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Strategic Dialogue

NDC Implementation and Policy Instruments to Support the Transition Toward Low-Carbon Dev't

Partnership for Market Readiness

15th Meeting of the Partnership Assembly

18 June 2016 - Hanoi, Vietnam

James M. Vener, P.E.

UNDP Climate Technical Specialist, LECB Programme

www.lowemissiondevelopment.org

UNDP Climate Tools for Policymakers



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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



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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



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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

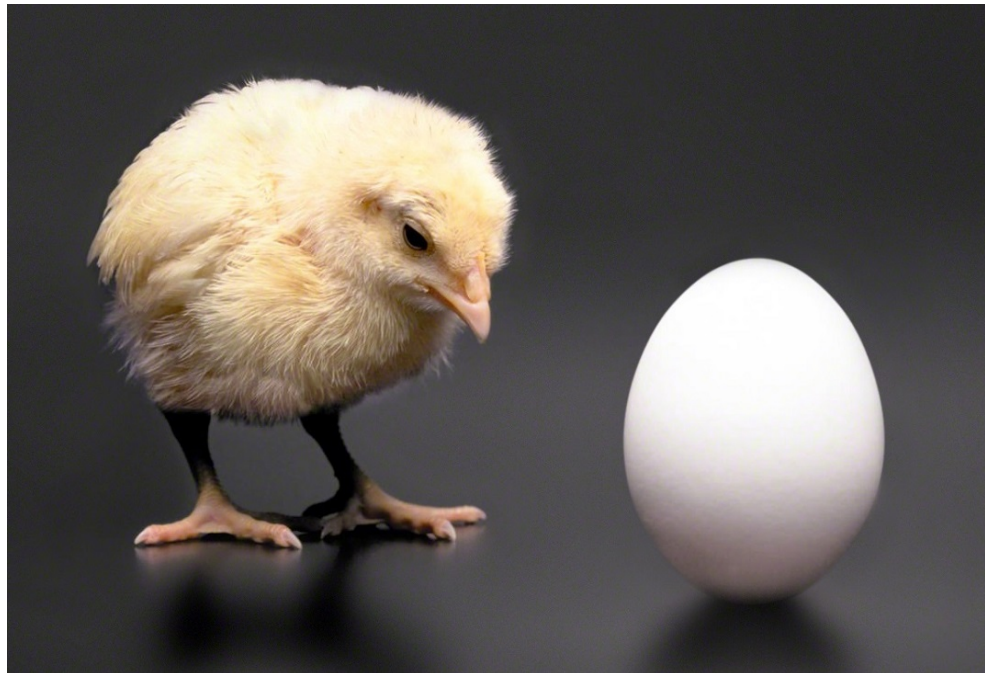
Overcoming Barriers to Investment ...

Finance or Policy: Chicken vs. Egg



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- 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



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- 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!**





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Thank You!

James Vener

James.vener@undp.org

Skype: james.vener

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>