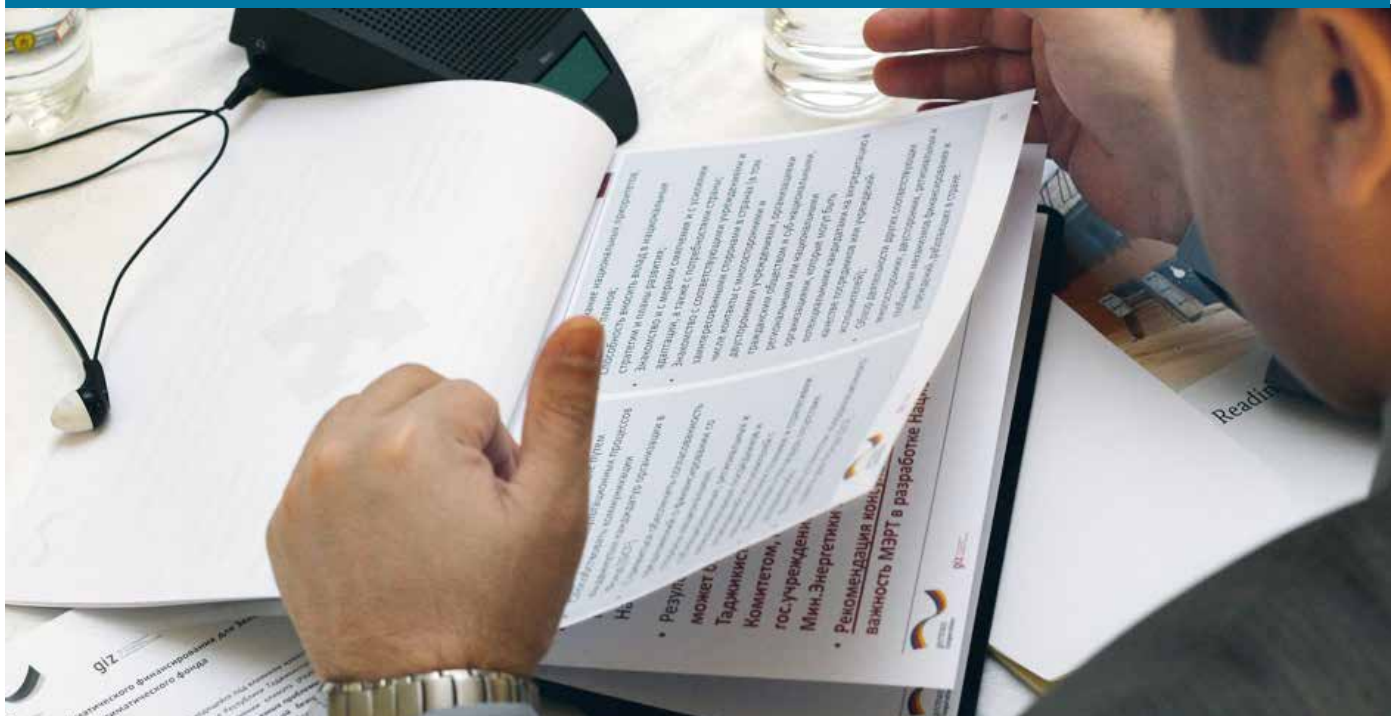


CF READY TOOLBOX



Participant reading his material during the Climate Finance Readiness Training in Tajikistan



Climate Finance Readiness in Action

Approach and Tools

Climate Finance Readiness – Objective and Needs

Increasing frequency of storms in Bangladesh, droughts in Zambia, and stress on water availability in Lima, the capital of Peru, are only a few examples of the noticeable impacts of climate change. At the same time, there are huge potentials for greenhouse gas emission reductions in developed countries and developing countries alike. In order to minimise vulnerabilities to the effects of climate change and reduce emissions, developed and developing countries are taking action. However, making the big leap to make the transformation to a low-carbon and climate-resilient society requires huge investments from both public and private sources. Yet, it is not always easy for countries to access the internationally available funding and to direct the funds to where they can be most effectively used for climate change adaptation or mitigation. Against this background, Climate Finance Readiness can be understood as the capacity of developing countries to effectively plan for, access and monitor climate finance, and to implement effective activities. It leads to clear adaptation and mitigation results.



THE CLIMATE FINANCE READINESS PROGRAMME – CF READY

On behalf of the German Ministry for Economic Cooperation and Development (BMZ), Kreditanstalt für Wiederaufbau (KfW) and the Gesellschaft für Internationale Zusammenarbeit (GIZ) implement complementary elements of the Climate Finance Readiness Programme – **CF Ready**. Since 2014, GIZ has also been receiving funding for the programme from the US Agency for International Development (USAID) and the Ministry of Environment of the Czech Republic. The programme is meant to improve the conditions needed to achieve **results-oriented, transformational** and **efficient use of funds** from international climate finance, especially the Green Climate Fund.

The programme currently has activities in ten countries, including Bangladesh, Morocco, Namibia, Peru, South Africa, Tajikistan, Tanzania, Uganda, Viet Nam and Zambia, as well as a regional programme in the Caribbean.

Work Methods

CF Ready provides long-term customised support for countries to manage climate finance activities. This support is provided upon request by the country and is **country-driven**. At the start of the support to a specific country, counterparts from relevant national ministries, GIZ and important stakeholders collectively analyse their strengths and weaknesses. Based on this, they jointly craft a **comprehensive tailor-made support package** for the country to meet its specific needs. These individual support packages often utilise some of the tools presented below and focus on one or two key areas of climate finance in the country. As a result, CF Ready ensures a high level of **country ownership**.

As part of these comprehensive support packages, the project provides technical assistance and management consulting, for instance through long-term and short-term experts. Usually permanent GIZ staff works for CF Ready locally. The project also provides training courses and in some cases financial support, depending on the country's individual needs. Whenever possible the work in each country **builds on existing climate finance work, for example planning and analysis**.

Activities are also carried out in close collaboration with GIZ partner programmes in the country if possible. These programmes have already established strong relationships with the partner institutions, which is a great benefit for CF Ready's work. The programme follows a very flexible approach: CF Ready and the country counterparts regularly review results, taking into account the latest developments in climate finance, and adapt joint activities accordingly.

Apart from close cooperation between GIZ and KfW, the programme also partners with other institutions offering readiness support such as UNDP and UNEP, the GCF Secretariat, MDB's, think tanks, and a network of national and international experts for better adapting climate finance activities to country's needs. It leverages other technical and financial support for the countries.

Scope of Support

The mandate of the programme comprises work in three main fields:

- Support to national and regional climate finance organisations, e.g. for coordination or gaining direct access to the GCF. These can be institutions administering or coordinating climate finance or directly receiving support from international funds;
- Strategic and conceptual advice on developing and advancing national climate strategies and on policy reform packages, so that these could serve as a basis for funding decisions;
- Support for the exchange of experience in climate finance between stakeholders from developing countries and emerging economies.

In the context of the CF Ready Programme, KfW provides support to development banks and for the development investment plans and project.



CF READY TOOLBOX – METHODS USED

CF Ready employs a mix of tools to apply climate finance readiness in a country-specific manner. These tools have been developed in cooperation with national and international experts and think tanks and tested on the ground. They are not meant to be exclusively used by CF Ready and other GIZ programmes, but other institutions are encouraged to apply these as well upon prior mutual agreement.

Climate Finance Reflection Tool – CliF Reflect

To support its climate finance readiness work and to help countries navigate the various aspects of climate finance readiness, CF Ready developed the Climate Finance Reflection Tool – **CliF Reflect**. This easy-to-use tool enables national stakeholders and experts to **assess their current level of readiness** and use of climate finance and clarify their strategy for employing climate finance. It can also be used to regularly monitor progress in dealing with climate finance.

Background: The Green Climate Fund (GCF)

The GCF was established at the Cancun Climate Conference in 2010, and is developing into a key global mechanism for climate financing. The structure and operation of the fund are currently being elaborated by its board. Resource mobilisation has commenced in 2014 and allocation of funds will begin most likely in 2015. The Fund is meant to promote the paradigm shift towards low-emission and climate-resilient development pathways, there-

by contributing to the achievement of the UNFCCC targets. To access the funds countries need to take preparations. In addition to developing initial project pipelines, countries have to select national institutions dedicated to serve as the national interface to the GCF (national designated authorities (NDA), or focal points) and can also seek accreditation of national implementing entities (NIEs) to directly receive funding.

GIZ's Ready for Climate Finance Approach

The 'Ready for Climate Finance' approach is the conceptual base of GIZ's support in the field of climate finance and forms the basis of CF Ready activities. It consists of the following five modules which address key areas of climate finance readiness. Depending on the context and the needs of the partner country, GIZ's support may focus on individual modules or provide specific support in all areas.

GIZ's Ready for Climate Finance approach



For further information: [Ready for Climate Finance: GIZ's Approach to Making Climate Finance Work](#) or please go to CF Ready's Programme website.

The Ready for Climate Finance approach serves as the base for the Climate Finance Reflection Tool and the Climate Finance Readiness Training course. Further support highlighted in this paper focus on one specific module of the approach.

The tool builds on GIZ's Ready for Climate Finance approach and GIZ's experience with needs assessments in many different fields. CliF Reflect is deployed in CF Ready planning workshops and has often supported the development of a climate finance roadmap. It can also be used as a self-assessment tool.

For further information: [Assessing needs for climate finance readiness – The Climate Finance Reflection Tool](#) or go to CF Ready's Programme website.

Climate Finance Readiness Training – CliFiT

Practitioners in developing countries often find it difficult to find reliable and easily usable information on climate finance and the newest developments. CF Ready funded Adelphi to develop a Climate Finance Readiness Training (CliFiT) course. The training material consists of presentations, exercises and background readings. GIZ also trained a number of trainers to conduct the course. It is now used as a component for the programme's support in many countries.

The training increases knowledge in various fields, e.g. on international funding structures, coordination between stakeholders or engagement with the private sector. It is targeted in particular at professional staff in ministries for the environment, finance and planning, and line ministries. The

training builds on GIZ's 'Ready for Climate Finance' Approach and covers all its modules. Thanks to its modular design, the CliFiT training can be structured according to requirements – depending on the group and the desired intensity of training. For further information: www.clifit.org

Institutional Support for Accessing Climate Finance

Identifying the most suitable institutions to be nominated as the national designated authority (NDA, or Focal Points respectively) for the GCF is one of the immediate tasks for countries preparing for the GCF.

CF Ready supports the nomination process of an NDA by offering multi-criteria analyses that give an overview over potential institutions, reveal strengths and weaknesses, and provide recommendations for further steps. In the process, input and participation of all relevant ministries and stakeholders is sought. The results are meant to support the partner ministry in making an informed decision about the NDA.

Once an NDA has been nominated, the programme provides support for example by preparing **the institution for new GCF-related tasks**. This includes the implementation of a **no-objection procedure**, whereby the NDA gives approval for programme and project proposals, before they are submitted to the GCF for further assessment. Support will be further given for the facilitation of **stakeholder dialogues, consultation processes and institutional assistance**.

Effective National Coordination on Climate Finance

Effective coordination among different ministries and institutions – public and private – is key for acting on climate change. CF Ready financed a study by the Overseas Development Institute (ODI) on *Institutional arrangements for coordination and stakeholder engagement in climate finance*. The analysis provides an overview on how coordination has emerged and is managed in five countries (Colombia, India, Indonesia, the United Kingdom and Zambia).

The study highlights the importance of political commitment to action, either through legislatures or through championship by senior government institutions in enabling coordination. It notes the important roles that Ministries of Finance, Planning, and Environment each have to play in ensuring the effective use of climate finance. It also underlines that coordinated responses benefit from the application of their differing but relevant areas of expertise. Incentives and systems of accountability for working together are crucial for the realisation of this goal.

For further information: [Getting it together: institutional arrangements for coordination and stakeholder engagement in climate finance](#) or go to CF Ready's Programme website.

Obtaining Green Climate Fund resources through national institutions is regarded as a very attractive option by developing countries and can increase their ownership. However, the accreditation process of a **National Implementing Entity (NIE)** is challenging to countries. The institutions have to prove that social, environmental, and fiduciary risk management systems are in place. For many institutions it is not easy to fulfil these criteria and manage the entire accreditation process. In this regard, CF Ready conducts comparative analyses of institutions potentially suitable as an NIE and, based on this, provides tailor-made support to (future) NIEs in the application and implementation process.

For further information on GIZ's support please see:

- [GIZ's experience in supporting institutions for direct access](#);
- [GIZ's experience in supporting national climate funds](#);
- or CF Ready's Programme website (see link below)

Ambitious Climate Change Strategies and Action

In recent years many countries have developed strategies for both mitigation and adaptation activities. CF Ready supports the development and implementation of these strategies as a basis for sound funding decisions.

To accomplish this, CF Ready uses the broad range of GIZ's tools in this field. For instance, in its practical work on **National Adaptation Planning (NAP)**, GIZ has developed the **Stocktaking for National Adaptation Planning (SNAP) Tool**. In terms of mitigation, GIZ supports the development and implementation of Low Emission Development Strategies (LEDS) and National Appropriate Mitigation Actions (NAMAs), for example through a dedicated **NAMA-Tool** with specific components on key sectors and financing. CF Ready also helps integrate climate aspects into national or sectoral development planning and budgeting using **GIZ's Climate-Proofing for Development Tool**.

For further information on GIZ's support please go to CF Ready's Programme website (see link below) or the following links:

- [for NAP development](#);
- [for mitigation actions and strategies](#);
- [for climate proofing](#)

Unpacking 'Transformational Change' for Climate Action

International climate finance should not be used to solely finance single climate projects. In fact climate financing should help initiate a fundamental transformation towards low carbon, climate-resilient societies. However, the exact nature of this transformation process and options for support often remains vague, even amongst experts and practitioners. The Wuppertal Institute studies that were financed by CF Ready reflect the applicability of this concept and propose tools and methods that can support transformation processes in the context of climate finance readiness.

For further information please refer to: [Shifting Paradigms – Unpacking Transformational Change for Climate Action](#) or CF Ready's Programme website.

South-South Exchange and Events

Countries can learn a great deal from each other's activities and experience in climate finance. **South-South exchanges** are an opportunity for national stakeholders to regularly **learn from each other and plan joint activities**.

Regional Exchange of African Countries Supported by CF Ready

Namibia, Tanzania, Uganda and Zambia all receive support from the CF Ready programme and each have different strengths and experience regarding climate finance. In collaboration with GIZ, ODI and the Africa Climate Finance Hub representatives of ministries of finance, environment, and planning came together for two days in August 2014 to discuss and share their activities and initiatives associated with climate finance readiness. The workshop took place in Lusaka, Zambia, upon invitation of GCF Board Member David Kaluba. In addition to prior experiences with climate finance, participants discussed the private sector's role given its potential to increase the support for mitigation and adaptation activities.

CF Ready also hosts or supports dialogue events on climate finance readiness. For instance, the programme supported events during the COPs and a day on Enabling Environments and Readiness for Country Led Climate Finance during the Lima Climate Finance Week in August 2014.

For further Information on our work on climate finance and all the tools presented in this factsheet:

<http://www.giz.de/climate-finance>

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