



IN-COUNTRY INSTITUTIONAL ARRANGEMENTS FOR CLIMATE FINANCE

OBJECTIVES OF OUR WORK

Objective:

- Map out current institutional arrangements in recipient countries
- Explore the best-suited institutional arrangements and financial mechanisms for climate finance to address accessibility, allocation and implementation challenges

Approach:

- Draw on our extensive network in partner countries
- Identify case studies of representative countries

Outcome:

- better understand and map out common elements to success to ensure soundness of institutional arrangements and financial mechanisms for climate finance

ROLE OF IN COUNTRY FINANCIAL MECHANISMS

General Assumption: In country institutional arrangements

- Empower recipient countries to
- enhance and built up their capacity to access and implement scaled up financial flows

in an

- efficient,
- effective and
- sustainable manner

Starting point:

Government efforts to enhance their in-country institutional arrangements for channeling climate finance by

- strengthening their capacity and expertise,
- designing cross-sectoral planning and coordination processes,

Initial Observations

- ❖ Institutional arrangements to conduct planning processes for climate change are still a work in progress, in some cases lacking concrete and clear action plans
- ❖ Involvement of all relevant ministries on climate change planning processes just emerges and not yet fully consolidated
- ❖ Mainstreaming of mitigation actions into planning processes is more advanced than the ones for adaptation
- ❖ urgent and ad-hoc actions on Disaster Risk Reduction risks to sideline long-term adaptation planning and budgeting

Initial Observations

- ❖ Countries are studying the use of fiscal policies to generate new and predictable streams of financial resources and incentivize financial investments from private sector
- ❖ Ongoing studies to explore the creation of new fiscal policies, in some cases with special focus on payments for environmental services
- ❖ Efforts to improve existing fiscal policies to generate revenues for mitigation and adaptation, with special attention to most impacted geographic areas

Initial Observations

- ❖ National budgets not directly linked to climate change actions
- ❖ Increasing interest of Ministries of Finance/Departments of Treasury is shifting momentum towards centralized budgeting/fiscal approaches
- ❖ In face of emerging, but not yet consolidated climate change planning processes, flexible budgeting approaches in some cases are working
- ❖ Effectiveness in management of resources being sought as driving force to decide budgeting/fiscal approach and responsible institution

INITIAL CONCLUSIONS

- Planning processes, targeted fiscal policies and budgetary approaches are strongly complementary AND intrinsically related to design of in-country financial architecture for climate change
- Needed focus on adjustments on planning and budgeting processes for climate change in parallel to use of improved existing institutions and/or the creation of new ones
- In-country financial architecture stems from the overall in-country institutional arrangements for climate change; the design processes should not be divorced
- Common urge to link domestic and international climate finance governance
- Each country is unique but the elements presented here are “common” to any country

Thank you

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