

# UNFCCC In-Session Workshop on Long-Term Climate Finance in 2018

**GIZ Input to Part 2: Experiences and lessons learned from  
articulating and translating needs identified in country-driven  
processes into projects and programmes**



## Content

- ❖ GIZ Climate Finance Readiness Programme (CF Ready)
- ❖ New Housing NAMA Mexico - Lessons Learned
- ❖ Aligning Technical and Financial Assistance – Project Example



# Climate Finance Readiness Programme (CF Ready)

- **Objective:** Improve the conditions needed to achieve results-oriented, transformational and efficient use climate financing (in particular from the GCF)
- **Established** in 2013 until end of 2019
- Joint Programme with **KfW**
- **Funding:**



Ministry of the Environment  
of the Czech Republic

- Readiness and preparatory support delivery partner for:





## CF Ready Toolbox

- GCF Accreditation Self Assessment Tool
- Climate Finance Reflection Tool (CliFReflect)
- Climate Finance Training (CliFiT)
- Training on Environmental and Social Safeguards (ESS) and accreditation support
- Research and Studies on: Paradigm Shift, Political Economy of Climate Finance, Financing Strategies, Green Bonds for NDC Implementation
- Guidebook on GCF Funding Proposal Development



Available on: <https://www.giz.de/expertise/html/19709.html>



## Example of CF-Ready Support: Uganda

### **NDA**

- CliFiT: Support of the NDA in establishing no-objection and coordination procedures. Support for the development of a country programme

### **Accredited Entity**

- Comparative analysis of potential NIE candidates; assessment of NIE application documents; capacity development strategy to strengthen prospective NIE to be able to meet standards

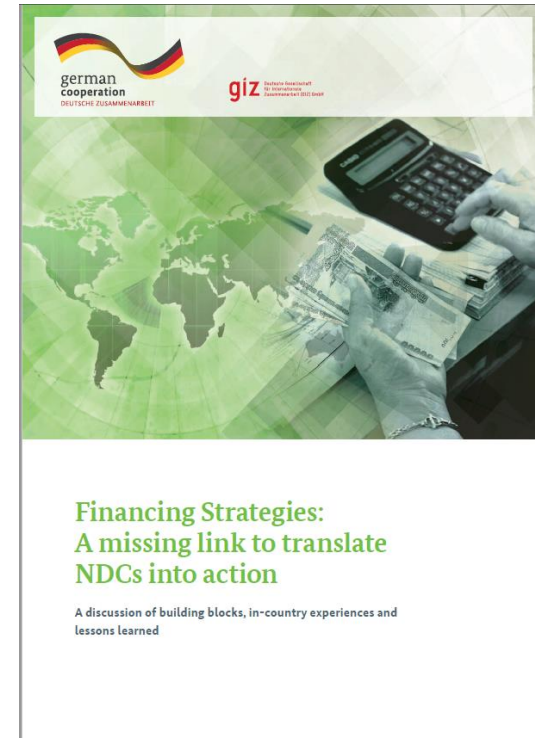
### **Strategy**

- Development of a Climate Finance Strategy



## Financing Strategies

- **Main elements:** Costing of NDCs, demand and supply analysis (financing gap), public and private financing options, pipeline development
- **International/domestic public finance** should be targeted at overcoming market barriers
- **Sequenced approach** during implementation
- „**Political economy**“ must be considered
- Engage with the **private sector** (real economy and finance sector)

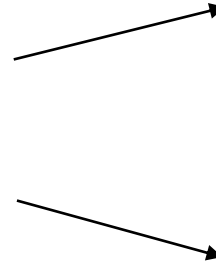




# Market Barriers and Financing Gaps

## Supply Side

## Demand Side



### No market failure

E.g. lack of sustainable business model

### Market failure

E.g. lack of collateral, credit history, perceived risks

**Justification for support!**

Market supply  
(debt, equity, guarantees)

Satisfied demand



## New Housing NAMA Mexico

- Funded by the **NAMA-Facility** with 14 Mio. EUR, Duration 2014-2020
- **Technical Component:** Implemented by GIZ and the National Housing Commission (CONAVI)
- **Financial Component:** Implemented by KfW and the Federal Mortgage Society (SFH)
- So far, **80.000** newly constructed housing units
- Lesson learned: NAMA builds upon existing financing mechanism (subsidies from CONAVI, bridge loans to housing developers)



**Lesson learned:** The NAMA concept builds upon existing support mechanism (subsidies from CONAVI to end-users, bridge loans from SHF to housing developers). Thus, no new, untested financial instrument had to be designed!





## Aligning Technical and Financial Assistance

- Financing Energy for Low-carbon Investment - Cities Advisory Facility (FELICITY), funded by the International Climate Initiative (IKI), started in 2017
- **Jointly implemented by GIZ and EIB**
- FELICITY supports municipalities in developing **bankable urban infrastructure projects** in Brazil, China and Mexico
- EIB will provide debt funding (credit lines) through **financial intermediaries**



The GIZ project team is seconded to EIB. Thus the technical experience of GIZ is combined with the financial know-how of EIB. This approach promises to be more effective than a stand-alone „project preparation facility“.



**Thank you for your attention!**

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