Lessons Learned from Fast Start Finance: A U.S. Perspective
Overview

- Highlights of U.S. Fast Start Finance
- Six Lessons Learned:
  1. Diversity
  2. Mobilization
  3. Partnership
  4. Communication
  5. Coordination
  6. Continuity
Highlights of U.S. Fast Start Finance

• The United States provided $7.4 billion of fast start finance over Fiscal Years 2010-12.

• This included $4.7 billion of Congressionally appropriated assistance (all grant-based), $1.9 billion of development finance, and $750 million of export credit.

• A 4x increase in annual appropriated climate assistance since 2009, and a 9x increase in adaptation assistance.
Lessons learned: Diversity

• A range of channels and tools are required to deal with the complex set of needs across sectors and countries.
  – Multilateral funds and bilateral programs each have a role
  – Mitigation and adaptation require different approaches
  – Countries at different levels of development require different kinds of assistance
  – Some activities directly benefit recipient governments, others administered via international implementing entities or local NGOs
• U.S. provided climate finance to over 120 countries during FSF:

![Map showing countries in blue received U.S. FSF in FY 2012](image)

80% of country-specific adaptation assistance went to LDCs, SIDS, and Africa
Lessons learned: Mobilization

• To maximize impact, public finance must leverage private investment where possible.
• During FSF, we tested new ways to use various public finance tools to mobilize private flows, even in challenging markets.

Example: U.S.-Africa Clean Energy Finance Initiative

<table>
<thead>
<tr>
<th>The challenge</th>
<th>Promising clean energy projects in Africa stumble due to lack of project preparation funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combination of tools needed</td>
<td>Project preparation grants + low-cost project loans + political risk insurance</td>
</tr>
<tr>
<td>Goal</td>
<td>Catalyze $1 billion in clean energy projects in Africa, with a focus on low-income countries</td>
</tr>
<tr>
<td>Components</td>
<td>$20 million in grants for project preparation (State Department) + up to $500 million in low-cost loans and insurance from OPIC leveraging $500 million in private investment = $1 billion impact</td>
</tr>
<tr>
<td>Progress</td>
<td>Launched in June 2012; 150 expressions of interest; 6 projects approved in Tanzania, Rwanda, Ethiopia, Morocco</td>
</tr>
</tbody>
</table>
Lessons learned: Partnership

• Scaling up finance requires a partnership between developing and developed countries to deliver both the “push” and “pull” factors.
• Finance will flow to countries with ambitious mitigation and adaptation plans that are converted into robust enabling policies.
• During FSF, the U.S. launched partnerships with over 20 countries to help them create Low-Emission Development Strategies (LEDS) and is now working with more than 100 governments, international institutions and NGOs from around the world through the LEDS Global Partnership.

• These resources – including access to over 1,500 tools and programs – are now available publicly via a LEDS Gateway: OpenEI.org/LEDS
Lessons learned: Partnership

<table>
<thead>
<tr>
<th><strong>Example: U.S.-India Partnership to Advance Clean Energy (PACE)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The challenge</strong></td>
</tr>
<tr>
<td><strong>Combination of tools needed</strong></td>
</tr>
<tr>
<td><strong>Goal</strong></td>
</tr>
<tr>
<td><strong>Components</strong></td>
</tr>
<tr>
<td><strong>Progress</strong></td>
</tr>
</tbody>
</table>
Lessons learned: Communication

• We published 600+ pages of information on our FSF programs, including individual fact sheets for each recipient country in each year.

• Some FSF programs are administered by NGOs, international entities, or by government agencies other than the UNFCCC focal point.

• Also, there is a natural time lag between decisions to commit finance and disbursement – especially where programs are planned out in partnership between donor and recipient.

➤ This led to healthy debates about whether FSF “delivered” was “received” and highlighted opportunities to improve communication between donors and recipients.
Lessons learned: Coordination

• FSF saw a large increase in the number and variety of climate finance programs. It was a period of “a thousand flowers blooming.”

• As we transition from FSF to the long-term finance perspective, more coordination is needed to ensure we are covering all the geographic and thematic areas needed, and delivering the right set of financial tools in a coherent manner.

• Donor coordination on long-term finance was significantly enhanced in 2013 via two ministerial meetings and the launch of new work to mobilize climate finance through a variety of public finance institutions.

• For more information, see m.state.gov/md215831.htm
Lessons learned: Continuity

• There were concerns that climate finance would “fall off a cliff” in 2013. This did not occur.
• For the U.S., provisional data indicates that U.S. public climate finance in Fiscal Year 2013 totaled $2.7 billion.
• Despite significant cuts to the overall federal budget, U.S. climate finance increased compared to FY 2012 and exceeded the average level of the fast start finance period.

<table>
<thead>
<tr>
<th>FY 2010</th>
<th>FY 2011</th>
<th>FY 2012</th>
<th>FY 2013 (provisional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.0 billion</td>
<td>$3.1 billion</td>
<td>$2.3 billion</td>
<td>$2.7 billion</td>
</tr>
</tbody>
</table>
THANK YOU