



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

Overview

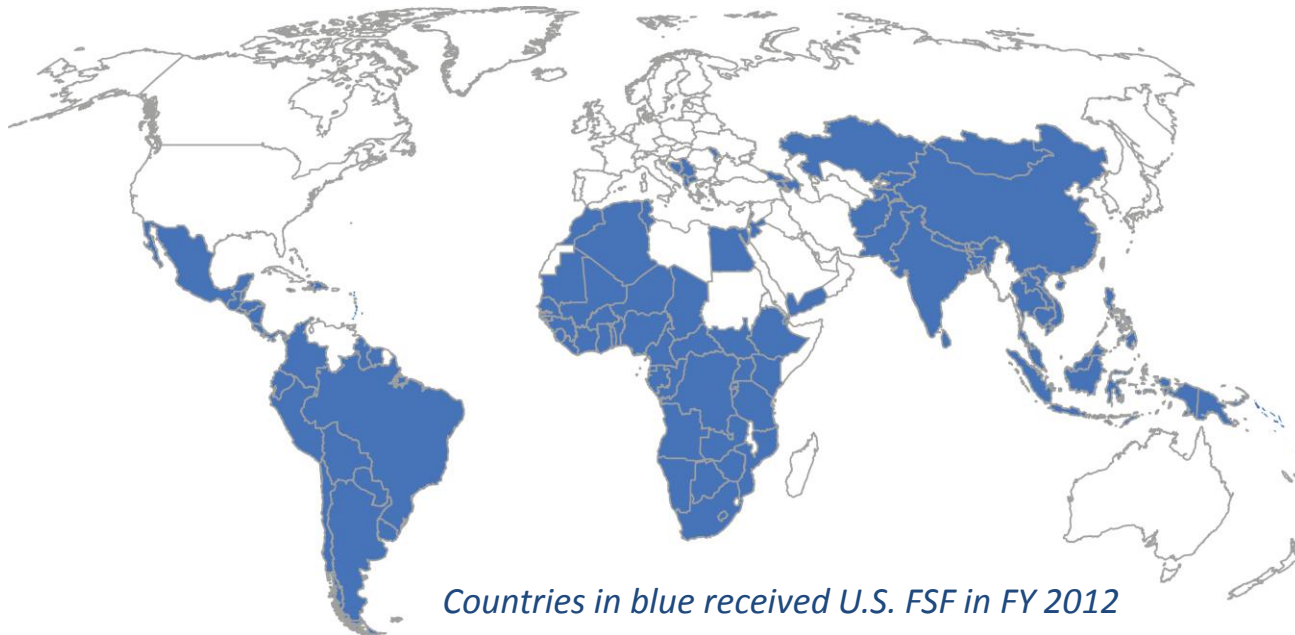
- Highlights of U.S. Fast Start Finance
- Six Lessons Learned:
 1. Diversity
 2. Mobilization
 3. Partnership
 4. Communication
 5. Coordination
 6. Continuity

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:



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

<i>The challenge</i>	Promising clean energy projects in Africa stumble due to lack of project preparation funds
<i>Combination of tools needed</i>	Project preparation grants + low-cost project loans + political risk insurance
<i>Goal</i>	Catalyze \$1 billion in clean energy projects in Africa, with a focus on low-income countries
<i>Components</i>	\$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
<i>Progress</i>	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

The screenshot shows the OpenEI website's 'Low Emission Development Strategies (LEDS) Gateway'. The page is structured as follows:

- Navigation:** Top bar includes 'Wiki', 'Apps', 'Datasets', 'Community', 'Search', 'Login', and 'Sign Up'. A secondary bar has 'Browse', 'Page Actions', 'View', and 'Get Involved Help'.
- Left Sidebar:** A vertical flowchart titled 'Organize LEDS Process' with five steps: (1) Organize LEDS Process, (2) Assess Current Situation, (3) Analyze Options, (4) Prioritize Actions, and (5) Implement and Monitor. A circular diagram in the center of steps 2 and 3 shows 'Develop BAU' and 'Assess Options' leading to 'Analyze Options', which then leads to 'Evaluate LEDS Pathways'.
- Main Content:**
 - Low Emission Development Strategies (LEDS) Gateway:** A heading followed by a paragraph explaining the site's purpose: 'This website supports the creation and implementation of country-driven, analytically rigorous low emission development strategies (LEDS). LEDS will enable countries to transition to low carbon economic development resulting in sustained growth in employment and investment, increased financial flows through carbon markets, reduced greenhouse gas (GHG) emissions, and other social, economic, and environmental benefits.'
 - Resources:** A paragraph stating: 'The resources here are designed to help you create your own LEDS. We've assembled several toolkits and resources and a sample process for developing a LEDS based on proven best practices. The process is depicted in the diagram to your left, which also lets you navigate through the site. Start with the overview of the LEDS process, or go directly to one of the five major process phases:'
 - Numbered List:**
 1. Organize the LEDS process
 2. Assess current situation
 3. Analyze options
 4. Prioritize actions
 5. Implement and monitor
- Right Sidebar:** A section titled 'Toolkits' with a list of categories, each with an icon:
 - Transportation (car icon)
 - Greenhouse Gas Inventory (factory icon)
 - Clean Energy (lightbulb icon)
 - Bioenergy (leaf icon)
 - Energy Modeling (bar chart icon)
 - Land Use (tree icon)
 - Financing (dollar sign icon)

Lessons learned: Partnership

Example: U.S.-India Partnership to Advance Clean Energy (PACE)

<i>The challenge</i>	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)
<i>Combination of tools needed</i>	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
<i>Goal</i>	Help India achieve its <i>National Solar Mission</i> goal to install 20,000 MW of solar capacity by 2022
<i>Components</i>	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
<i>Progress</i>	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
