Advancing Climate Action through Legislation and Parliamentary Oversight

Perspectives on Climate Financing

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MDBs targets to increase climate finance

<table>
<thead>
<tr>
<th>Organization</th>
<th>Target</th>
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<tbody>
<tr>
<td>AfDB</td>
<td>40% of investments by 2020</td>
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<td>IDBG</td>
<td>30% of the total approvals by 2020</td>
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<td>EBRD</td>
<td>40% total annual investments in Green Financing by 2020</td>
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<td>ADB</td>
<td>30% portfolio to US$6 billion by 2020</td>
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<td>WBG</td>
<td>28% in 2020</td>
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<tr>
<td>EIB</td>
<td>25% total lending volume for climate action; also 35% for climate action in developing countries, starting 2020</td>
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Strong demand for climate finance in LAC

- Estimated that LAC requires **US$75 to $80 billion per year** between **2020-2030** for mitigation and adaptation (IDB, 2015)
- Compared to receiving only $23 billion/year (Data from WB, IDB, CPI for 2013). - **financing gap exits in LAC**
- At the same time LAC **vulnerability** to climate change adds considerable uncertainty to the likely **demands for building resilience**
INCREASING ACCESS TO CLIMATE FINANCE
TYPES OF CLIMATE FINANCE FUNDS

**Multilateral**
- Global Environmental Facility (GEF), Green Climate Fund (GCF), Adaptation Fund (AF), Forest Carbon Partnership Facility (FCPF), Climate Investment Funds (CIFs), and others

**Bilateral**
- International Climate Forest Initiative (Norway), International Climate Fund (UK); International Climate Initiative (Germany) and others including the **GRIF (Norway – Guyana bilateral)**

**Private Sector/ Public Sector**
- **Green Bonds**; Climate Bonds

Big question: How to effectively access climate financing?
IDB’s Climate Change Work in the LAC

• Support the mainstreaming of climate change e.g. incorporation of climate change into Public Expenditure Reviews (PER) – Barbados; CC considerations in energy loans - Suriname, Haiti, Guyana, T&T

• Improving access to climate finance e.g. Implementation of Climate Investment Funds (CIFs); Green Climate Fund, GEF funds, UK Blue Carbon Fund etc.

• Institutional capacity building - e.g. support to countries to help with meeting the targets of the Paris Agreement or updating their NDCs.

• Innovative climate solutions e.g. Blue Carbon Fund; Green Bond program for Chile
IDB SUPPORT – OPTIONS IN THE ISSUANCE CYCLE OF GREEN BONDS

1. TECHNICAL ASSISTANCE FOR STRUCTURING
- Creation of a national framework for the eligibility of green activities
- Identification and prioritization of green budget lines
- Preparation of documents dedicated to the Green Market
- Support for certification/Second opinion on the use of funds and report to the market

2. TECHNICAL ASSISTANCE TO PLACEMENT
- Analytical support in evaluating placement options in domestic, regional and international markets
- Presentation and Roadshow for dedicated investors

3. FINANCIAL INSTRUMENTS OF SUPPORT FOR PLACEMENT
- Guarantee instruments to improve the risk profile
- Mixed/concessional financing instrument and anchor investment

Consulting services 3-6 months
Financing structuring (if applicable) 6-12 months

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BUILDING ON THE NDC
NDC Invest – IDB Platform: NDC Invest is a ‘one stop shop’ to access resources to transform NDCs into achievable investment plans

- **Chile – Financial Solution**
  Development of an NDC Financial Strategy lead by the Ministry of Finance

- **Mexico – Measuring actual results**
  A results-based loan linked to mitigation and adaptation outcomes in the forestry and housing sector

- **Paraguay – Delivering resilient infrastructure**
  Critical studies in the preparation of the Strengthening Urban Resilience in Riverside Asuncion program

- **Peru – Scaling up private investments**
  Design a strategy to ensure private sector engagement in NDC engagement

- **Bolivia – NDC as a planning instrument for implementation**
  Translate Boliva’s NDC into a planning instrument to mainstream implementation across sector ministries

- **Suriname – NDC Update**
  Update to identify and analyze the opportunities to facilitate the alignment between the country’s Intended NDC (INDC) and national plans and strategies
Let’s talk about climate change and sustainability

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