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
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Highlights of U.S. Fast Start Finance

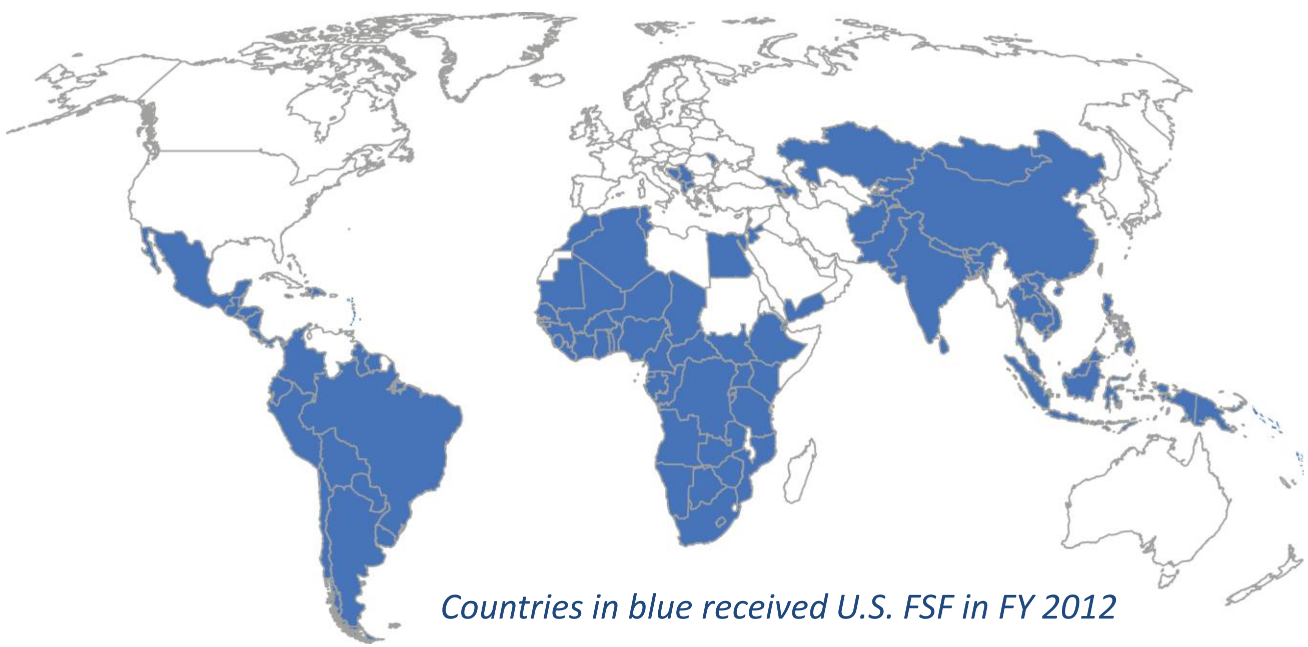
- The United States provided **$7.4 billion** of fast start finance over Fiscal Years 2010-12.

- 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:



Countries in blue received U.S. FSF in FY 2012

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.

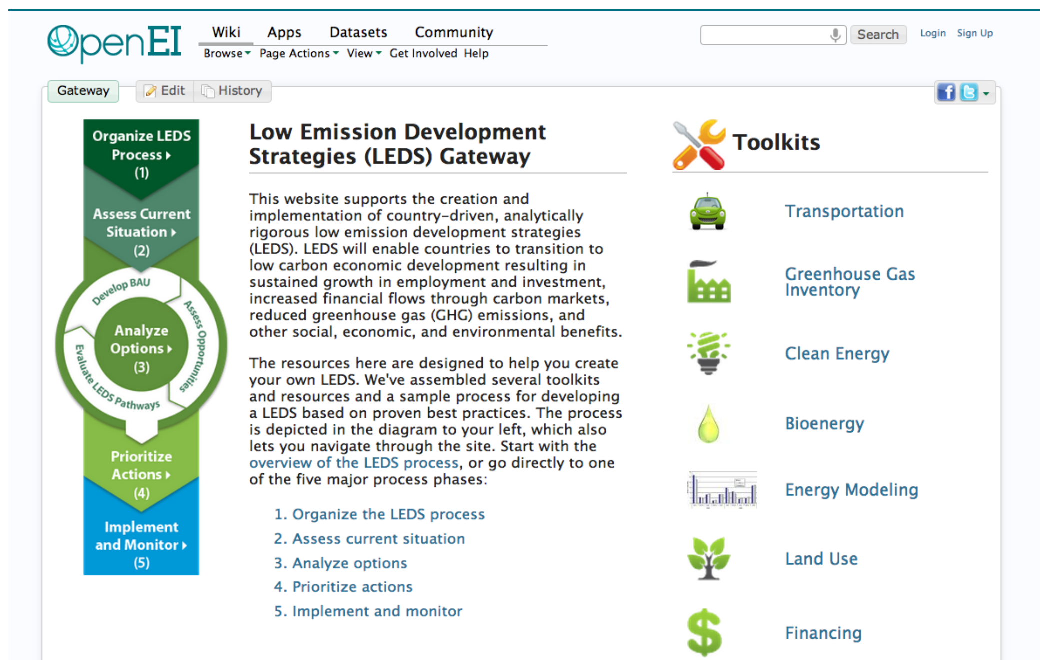
Example: U.S.-Africa Clean Energy Finance Initiative	
The challenge	Promising clean energy projects in Africa stumble due to lack of project preparation funds
Combination of tools needed	Project preparation grants + low-cost project loans + political risk insurance
Goal	Catalyze $1 billion in clean energy projects in Africa, with a focus on low-income countries
Components	$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**
Progress	Launched in June 2012; 150 expressions of interest; 6 projects approved in Tanzania, Rwanda, Ethiopia, Morocco

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

Example: U.S.-India Partnership to Advance Clean Energy (PACE)	
The challenge	Unlock India's abundant renewable energy resources by addressing key barriers (high cost of domestic financing; financial instability of state-owned power distribution companies; exchange rate fluctuations)
Combination of tools needed	Technical assistance to strengthen India's enabling environments + concessional finance to help address the cost gap between green and conventional technologies + low-cost project loans + loan guarantees
Goal	Help India achieve its *National Solar Mission* goal to install 20,000 MW of solar capacity by 2022
Components	Clean Energy Finance Center + the U.S.-India Energy Cooperation Program (ECP) + 5-year $20 million USAID project with Indian states + $1 billion in OPIC and Ex-Im financing
Progress	Launched in November 2009; U.S. capital sources have financed around 20 percent of India's first 1,000 MW of installed solar energy capacity, **mobilizing roughly $2 billion from public and private resources**

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**.

FY 2010	FY 2011	FY 2012	FY 2013 (provisional)
$2.0 billion	$3.1 billion	$2.3 billion	**$2.7 billion**

THANK YOU