



Catalyzing Climate Finance

A Guidebook on Policy and Financing Options to Support Green, Low-Emission and Climate-Resilient Development —Version 1.0





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A Guidebook on Policy and Financing Options to Support Green, Low-Emission and Climate-Resilient Development

This guidebook is part of a series of manuals, guidebooks and toolkits that draw upon the experience and information generated by the United Nations Development Programme's (UNDP) support for climate change adaptation and mitigation projects and National Communications to the United Nations Framework Convention on Climate Change (UNFCCC) in some 140 countries over the past decade. These resources are intended to enable project managers, UNDP Country Offices, and developing country government decision makers to acquaint themselves with a variety of methodologies most appropriate to their development contexts in support of the preparation of low-emission climate-resilient development strategies (LECRDs).

In a flexible and non-prescriptive manner, the reports offer detailed step-by-step guidance for the identification of key stakeholders and establishment of participatory planning and coordination frameworks; generation of climate change profiles and vulnerability scenarios; identification and prioritization of mitigation and adaptation options; assessment of financing requirements; and development of low-emission climate-resilient roadmaps for project development, policy instruments, and financial flows. They can be accessed at www.undp.org/energyandenvironment/climatestrategies.

This publication focuses on the review of policy and financing options to catalyze capital toward green, low-emission and climate-resilient development.

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Foreword

The scale of the climate change challenge that faces the international community is vast. Holding temperatures at 2°C above pre-industrial levels will require a transformation in production and consumption processes across all countries. It will also necessitate significant support, especially to the most poor and vulnerable people in developing countries, to strengthen adaptation measures and improve community adaptive capacity.

In December 2010, governments came together at the United Nations Climate Change Conference to move the climate agenda forward in a collective and comprehensive manner. They were successful at adopting an agreement, the Cancun Agreement, which calls on governments to scale up financial support to developing countries to better enable them to take climate action over the short and long term. The agreement puts in place a solid foundation to address climate change and achieve green, low-emission and climate resilient development. In this global context, this guidebook is based on the premise that mitigating and adapting to climate change are entirely compatible with pursuing development. The new sources of climate finance that are available have the potential to deliver multiple development and climate benefits, including poverty reduction and sustainable livelihoods, green employment, biodiversity conservation, carbon sequestration, sustainable water management, and enhanced ecosystem-resilience and ecosystem-based adaptation. But there is a significant risk that only a few large emerging economies and developing countries will be able to fully seize these opportunities.

Developed countries have committed to raising \$100 billion per year by 2020 to assist developing countries in addressing climate change. Even if this level of financing is raised, public expenditures alone will be insufficient to adequately transform economies. It can, however, create a tipping point from which to catalyze much larger scale private investment. This means using international public climate finance to build enabling environments and remove domestic and foreign investment barriers in order to attract and drive public and private capital toward pro-poor low-emission climate-resilient development.

UNDP believes that developing countries will face three key climate finance challenges in the coming

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