

Climate Finance

The Cambodia Experience

MR MA CHAN SETHEA

MINISTRY OF ENVIRONMENT, CLIMATE CHANGE DEPARTMENT

Sources of Climate Finance in Cambodia

- Over USD 200 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 is externally funded
- Main multilateral donors: CIF (PPCR/SPCR), GEF, Adaptation Fund, UNDP
- Main bilateral donors: USAID, Sida, Japan, EU

Climate Finance modalities 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 outside Government – USAID, Sida/UNDP Community Based Adaptation Programme, NGO funds

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. CCCA and sub-national funding channels).

The CCCA experience

- Multi-donor Trust Fund (USD 11 million), interim management by UNDP, anchored under the National Climate Change Committee (proper institutional alignment);
- Funds a policy / knowledge management project, as well as 20 pilots in all areas of the Climate Change response (14 Government, 6 NGO-led)
- 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
- Funding fully aligned with national priorities

Selected examples of CCCA grants

Sub-sector / issue	Implementing partners
Livestock / Disaster management	Ministry of Agriculture, Animal Health Department
Vector-borne diseases	Ministry of Health, WHO
Rice / Rice-fish (3 examples)	<ul style="list-style-type: none"> • Royal University of Agriculture • Prek Leap National College of Agriculture • Coastal Zone project
Ecosystem-based adaptation approaches (3 examples)	<ul style="list-style-type: none"> • WWF, Forestry Administration • Conservation International, Fisheries Administration • Community Forestry Office
Gender and CC	Ministry of Women's Affairs, local NGOs
Water and sanitation (2)	<ul style="list-style-type: none"> • Provincial Department of Environment (in coastal area) and local NGO • Royal University of Phnom Penh and Ministry of Rural Development
CC response at sub-national level	National Committee on Decentralization, UNCDF, pilot communes and districts (being scaled-up in 2013)

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 experience
- Technical capacity challenges remain: need to define appropriate levels for various types of intervention (province, district, commune), and cooperation between these various levels

Moving forward (1)

- Promotion of a programmatic approach: development of national Climate Change Strategic Plan, ministerial action plans, and Climate Change Financing Framework
- 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
 - Key role for the National Climate Change Committee and its Secretariat: advise and support alignment of climate finance with the strategy, act as National Implementing Entity (seek accreditation for direct access to Adaptation Fund), monitor progress and provide capacity development services to ministries

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 is not sustainable given the volume of expected climate finance (would require a huge bureaucracy). Climate Finance has more leverage if integrated with other sources of funding.
- Currently only a few donors (EU, Sida, UNDP, Danida) have offered this flexibility, and maybe the Green Climate Fund if the proposed model of “national funding entities” (programme approach) rather than “national implementing entities” (project approach) is adopted. Need for other donors to join, including development banks.

THANK YOU