

**BRIEF OVERVIEW OF VARIOUS CLIMATE FINANCE MECHANISMS<sup>13</sup>**

**MULTILATERAL CHANNELS FOR CLIMATE FINANCE:**

- > Often break from contributor country-dominated governance structures, typical in development finance institutions.
- > Gives developing country governments greater voice and representation in decision-making.
- > Over the years, various steps to increase inclusion and accountability in multilateral climate fund governance were taken, including creating a role for non-governmental stakeholders as observers to fund meetings.

**A. GLOBAL ENVIRONMENT FACILITY (GEF)**

**TYPE**

UNFCCC Financial Mechanism. Supports multiple conventions. Its decision-making body is the GEF Council. The GEF now includes representation from 182 member-governments and works with 18 implementing partners, acting as a secretariat to funnel money to these organizations. GEF also provides funding for other environmental projects like bio-diversity and land use along with climate change.

**YEAR: 1991**

**FUND BASE AND SIZE**

- > 6th replenishment (2014- 2018): 30 donor countries pledged US\$1.26 billion for climate change.
- > 7th replenishment period (2019-2022): 30 countries pledged US\$654 million for climate change.

**PROJECTS SUPPORTED**

Projects approved by the GEF range in size, from up to US\$1 million for “enabling activities,” between US\$1-2 million for “medium-sized” projects, and over US\$2 million for “full sized.” As of December 2019, through the fourth, fifth, six and seventh Trust Fund, GEF approved over 750 projects in the focal area of climate change amounting to US\$2.8 billion.

**A1. LEAST DEVELOPED COUNTRIES FUND (LDCF)**

**TYPE**

UNFCCC mechanism administered by GEF to support national adaptation plan development and implementation, although largely through smaller scale projects.

**YEAR: 2001**

**FUND BASE AND SIZE**

Country ceiling for funding of US\$20 million.

**PROJECTS SUPPORTED**

As of December 2019, the LDCF made cash transfers to projects of US\$534 million.

**A2. SPECIAL CLIMATE CHANGE FUND (SCCF)**

**TYPE**

UNFCCC mechanism administered by GEF to support national adaptation plan development and implementation, although largely through smaller scale projects.

**YEAR: 2001**

**FUND BASE AND SIZE**

Country ceiling for funding of US\$20 million.

**PROJECTS SUPPORTED**

As of December 2019, the SCCF made cash transfers of US\$181 million.

**B. ADAPTATION FUND (AF)**

**TYPE**

UNFCCC mechanism, which, as of 1 January 2019, also started serving the Paris Agreement, in line with the newly-approved 5-year Medium-Term Strategy 2018-2022, based on pillars of Action, Innovation, and Knowledge and Sharing.

The fund is managed by the AF Board which meets twice a year.

Provides direct access to climate finance for developing countries through accredited National Implementing Entities that are able to meet agreed fiduciary as well as environmental, social and gender standards.<sup>14</sup>

**YEAR: 2011**

**FUND BASE AND SIZE**

Financed through a 2 per cent levy on the sale of emission credits from the Clean Development Mechanism of the Kyoto Protocol, along with developed country grant contributions.

**PROJECTS SUPPORTED**

As of 30 June 2019, 84 projects for a total amount of US\$560.6 million were approved for funding. In addition, the Board approved 56 project formulation grants for a total of US\$2.3 million. Sixty projects are currently under implementation, for a total grant amount of US\$384.8 million. A total of US\$350.20 million (62.8 per cent of approved amount) were transferred to implementing entities.

13. The information is compiled from respective websites of the funds.

14. As opposed to working solely through UN agencies or Multilateral Development Banks (MDBs) as multilateral implementing agencies.

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**C. GREEN CLIMATE FUND (GCF)**

**TYPE**

UNFCCC mechanism also mandated to serve the Paris Agreement.

Expected to be the primary channel for international public climate finance and is the largest fund by amount of available and anticipated funding.

A commitment to a 50:50 balance between adaptation and mitigation.

Developing countries can access the GCF through Multilateral Development Banks (MDBs), international commercial banks and UN agencies, as well as directly through accredited National, Regional and Sub-National Implementing Entities. The GCF was founded with a strong emphasis on the principle of country ownership. Each country has a national designated authority (NDA), often a ministry of finance or environment, with a designated focal point to serve as the representative between an NDA and GCF.

**YEAR: 2010**

**FUND BASE AND SIZE**

1st replenishment (2020-2023): 29 donor countries pledged US\$9.78 billion for climate change.

**PROJECTS SUPPORTED**

By October 2019, the implementing partner network of the GCF grew to 95 Accredited Entities.

GCF already supported 126 developing countries in building readiness to implement climate finance and committed US\$5.21 billion for 111 projects in 99 countries.

A total of 65 projects valued at US\$2.82 billion in GCF funding are under implementation and helping developing countries to transform their climate ambitions into action.

**D. CLIMATE INVESTMENT FUNDS (CIFS)**

**TYPE**

Non-UNFCCC mechanism administered by the World Bank.

Operated in partnership with regional development banks including:

- > African Development Bank (AfDB)
- > Asian Development Bank (ADB)
- > European Bank for Reconstruction and Development (EBRD)
- > Inter-American Development Bank (IDB)

Finances programmatic interventions in developing countries with an aim to understand how public finance can be best deployed to assist transformational development trajectories.

Had a sunset clause which was indefinitely postponed in 2019.

**YEAR: 2008**

**FUND BASE AND SIZE**

Total pledge of US\$8.3 billion by 14 contributor countries.

As it functions on a co-financing structure, it anticipates that its portfolio of over 300 projects generated an additional US\$58 billion in co-financing.

**PROJECTS SUPPORTED**

Provides 72 countries with resources.

**D1. CLEAN TECHNOLOGY FUND**

**TYPE**

Provides middle-income countries with highly concessional resources to scale up the demonstration, development and transfer of low carbon technologies in renewable energy, energy efficiency and sustainable transport.

**YEAR: 2008**

**FUND BASE AND SIZE**

US\$5.4 billion in contributions.

**PROJECTS SUPPORTED**

By December 2019, US\$1.65 billion in cash transfers to projects to-date.

**D2. CLEAN TECHNOLOGY FUND**

**TYPE**

Supports the Pilot Program for Climate Resilience (PPCR), Scaling Up Renewable Energy in Low-Income Countries Program (SREP), and the Forest Investment Program (FIP).

**YEAR: 2008**

**FUND BASE AND SIZE**

US\$2.61 billion in contributions.

**PROJECTS SUPPORTED**

By December 2019, US\$818 million in cash transfers to projects.

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**D2.1 PILOT PROGRAM FOR CLIMATE RESILIENCE (PPCR)**

**TYPE**

Helps developing countries integrate climate resilience into development planning and offers concessional and grant funding to support private and public sector investments for implementation.

The PPCR invests in some of the world's most vulnerable countries. At the frontline of climate change are small island developing states (SIDS).

**YEAR: 2008**

**FUND BASE AND SIZE**

US\$1.2 billion

**PROJECTS SUPPORTED**

The PPCR supported SIDS with US\$250 million for nine Caribbean and Pacific island nations, providing 20 per cent of PPCR resources. PPCR also invested more than US\$200 million for most vulnerable countries to upgrade climate data and services for climate-smart project design.

**D2.2 FOREST INVESTMENT PROGRAM (FIP)**

**TYPE**

Supports efforts of developing countries to reduce deforestation and forest degradation, and to promote sustainable forest management that leads to emissions' reductions and enhancement of forest carbon stocks (REDD+).

There is also a Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM) implemented under the programme which provides grants on a smaller scale directly to civil society organizations (CSOs) rather than through national governments.

**YEAR: 2008**

**FUND BASE AND SIZE**

US\$775 million

**PROJECTS SUPPORTED**

Thus far, the DGM approved US\$51 million USD in 10 different projects throughout the world. In the Asia-Pacific region, DGM works only in its pilot countries, including Indonesia, Nepal, and Lao PDR.

**D2.3 SCALING-UP RENEWABLE ENERGY PROGRAM FOR LOW INCOME COUNTRIES (SREP)**

**TYPE**

Helps deploy renewable energy solutions for increased energy access and economic growth in the world's poorest countries.

**YEAR: 2008**

**FUND BASE AND SIZE**

US\$720 million

**PROJECTS SUPPORTED**

The SREP is one of the biggest global funders of mini-grids with over US\$200 million for projects in 14 countries.

**E. MULTILATERAL DEVELOPMENT BANKS (MDBS)**

**E1. FOREST CARBON PARTNERSHIP FACILITY (FCPF)**

**TYPE**

Administered by the World Bank to explore how carbon market revenues could be harnessed to reduce emissions from deforestation and forest degradation, forest conservation, sustainable forest management and the enhancement of forest carbon stocks (REDD+).

**YEAR: 2008**

**FUND BASE AND SIZE**

US\$1.3 billion from 17 donors

**PROJECTS SUPPORTED**

The FCPF supports REDD+ efforts through its Readiness Fund (US\$400 million) and Carbon Funds (US\$900 million) in 47 developing countries across Africa, Asia, and Latin America and the Caribbean.

**E2. PARTNERSHIP FOR MARKET READINESS (PMR)**

**TYPE**

Administered by the World Bank, the PMR aims at helping developing countries establish market-based mechanisms to respond to climate change.

**YEAR: 2010**

**FUND BASE AND SIZE**

As of 31 March 31, 2015, total committed contributions amounted to about US\$126.5 million, while total received contributions equalled US\$127 million.

**PROJECTS SUPPORTED**

The PMR brings together more than 30 countries, various international organizations and technical experts to facilitate country-to-country exchange and knowledge sharing, leading to enhanced cooperation and innovation.

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**E3. BIO CARBON FUND INITIATIVE FOR SUSTAINABLE FOREST LANDSCAPES (ISFL)**

**TYPE**

Administered by World Bank, ISFL is a public-private partnership. It promotes reducing Green House Gas (GHG) emissions from the land sector, including efforts to reduce deforestation and forest degradation in developing countries (REDD+), sustainable agriculture, as well as smarter land-use planning, policies and practices.

**YEAR: 2013**

**FUND BASE AND SIZE**

US\$355 million

**PROJECTS SUPPORTED**

The ISFL currently supports programs in Colombia, Ethiopia, Indonesia, Mexico, and Zambia.

**E4. CLIMATE CHANGE FUND (CCF)**

**TYPE**

Administered by the Asian Development Bank, the CCF facilitates investments in developing member countries (DMCs) to effectively address the causes and consequences of climate change, by strengthening support to low-carbon and climate-resilient development in DMCs.

**YEAR: 2008**

**FUND BASE AND SIZE**

US\$74 million

**PROJECTS SUPPORTED**

As of 31 December 2019, US\$71.6 million of the US\$74 million total fund resources (net of savings) was allocated to 118 projects: 44 on CE development, 66 on adaptation, 11 on REDD+ and land use, and one on climate finance readiness.

**E5. ASIA-PACIFIC CLIMATE CHANGE FUND (ACLIF)**

**TYPE**

A multi-donor trust fund administered by the Asian Development Bank to support the development and implementation of financial risk management products that can help unlock capital for climate investments and improve resilience to the impact of climate change.

**YEAR: 2017**

**FUND BASE AND SIZE**

US\$33.3 million

**PROJECTS SUPPORTED**

Not Available

**E6. URBAN CLIMATE CHANGE RESILIENCE TRUST FUND (UCCRTF)**

**TYPE**

A multi-donor trust fund administered by the Asian Development Bank to support fast-growing cities in Asia to reduce the risks that poor and vulnerable people face from floods, storms or droughts, by helping to better plan and design infrastructure to invest against these impacts.

**YEAR: 2013**

**FUND BASE AND SIZE**

US\$150 million

**PROJECTS SUPPORTED**

As of December 2019, US\$130 million was committed from the fund for various cities in Bangladesh, India, Indonesia, Myanmar, Nepal, Pakistan, the Philippines and Vietnam.

**F. UN AGENCIES**

**F1. UNDP GEF SMALL GRANTS PROGRAMME**

**TYPE**

Administered by UNDP, it provides financial and technical support to projects that conserve and restore the environment while enhancing people's well-being and livelihoods. The programme provides grants of up to US\$50,000 directly to local communities, including indigenous people, community-based organizations and other non-governmental groups for projects in Biodiversity, Climate Change Mitigation and Adaptation, Land Degradation and Sustainable Forest Management, International Waters and Chemicals.

**YEAR: 1992**

**FUND BASE AND SIZE**

US\$526 million

**PROJECTS SUPPORTED**

Around 5,391 projects with a total grant of US\$159 million have been supported for climate change mitigation.

Around 798 projects with US\$24 million grant have been supported for community-based adaptation to climate change.

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**F2. UN-REDD PROGRAMME**

**TYPE**

Administered by UNDP, UNEP and the FAO to support REDD+ activities, with the governance structure giving a formal voice to representatives of civil society and Indigenous People's organizations.

**YEAR: 2008**

**PROJECTS SUPPORTED**

Over the past decade, the Programme worked with 64 partner countries to successfully achieve substantial climate, forest and development goals.

**F3. ADAPTATION FOR SMALLHOLDER AGRICULTURE PROGRAMME (ASAP)**

**TYPE**

Administered by International Fund for Agriculture and Development (IFAD) to support smallholder farmers in scaling up climate change adaptation in rural development programmes.

**YEAR: 2012**

**FUND BASE AND SIZE**

ASAP 1 (2012-2017): US\$316.2 million, ASAP 2: US\$100 million

**PROJECTS SUPPORTED**

As of August 2018, 42 projects have signed government agreements; 37 approved projects have started disbursement totalling US\$80 million. US\$292.6 million was channelled to at least eight million smallholder farmers to build their resilience to climate-related shocks and stresses.

**BILATERAL CHANNELS FOR CLIMATE FINANCE:**

- > Direct flow of funds from developed to developing countries in the form of Overseas Development Assistance or International Aid.
- > Administered largely through existing development agencies although a number of countries have also set up special bilateral climate funds

**A. INTERNATIONAL CLIMATE INITIATIVE**

**TYPE**

Supported by Germany for mitigation, adaptation and REDD+ projects. The initiative is innovatively funded partly through sale of national tradable emission certificates, providing finance that is largely additional to existing development finance commitments.

**YEAR: 2008**

**FUND DETAILS**

Provided over US\$4 billion for more than 700 mitigation, adaptation and REDD+ projects.

**B. INTERNATIONAL CLIMATE FUND**

**TYPE**

Supported by Government of UK.

**YEAR: 2016**

**FUND DETAILS**

Commitment of US\$5.8 billion from 2016 through to 2021.

**C. NAMA FACILITY**

**TYPE**

Supported by Germany, Denmark, UK and the EC for nationally appropriate mitigation actions (NAMAs) in developing countries and emerging economies that want to implement ambitious mitigation measures.

**FUND DETAILS**

In January 2020, the NAMA Facility announced a new funding commitment of up to EUR60 million from Germany and the United Kingdom in support of the 7th Call for the submission of NSP Outlines. Furthermore, in recognition of both the strength of the NAMA Facility's project pipeline and the country's commitment to the NAMA Facility, the United Kingdom announced an additional contribution of up to EUR38 million to the NAMA Facility to support NSPs from past and future Calls.

**D. INTERNATIONAL CLIMATE AND FOREST INITIATIVE**

**TYPE**

Supported by Norway through bilateral partnerships, multilateral channels and Civil Society.

**YEAR: 2008**

**FUND DETAILS**

Pledged US\$350 million each year. Sizeable pledges have been made for REDD+ activities in Brazil, Indonesia, Tanzania and Guyana.