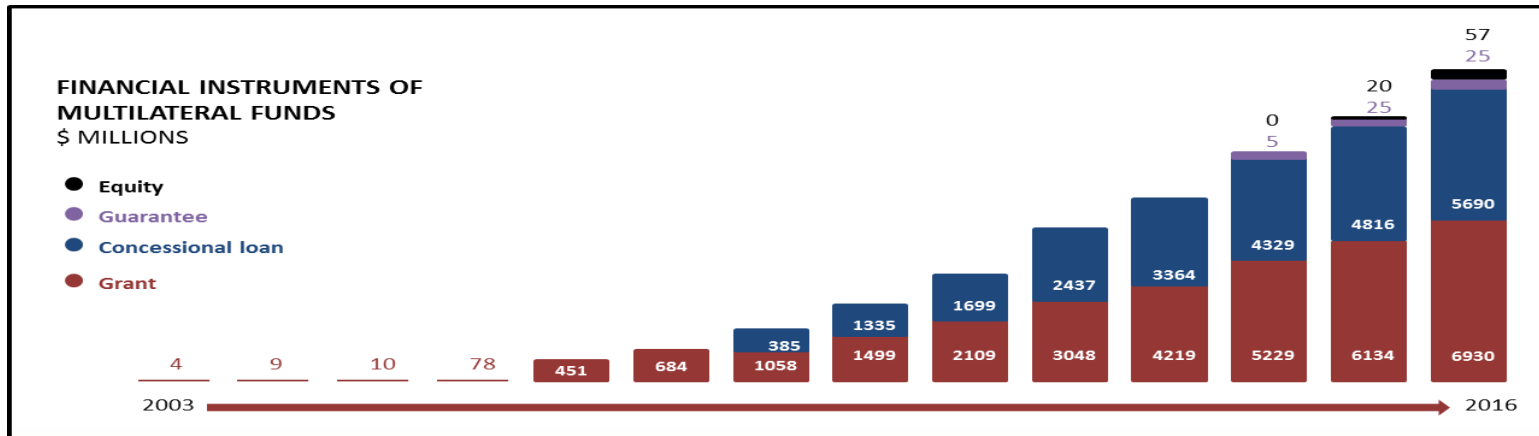
## Access modalities:

Giz and KfW are eligible for funding; GIZ internal selection process



## Financing Instruments to be considered (climate finance is more than grants!)

- **Grants** to start and accelerate markets
- **Loans** to enterprises, households or public entities
- **Guarantees** for projects and investments, often to incentivize private entities such as commercial banks to give a loan
- **Equity** for enterprises and sometimes projects



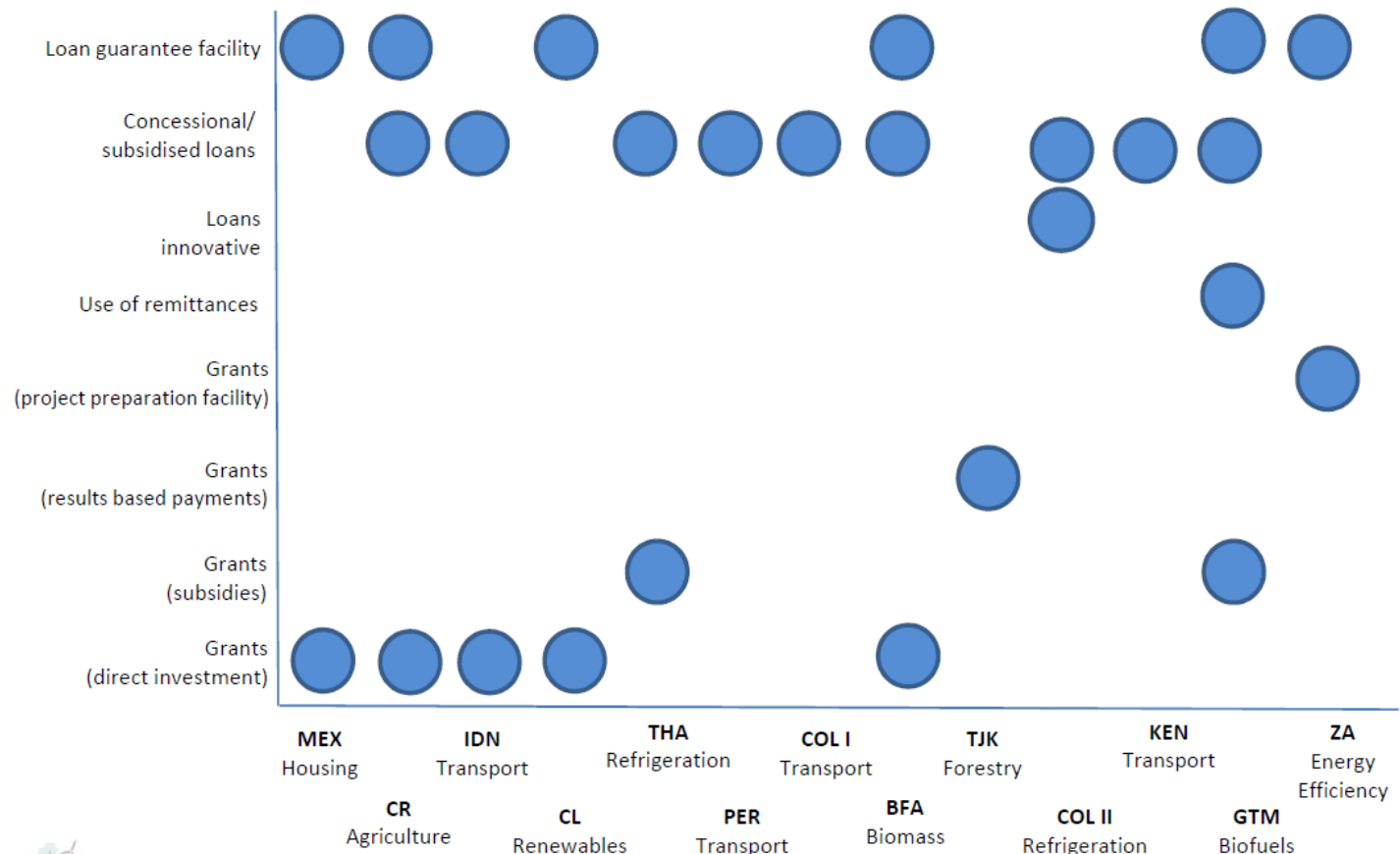
Source: Graph adapted from ODI 2016: 10 things to know about climate finance in 2016.

# NAMA Facility



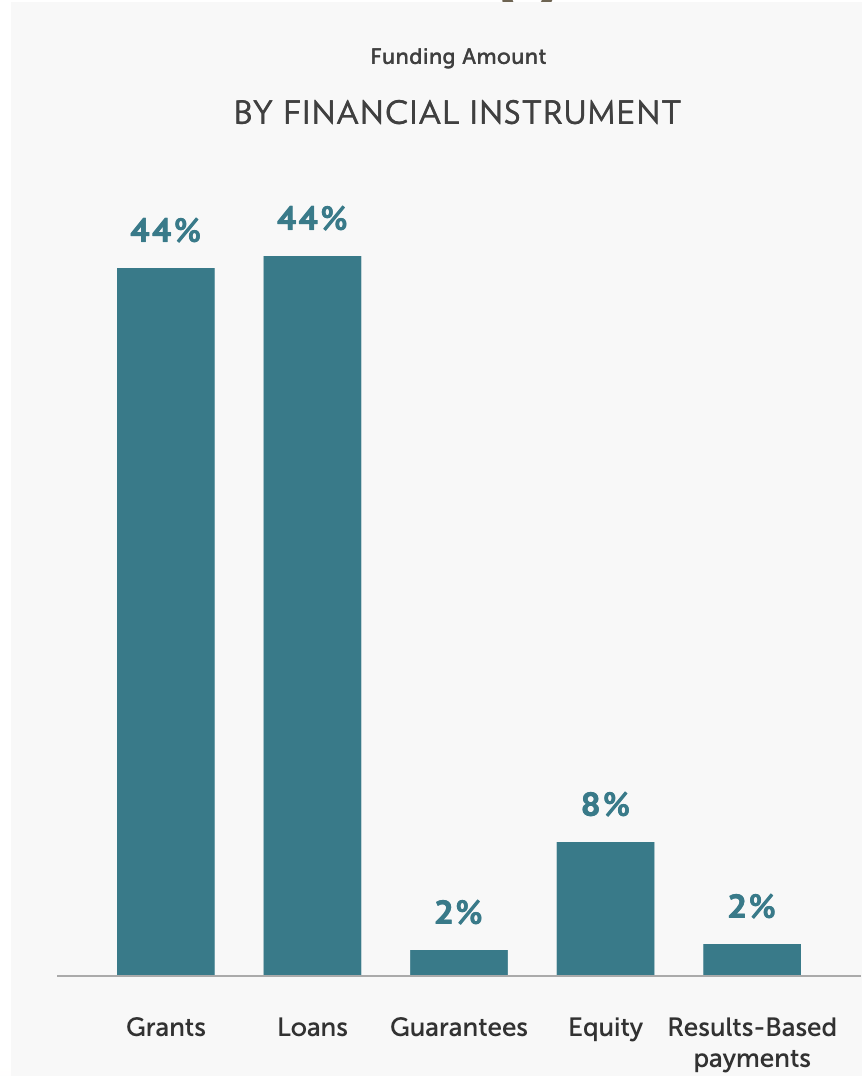
The NAMA Facility is funding projects which use financial instruments such as loan guarantees, concessional lending schemes and results-based grants.

## Financial mechanisms used in NAMA Facility





# GCF Financing Instruments

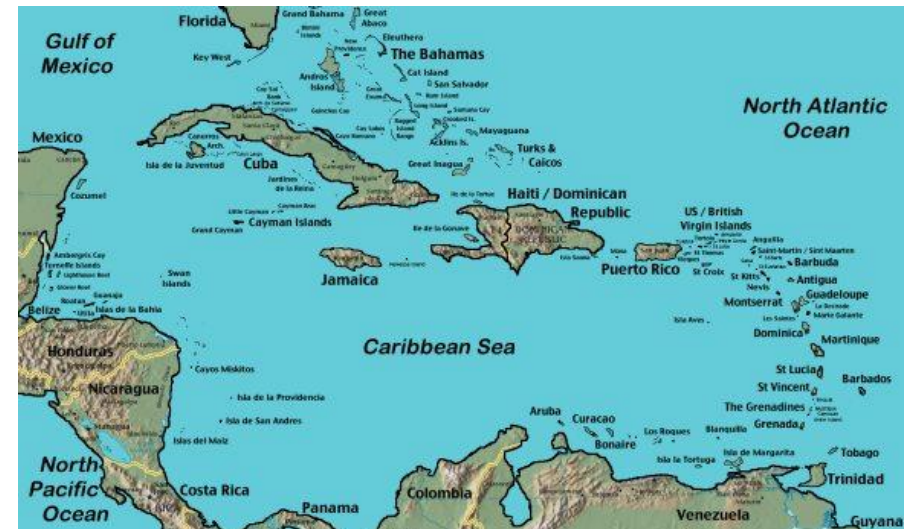


# Project Example:

## Climate-Resilient Water Sector in Grenada

### G-Crews

- The GCF and Germany's BMU are financing a 6-year project to increase the resilience of Grenada's national water sector.
- A multi-pronged approach targets the national government, water users, the main water supplier and the private sector to build resilience and reduce GHG emissions.





## The Project Aim

**To comprehensively mainstream and implement climate resilience throughout Grenada's entire national water sector.**

Addresses two key risks:

**freshwater availability and disaster preparedness**

**Key Sectors: Water, Tourism, & Agriculture  
electricity sub-sector will be targeted with pilot  
measures**



## The Challenge

**Climate impacts:** changes in temperature, precipitation, tropical storms and sea level rise

**Without decisive action to enhance the water sector's climate resilience, the people and ecosystems of Grenada will face increasingly serious climate-induced water scarcity over the next three decades.**



## Financing Structure:

### **Total Cost: EUR 42.057 million**

- Green Climate Fund: EUR 35.290 million
- Government of Grenada: EUR 4.267 million
- BMU: EUR 2-5 million

*All Grants and in-kind contributions*

*The project is expected to leverage EUR 2.89 million in private sector contributions (not co-financing)*



## The Barriers

Barrier 1 - Governance

Barrier 2 – User Demand

Barrier 3 - Infrastructure

Barrier 4 – Public Finance



## Project Approach

**Reduce demand + boost supply => resilient water sector thru 2050.**

Multi-level approach => Paradigm Shift

**This paradigm shift will include citizens and businesses as water users, the public sector as provider of potable water and infrastructure, and behavioural changes triggered through appropriate governance, regulation, economic incentives and raising awareness.**

The project has 5 components with both adaptation and mitigation activities



## Project Structure: 5 components

1. Climate-Resilient Water Governance (GCF)  
=> Targets national-government level => Est. Water Resource Management Unit
2. Climate-Resilient Water Users (GCF)  
=> Targets users including households, farmers, tourism businesses  
=> Includes a **Challenge Fund** managed by Grenada's National Development Bank
3. Climate-Resilient Water Supply System (GCF)  
=> Targets the water authority NAWASA, supply, storage, infrastructure investments
4. Additional Contributions of the Water Sector to Grenada's NDC (BMU)  
=> Target NAWASA to reduce water losses, create GHG inventory for water sector, assess renewable energy options  
Focus => Water and energy efficiency
5. Regional learning and replication (BMU)  
=> Target regional actors, like the Organization for Eastern Caribbean States (OECS), to replicate Grenada's experience in other Caribbean countries.



## Innovative? Transformative?

Multi-focal approach: institutional development, technological solutions, financial sustainability, engagement with private sector

### Challenge Fund as innovative?

- The fund will provide post-investment grant subsidies for implementation of water efficiency measures and rainwater harvesting.
- GCF grants to be used to facilitate water auditing, solution design and implementation and to incentivise significant private co-finance.



## Project Example II: South Africa – Energy Efficiency in Public Buildings and Infrastructure Programme (EEPBIP)

*The overall objective of the EEPBIP is to reduce Greenhouse Gas (GHG) emissions in South Africa by catalysing an energy efficiency transformation within the public-sector, through the mitigation of investment risks and the provision of technical support.*

Project name	Energy Efficiency in Public Buildings and Infrastructure Programme (EEPBIP)
Commissioned by	NAMA-Facility
Implementing organisation	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Project region	South Africa
Lead executing agency	Department of Mineral Resources and Energy (DMRE)
Duration	05/2019 – 04/2024
Financial volume	20 Mio. €



Photo left: KwaDuKuza © Jakob Lindemann

Photo right: DEFF Building © DEFF



# Project Example II: South Africa – Energy Efficiency in Public Buildings and Infrastructure Programme (EEPBP)

## Approach:

- Reduce Energy Consumption and CO2 emissions
- Leverage Public and Private Sector Funding
- Create employment within the energy sector
- Reduce operational costs and cost savings strengthen public service delivery: energy access; health care, education etc.

## ⇒ Public sector to lead by example:

The initiatives adopted by the public sector to reduce energy consumption will serve as a precedent to other sectors, supporting government's intentions to lead by example and thus transform the entire energy efficiency sector.



Photo left: Wastewater Plant Tshwane  
© GIZ

Photo right: Joburg Civic Center ©  
City of Johannesburg





## Project Examples III and IV: Mexico & Brazil Energy-efficient housing

### Mexico (KfW):

- Support for housing program “**EcoCasa**” to establish energy-efficiency standards
- An EcoCasa consumes 20 per cent less energy than a conventional house
- To date, EcoCasa financed around **44,000 houses** for over **170,000 people** in all four climate zones
- So far: more than **2 Mt Co2-eq saved**

### Brazil (GIZ):

- Residential electricity demand could rise by 80% until 2050.
- Integration of **energy standards into social housing** policies & investment programs
- First: Technical and climatic assessment of social housing typologies
- Second: Nationwide competition to develop new solutions focusing on compact housing schemes



*Left: Construction site of a new residential building in Brazil  
© GIZ / Philipp Höppner*

*Right: Affordable and energy-efficient EcoCasas in Mexico  
© KfW / Klaus Veigel*



## Project Example V: Beira, Mozambique Enhancing Climate Resilience (KfW and WB)

### Country Profile:

- Located on coastal lowland  
→ **frequent floodings & cyclones**
- Project: improvement and extension of Beira's stormwater drainage
- Plus: Rehabilitation of main drainage canals, installation of flood control stations, and the construction of a retention basin



### Result:

- stormwater drainage system benefits over 250,000 people & reduced flood risk for an urban area of 2,630 hectares
- Rehabilitation activities decreased flood risk for 45 hectares, benefitting over 30,000 people

*Building the drainage  
system in Beira,*

© Inros Lackner, SE



# Success factors for climate projects

- Targeting the most promising sources of emissions or urgent climate threats
- Addressing the needs of the recipients
- Using an appropriate financial instrument
- Leveraging additional financing
- Meeting the appetite of funders
- Creating synergies / avoiding overlaps with other donors / initiatives
- Creating scale / replication
- Achieving maximum results for appropriate costs
- Creating lasting, irreversible change
- Quantifying impact



# Project preparation

- Be aware of the development costs
- Start with the climate rationale in your country
- Be aware of your strength and limitations
- Estimate the expected impact
- Partner up with others if needed
- Externalize proposal writing as far as possible and sensible



# Alignment

- For GEF: align with one or several of 6 designated GEF focal areas; projects can only be implemented through accredited GEF entities
- For Adaptation Fund: align with national adaptation priorities (NAP process and NAPAs); only multilateral, regional or national implementing entities can carry out projects, build alliances with National Implementing Entities (NIEs) or Regional IEs
- For GCF: NDC alignment and Paris alignment crucial; co-financing & leverage; you must get into the country programme, talk to the NDA
- ICI: tendency for scaling up, necessity to form a consortium, approach focal point in the government (e.g. Ministry of Environment most likely) as well as typical implementers (e.g. GIZ)
- NAMA Facility: NDC Alignment; host government submits application; ensure both mitigation & financial ambition (co-financing & leverage)



# Develop a climate rationale for adaptation

- Check regional and downsized climate models for climate stimuli and threats
- Identify most vulnerable sectors
- Check NAP, NDC and other relevant and strategic documents for adaptation priorities
- Think about a potential funder
- Look for existing vulnerability analyses (or consider to carry out one yourself)
- Identify adaptation options
- Assess them (against criteria such as feasibility, cost effectiveness)
- Discuss idea with potential funder
- Develop funding proposal based on the results of your analysis above: select necessary activities, find partners, design financing mechanism, estimate expected impact



# Develop a climate rationale for mitigation

- Check major sources of GHG emissions and emitting sectors
- Check existing NAMAs, the NDC and other relevant and strategic documents for mitigation priorities
- Think about a potential funder
- Look for existing GHG mitigation assessments (or consider to carry out one yourself)
- Identify mitigation options
- Assess them (against criteria such as feasibility, cost effectiveness etc.) and select them
- Discuss idea with potential funder
- Develop funding proposal based on the results of your analysis above: select necessary activities, find partners, design financing mechanism, estimate expected impact (using proven methodologies such as for CDM)



## A few resources for Project Preparation

### **GCF:**

- Concept Note [User's Guide](#)

**IKI:** Updated for each call

- From the 2019 Thematic Call, see [here](#).

**NAMA Facility:** changes for every call

- 7th Call General Information Document [English](#) and [French](#)
- 7th Call Application documents ([including templates](#)) and [FAQs](#)

**NDC-Partnership** [Website](#)



## The NDC Partnership Overview

*“A global coalition of countries and institutions collaborating to drive transformational climate action while enhancing sustainable development”*

**Launched** in **2016** at COP22 in Marrakesh by the governments of Germany (BMZ & BMUB) and Morocco as well as the World Resources Institute (WRI)

**Co-chairs** (as of February 2020): Costa Rica and the Netherlands

**Members:** 106 developing and developed countries, 37 international institutions and 26 associate member (as of *February 2020*)

**Support Unit** hosted at WRI in Washington, D.C. and at UNFCCC in Bonn



# The NDC Partnership

<https://ndcpartnership.org/climate-finance-explorer>

- The Climate Finance Explorer is a searchable database of international public climate financing options to help increase transparency and access.
- It aggregates in one place information on the main international sources of public climate finance including finance from the international climate funds, Multilateral Development Banks and bilateral government donors.

<https://ndcpartnership.org/climate-finance-explorer>

HOME > CLIMATE FINANCE

## CLIMATE FINANCE EXPLORER

The Climate Finance Explorer is a searchable database of open climate funds and related support for your mitigation and adaptation activities. To learn more about climate finance and how this tool can help you, click [here](#).

EXPLORE FUNDING OPPORTUNITIES

Already know what you are looking for?

Enter a keyword



WHERE IS FUNDING NEEDED?

Who is requesting funding support?

- Any -

Regions and Countries

- Any -

WHAT IS THE PURPOSE OF SUPPORT?

WHAT FUNDING OPTIONS ARE YOU INTERESTED IN?

Enter a keyword

### Green Climate Fund (GCF)

[Compare](#)

The **Green Climate Fund (GCF)** was set up in 2010 and aims to promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change. The Green Climate Fund (GCF) is an operating entity of the Financial Mechanism of the UNFCCC and the Paris Agreement.

### Green Climate Fund (GCF) - Project Preparation Facility

[Compare](#)

The **Green Climate Fund (GCF)** was set up in 2010 and aims to promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change.



# The NDC Partnership Climate Toolbox

- The Climate Toolbox is a searchable database of tools and resources to support NDC implementation
- The Climate Toolbox draws together the most relevant resources from across its Partners and other leading institutions.

<https://ndcpartnership.org/ndc-toolbox>

## CLIMATE TOOLBOX

The Climate Toolbox draws together tools, guidance, platforms, and advisory support from leading institutions in a searchable database to help countries plan and implement their NDCs. To learn more about the toolbox and its contributors, click [here](#).

**EXPLORE TOOLS** ∨

Already know what you are looking for?

Enter a keyword



### Begin Your Search

#### 1. Filter by Activity

What are you trying to do?

- + Understand the Basics of NDCs
- + Assess Needs and Capacity
- + Establish Institutional Arrangements and Engage Stakeholders
- + Collect Data and Understand Current Context
- + Identify and Analyze Climate Actions
- + Evaluate Potential Development Impacts and Benefits
- + Develop an Implementation Plan
- + Finance NDC Implementation
- ✓ Evaluate, Monitor, and Report Impacts ⓘ

#### 2. Filter by Focus

What is the focus of your activity?

- Region ∨
- Sectors and Themes ∨
- Scale ∨

#### 3. Filter by Type

What types of resources are you looking for?

- Resource Type ∨
- Expertise Level ∨
- Languages ∨



## Further Initiatives, tools and guidance Links I

- NAMA Tool: [www.transparency-partnership.net/nama-tool-steps-moving-nama-idea-towards-implementation](http://www.transparency-partnership.net/nama-tool-steps-moving-nama-idea-towards-implementation)
- MRV Tool: [www.transparency-partnership.net/documents-tools/mrv-tool-how-set-national-mrv-systems](http://www.transparency-partnership.net/documents-tools/mrv-tool-how-set-national-mrv-systems)
- Stocktaking Tool: [www.transparency-partnership.net/documents-tools/stock-taking-tool](http://www.transparency-partnership.net/documents-tools/stock-taking-tool)
- International Partnership on Transparency in the Paris Agreement: <https://transparency-partnership.net/>
- Climate Finance Readiness Training – CliFiT: <https://clifit.org>
- Adaptation community: [www.adaptationcommunity.net](http://www.adaptationcommunity.net)



Thank you very much for your attention!



# Back Up



## Further Initiatives, tools and guidance Links II

- NDC Partnership: <https://ndcpartnership.org/>
- NDC Climate Finance Explorer: <https://ndcpartnership.org/climate-finance-explorer>
- NDC Toolbox Navigator: <https://ndcpartnership.org/ndc-toolbox>
- NDC Support Cluster: <https://www.ndc-cluster.net/>
- NDC Helpdesk: [www.ndc-cluster.net/ndc-helpdesk](http://www.ndc-cluster.net/ndc-helpdesk)
- NDC Data Explorer: <http://bit.ly/2AdT3oN>
- Climate Watch: [www.climatewatchdata.org/about](http://www.climatewatchdata.org/about)
- Tool for Assessing Adaptation in NDCs: <http://bit.ly/2hRqxiT>
- Adaptation Toolbox: [www.adaptationcommunity.net/nap-ndc/ndc-adaptation-toolbox](http://www.adaptationcommunity.net/nap-ndc/ndc-adaptation-toolbox)



## Further Initiatives, tools and guidance Links III

- Briefing series on sectoral implementation of NDCs: <http://bit.ly/2zkraLR>
- Climate Change Policy Brief: Linking NAP Processes and NDCs:  
<http://bit.ly/2A5Ud3l>
- The National Adaptation Plan Process: a brief overview:  
[http://unfccc.int/resource/docs/publications/publication\\_idc\\_napp\\_2013.pdf](http://unfccc.int/resource/docs/publications/publication_idc_napp_2013.pdf)
- The Role of the NAP Process in Translating NDC Adaptation Goals into Action  
Linking NAP processes and NDCs (2017):  
[www.adaptationcommunity.net/wp-content/uploads/2017/10/The-Role-of-the-NAP-Process-in-Translating-NDC-Adaptation-Goals-into-Action.-Linking-NAP-processes-and-NDCs.pdf](http://www.adaptationcommunity.net/wp-content/uploads/2017/10/The-Role-of-the-NAP-Process-in-Translating-NDC-Adaptation-Goals-into-Action.-Linking-NAP-processes-and-NDCs.pdf)
- CDKN Quick Start and Reference Manual for NDC implementation planning:  
[www.cdkn.org/ndc-guide/](http://www.cdkn.org/ndc-guide/)



# Direct Access

## Rationale:

- Greater country ownership, oversight, and involvement
- Stronger accountability
- Reduced transaction costs
- Faster delivery
- Better targeting
- Harmonization with national systems and strategies

## Success factors:

- Experience in accessing and channeling development funding
- Established and documented procedures
- Reputation as accountable, transparent & trusted organization
- Stakeholder engagement
- Established relationships with organizations
- institutional capacity, including compliance with fiduciary standards



# National Climate Funds

## Rationale:

- Attracting international funds
- Leveraging private sector investment
- promoting low carbon and resilient development
- Implementation of national strategies; strong alliance with national development priorities
- improved governance and ownership of development finance and climate finance in particular

# National Climate Funds

## Issues to consider

<b>Strategic role</b>	National Climate Fund(s) should achieve climate and development objectives in a more effective way than through other modalities
<b>Political feasibility</b>	Strong legal basis is required for establishment and operationalisation of the National Climate Fund(s)
<b>Institutional and human capacity</b>	Sufficient capacity to manage National Climate Fund(s) effectively and transparently is required
<b>Timing</b>	Establishment + operationalisation of the fund(s) must be achieved in a timely in order to meet national objectives (normally it takes a minimum of several years)
<b>Financial sustainability</b>	Ensuring cost-effectiveness of the fund(s) and the long-term strategy on resource mobilisation



# Transformational change

- means a change that is profound enough to shift us on a different, greener, climate compatible and sustainable development pathway.
- describes the level of ambition and depth of national efforts to address climate change.
- In this function it has also become a prerequisite for international funding from a series of sources such as the NAMA Facility (which explicitly requests proof in the form of indicators of how its funding leads to transformational change).
- Transformational change and paradigm shift towards low-emissions and climate resilient development pathways are often used interchangeably.
- is also one of the core objectives of the initiators of the Green Climate Fund (GCF Transitional Committee) while meanwhile the terminology has shifted more towards paradigm shift (e.g. concept note users guide which uses both synonymously).



# Transformational change

## Towards a working definition

- Transformational change is 'permanent'
- Transformational change is 'radical'.
- Transformational change is 'abrupt'.

(NAMA Facility Webinar 2016)

"a structural change that alters the interplay of institutional, cultural, technological, economic and ecological dimensions of a given system. It will unlock new development paths, including social practices and worldviews".

(Mersmann et al 2014)

"goes beyond incremental change – fundamental shift from one state to another

transforming production processes and consumption patterns, enhancing institutional capabilities and adopting planning processes to enable low-emission (mitigation) and climate resilient development (adaptation) pathways"

(GCF Transitional Committee 2011)



# Transformational change

## The link to paradigm shift

“The Green Climate Fund targets its investment to achieve a paradigm shift towards low-emission, climate-resilient development. To achieve maximum impact, GCF seeks to catalyze funds, multiplying effects of its initial financing by opening markets to a new investment.”

(GCF Insights – an introduction to the GCF 2016)

- “A radical paradigm shift in beliefs and behaviour:
- Policy frameworks
    - Foster low emissions and climate resilience development
    - Local, regional, national, global policy shifts
    - Paradigm shifts in national planning
  - Economic, technological and Infrastructure shifts
    - New economic (business and production) development models
    - Technology development and transfer at large scale
    - Shift to sustainable infrastructure
  - Behavioural change
    - Institutional and societal change at scale
    - Innovative public-private partnerships
    - Transparency and accountability”

(GCF Transitional Committee 2011)



# GEF Trust Fund

## **Mission:**

*“...is a partnership for international cooperation where 183 countries work together with international institutions, civil society organizations and the private sector, to address global environmental issues.”*

**Countries eligible:** a) countries that ratified the conventions the GEF serves and conform with the eligibility criteria of COP- conventions or b) countries eligible to borrow from the World Bank or eligible recipients of UNDP technical assistance

**Actions supported:** mitigation (as part of the area of work climate change)

## **Project size:**

- Full-sized Projects (> \$2m)
- Medium-sized Projects (< \$2m)
- Enabling Activities (< \$1m)
- Programmatic Approaches (\$5 - \$150m)
- Small Grants Programs (UNDP) (up to \$50,000)

## **Support provided:**

- Mostly grant-based: GEF can only offer finance in a form other than grants in accordance with criteria decided by COP



# GEF Trust Fund

## Access modalities:

- Direct access (through accredited GEF Project Agency)
- Multilateral access (through the GEF Agencies)

## Project application process:

- Throughout the year on a rolling basis
- National institutions required:

Role	Direct Access	Multilateral Access
Country coordination:	GEF Operational focal point	GEF Operational focal point
Implementation:	GEF Project Agencies	GEF Agencies
Execution:	End project promoters / recipients	End project promoters / recipients

Source: <http://www.thegef.org/>



# Least Developed Countries Fund (LDCF)

**Countries eligible:** least developed countries (LDCs)

**Actions supported:**

Preparation of the National Adaptation Plan (NAP) process

**Project size:**

- Full-sized Projects (> \$2m)
- Medium-sized Projects (< \$2m)

**Support provided:**

- Grants

**Institutions involved:**

- GEF Operational focal point – endorses project proposals to affirm that they are consistent with national plans and priorities and facilitates GEF coordination
- GEF Agencies – endorse project proposal and support project proponent in its development and implementation



# Special Climate Change Fund (SCCF)

**Countries eligible:** all non-Annex 1 countries, with priority to the most vulnerable countries in Africa, Asia, and the Small Island Developing States (SIDS)

**Actions supported:** Adaptation (SCCF-A) and transfer of technologies (SCCF-B)

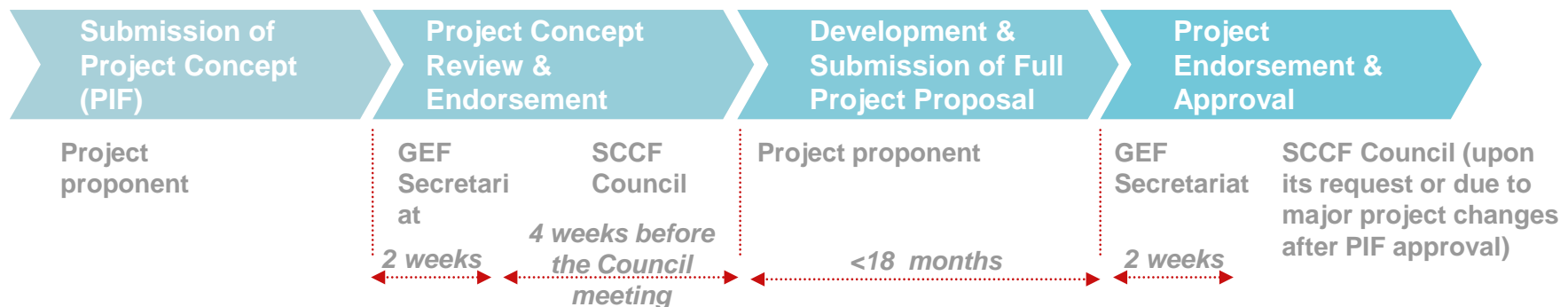
**Project size:**

Full-sized Projects (> \$1m); Medium-sized Projects (< \$1m)

**Support provided:** Grants

**Institutions involved:** Same as for the LDCF

**Project approval process:** Different approaches for full-sized projects and medium-sized projects. For full-sized projects:



Source: SCCF / GEF (<http://www.thegef.org/gef/SCCF>)

# Clean Technology Fund (CTF)



**Context:** CTF is one of the WB Climate Investment Funds (CIF)<sup>1</sup>

**Total funding available:** \$5.4 billion

**Eligible countries:** Middle income countries where an MDB has a lending program and/or an on-going policy dialogue with the country.

**Actions supported:** large-scale, country-led projects in renewable energy, energy efficiency, and transport by public and private sector

**Access through:** 5 Multilateral Development Bank (MDB) focal points: AFDB, ADB, EBRD, IDB, WB

**Instruments:** concessional loans, credit lines, guarantees, technical assistance grants, equity

**Portfolio:** 85 CTF projects (\$4.7 billion in CTF funding)

CTF Business model is based on market demands with a focus on breaking down investment barriers and raising funds in the capital markets

<sup>1</sup> The CIF second fund is the Strategic Climate Fund, the latter has three programmes PPCR, Forest Investment Program (FIP) and Scaling up Renewable Energy Program (SREP)

# Clean Technology Fund (CTF)



## Funding process:

1. A country **expresses interest** in accessing CTF financing
2. The MDBs concerned together with the national stakeholders conduct a joint mission to prepare the **Investment Plan** which is approved by the government.
3. CTF Trust Fund **Committee endorses** the Investment Plan and agrees on designated MDB
4. Designated MDB supports **preparation of individual projects** and submits for CTF approval
5. Approval and funds commitment by CTF
6. Implementation and M&E of projects



# Pilot Program for Climate Resilience (PPCR)



**Context:** PPCR is funded by Strategic Climate Fund, one of the two World Bank's Climate Investment Fund (CIF)

**Total funding available:** \$1.2 billion, 58 projects

**Eligible countries:** priority to highly vulnerable least developed countries

**Actions supported:** countries' efforts to integrate climate risk and resilience into core development planning and implementation, e.g.:

- Improving agricultural practices and food security
- Building climate-resilient water supply and sanitation infrastructure
- Monitoring and analyzing weather data
- Conducting feasibility studies for climate-resilient housing in coastal areas

**Instruments:** Grants and concessional finance (near-zero interest credits with a grant element of 75%)

**Access through:** Multilateral Development Bank (MDB) focal points: AfDB, ADB, EBRD, IDB, IFC, WB



# Pilot Program for Climate Resilience (PPCR)



## Accessing PPCR:

- Priority for highly vulnerable LDCs eligible for ODA and MDB concessional funds, including the Small Island Developing States.
- Pilot programmes have been selected based on expert reviews of expressions of interest and proposed criteria for prioritization.
- Currently 58 projects in 30 countries

## Examples:

- **Niger** – sustainable land management, social protection, and pilot initiatives aimed at insuring crops against risks from climate variability and change (US\$110 million )
- **Caribbean region** – enhancing hydromet and climate information services, implementing adaptation measures in key sectors, and synchronizing strategic programs for climate resilience of Dominica, Grenada, Haiti, Jamaica, St. Lucia, and St. Vincent, and the Grenadines (US\$100 million).
- **Pacific region** – integration and implementation of climate change adaptation and disaster risk reduction measures in 14 Pacific island countries (US\$75 million).