

#### Mobilizing Investments for NDC Implementation – the Role of Technical Assistance



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# The role of technical assistance in mobilizing climate finance

### by the Climate Policy Initiative

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#### **Guiding questions**

- Identify an appropriate methodology to quantify the "leverage effect" of technical cooperation in the area of climate change
- Quantify the "leverage effect" of TA programs on private and public resources (both national and international)
- Identify success factors for mobilizing private and public financial resources
- Identify options to **further increase the leverage effect** of climate-related technical assistance and capacity development.





#### Approach

- 5 case studies
  - Chile Renewable Energy Program, commissioned by BMUB
  - Mexico Energy Efficiency in New Social Housing commissioned by BMUB
  - Pacific Islands Coping with Climate Change Program, commissioned by BMZ
  - Vietnam Integrated Coastal Management Program, commissioned by BMZ
  - Global Climate Finance Readiness Program, commissioned by BMZ (early stage of implementation)
- 55 interviews, data survey, literature review
- "Pro-rata approach" for quantifying direct mobilization of climate finance; "case study approach" for post-project and indirect leverage effects





#### Types of climate finance "mobilized" by TA

Figure 1: Types of climate finance 'mobilized' by technical assistance, as shown by the GIZ's coastal management program in Vietnam

	TYPE OF FINANCE	SOURCES OF FINANCE	EXAMPLE: VIETNAM COASTAL MANAGEMENT PROGRAM
EASIER	Initial Financing	Technical assistance agency	€8.7 M initial German government funding
Ease of determining causality	Program co-financing (managed by the technical cooperation agency)	<ul><li>Host government</li><li>Other donors</li></ul>	GIZ mobilized €22 M from other donors and Government of Vietnam.
	Further money mobilized as a result of project outputs	<ul> <li>Domestic Public</li> <li>International Public</li> <li>Domestic Private</li> <li>International Private</li> </ul>	Government of Vietnam has invested its resources in alternative farming and mangrove rehabilitation techniques demonstrated by GIZ. No quantification of related finance mobilized is available.
HARDER	Further money mobilized, in part as a result of project outputs during and after the project lifetime	<ul> <li>Domestic Public</li> <li>International Public</li> <li>Domestic Private</li> <li>International Private</li> </ul>	Other donors and development banks have developed separate but similar programs, worth USD 32.5 M, to some extent influenced by GIZ's experience.



#### Technical assistance primarily addresses knowledge, policy and regulatory gaps, but also risk and viability gaps





#### Is it possible to quantify the leverage effect of TA?

	Chile, Pacific, Mexico, Vietnam	Climate Finance Readiness
Ratio of mobilized to managed funding <b>For selected case studies</b>	0.9-15 : 1 (probably closer to lower range)	0-0.5: 1 (short-term), more long term

- Methodological challenges and high uncertainty, but...
- Assessing indirect mobilization can help to identify ways to maximise the effectiveness of programmes and of mobilized ressources





#### Recommendations for improving the leverage effect

- Support improved coordination of climate finance institutions / donors / programs in target countries
- Closer cooperation with development banks
- Advise governments on enabling environment for private climate finance, target the development of domestic capital markets and support start-up companies
- Technical support to develop well-designed projects







## Thank you!

