Strategic Dialogue
NDC Implementation and Policy Instruments to Support the Transition Toward Low-Carbon Dev’t

Partnership for Market Readiness
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UNDP Climate Tools for Policymakers

1. **CPEIR**: Climate Public Expenditures & Institutional Review
2. **PCEIR**: Private Climate Expenditures & Institutional Review
3. **I&FF**: Investment & Financial Flows Assessments
4. **MAPS**: Mainstreaming Acceleration and Policy Support (SDGs)
5. **DREI**: Derisking Renewable Energy Investment

Tools to inform national governments on climate policy decisions
Budgetary Analysis

1.2. CPEIR & PCEIR (Expenditure & Institutional Reviews)

- Support decision-making
  - Analyze past and current public/private climate expenditures
  - Informs on resource delegation, funding gaps, how best to use scarce public funds to incentivize private sector investment
- Use national budget tags and existing reporting frameworks

3. I&FF Assessments (Investment & Financial Flows)

- Project future climate needs ... What are adaptation/mitigation options and needs for key sectors in next 20 years (in NDC context)?
  - Potential funding sources, implementing entities, timing of investments, policy and regulatory architecture, cost scenarios
  - Structure national budgets, become climate finance-ready
Policies to Incentivize Investment

4. MAPS (Mainstreaming, Acceleration, and Policy Support)
   - UN strategy to implement the SDGs, emphasize on cross-cutting initiatives / integrated approach (national to local level)
   - “Rapid Integrated Assessment Policy Tool” – SDG readiness and identifies entry points – mainstreaming, reporting, governance, cost

5. DREI Methodology to Derisk Investment
   - Modeling analysis of cost-effectiveness of public derisking measures
     - Reduce risk through **policy derisking** to remove underlying barriers that cause investment risks
     - Transfer risk, **financial derisking** passing on investment risks to public actors
     - Compensate for risk through the public sector provision of **financial incentives** to private sector investors
Overcoming Barriers to Investment ...
Finance or Policy: Chicken vs. Egg

- Political commitment and business interest requires finance
- Raising finance from donors requires policy vision and specific proposals
- Raising finance from private sector requires policy
Challenges & Solutions in Engaging the Private Sector

- Hard to **compete** with high carbon returns
- Reducing GHG seen as a **burden** rather than opportunity
- Mixed CDM reviews / Mistrust of government policies & programmes
- Capacity and awareness gap
- Time constraints and limited attention span

- Speak the same language: profit & **risk-reward**
- Engage early in instrument planning
- Inter-ministerial decision-making (TWG); Minister of Env’t facilitates
- Incentives for multiple agencies to engage / sectoral goals
- ... Climate change **link** to national development
- Find a **champion**!
Thank You!

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Guidance documents, country case studies, templates:

• **CPEIR**: www.aideffectiveness.org/CPEIR
• **DREI**: www.undp.org/content/undp/en/home/librarypage/environment-energy/low_emission_climateresilientdevelopment/derisking-renewable-energy-investment.html
• **I&FF**: www.undpcc.org/en/financial-analysis
• **LECB Programme**: www.lowemissiondevelopment.org
• **MAPS**: https://undg.org/home/undg-mechanisms/sustainable-development-working-group/country-support/
• **PCEIR**: https://undp.unteamworks.org/node/492813