

# Enabling Policy Environments for Climate Finance

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# Overview

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*Empowered lives.  
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- Climate Public Expenditure & Institutional Review (CPEIR)
  - Introduction
  - Linking CPEIRs to NAMAs and LEDS
- National Climate Funds
  - Introduction
  - Lessons learned
- Key Takeaways

## CPEIR: Introduction

- **Objective:** Review of allocation, management and results of public expenditures related to climate change.
- Methodology based on WB Public Expenditure Review
- Completed: Bangladesh, Cambodia, Indonesia, Nepal, Samoa, Thailand, Indonesia (UNDP); Morocco, Philippines (WB)
- Ongoing: Vietnam (UNDP/WB); Ethiopia, Tanzania, Uganda (ODI)
- More are expected in Africa , Asia, Latin America and Pacific

# Towards a climate fiscal framework

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- Assess how climate change is reflected in national policies, institutions & public expenditures
- Link CC policy priorities with core national fiscal framework and national development planning
- Promote an inclusive multi-stakeholder approach
- Coordination by finance & planning ministries critical with technical input from environment and line ministries
- Help to quantify and track CC related expenditure in the national budget
- The budget is key since much climate expenditure is already in the budget

## Linking CPEIRs to NAMAs & LEDS

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- CPEIRs help to set a baseline against which future expenditures can be measured and monitored
- Provided that there is alignment of:
  - boundaries
  - Disbursement period
  - GHG inventory period

A CPEIR can become THE instrument to measure country effectiveness to implement a specific mitigation action

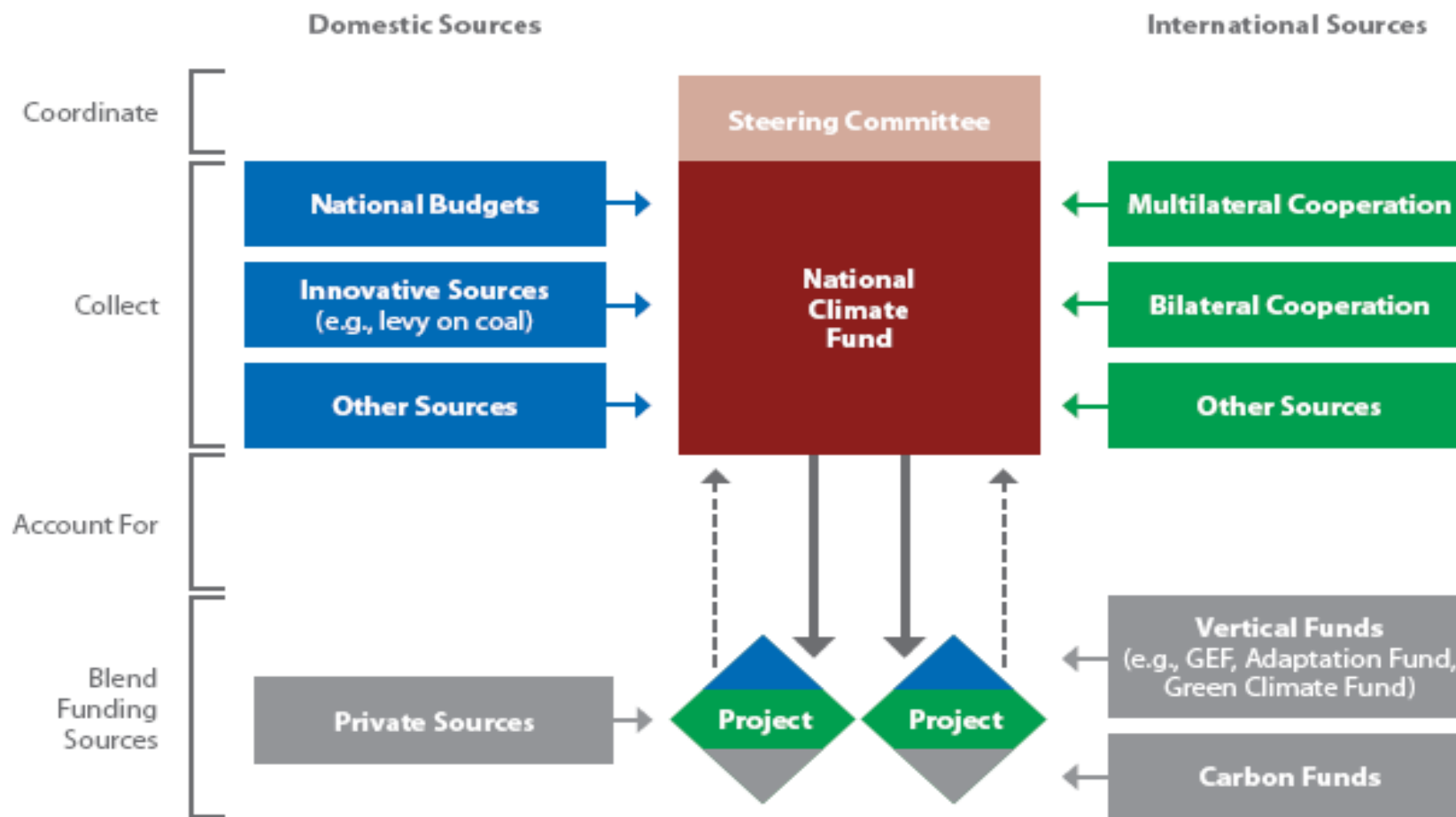
## Examples of ongoing work to further link CPEIR & NAMA/LEDS

### UNDP Low Emission Capacity Building (LECB) Programme:

- Chile & Mexico: CPEIR-like assessment factoring in the private sector financial flows
- Indonesia & Viet Nam: LECB Programme can build on the completed / ongoing CPEIRs

- Example – Indonesia Mitigation Fiscal Framework:
- Framework for appraising, monitoring cost-effective actions
- Inter-ministerial cooperation to ensure necessary budget, policies & practices in place
- Prioritization of policies & funding for climate mitigation
- Alignment of budgets & fiscal incentives for leveraging private & CSO investments.

# National Climate Funds



# Lessons Learned

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- Clearly define the functions of the fund
- Ensure that the objectives are well-defined & practical
- Have realistic expectations of capitalization
- Undertake stakeholder engagement to identify needs and requirements
- Ensure unambiguous appraisal & performance criteria, including fiduciary standards
- Incorporate design elements that are stable but flexible to adjust over time
- Establish capacity development as a key element of the fund



# Key Takeaways

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- Both CPEIRs & NCFs perform significant policy functions for guidance on climate finance
- Encourage a holistic & comprehensive view of climate expenditures
- CPEIRs link climate policy priorities to national budget so climate is part of budget framework ...
- ...and link budget to climate so climate strategies are prioritised & costed
- Introduce CC tagging to budget & performance-based budgeting
- Foundation to establish baseline and MRV framework for financial support for NAMAs

# Thank you

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## For more information



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### CPEIRs:

- Methodological note & Asia-Pacific case studies:  
[www.aideffectiveness/climatechange/finance](http://www.aideffectiveness/climatechange/finance)

### NCFs:

- *Blending Climate Finance Through National Climate Funds: A Guidebook for the Design and Establishment of National Funds to Achieve Climate Change Priorities*
- NCFs in Asia Lessons Learned with case studies:

