Roadmap
to US$100 Billion

Executive Summary

The Paris Agreement was a historic demonstration of all countries' collective commitment to address climate change. As part of the Paris outcome, developed countries were urged to scale-up their level of support with a concrete roadmap to achieve the goal of mobilising US$100 billion per year by 2020 for climate action in developing countries. In 2016, developed countries[1] worked together to develop this Roadmap, including through consultations with developing countries.[2]

Since the commitment was made in 2010, developed countries have significantly scaled-up support to developing countries – aggregate levels were estimated at US$62 billion in 2014, up from US$52 billion in 2013. We expect this upward trend to continue, as evidenced by the significant pledges made by many developed countries and multilateral development banks (MDBs) in 2015.

Providing information on future finance levels is challenging including because not all countries can provide information about future budget allocations, and because actual climate finance depends on unknowns such as recipient demand, availability of projects, and indirect economic factors. To provide analytical support for the preparation of this Roadmap, a group of developed countries asked the Organisation for Economic Co-operation and Development (OECD) to analyse the possible impact of countries' pledges on finance levels in 2020 based on what we know, or can reasonably assume, at the present time.

According to analysis by the OECD (2016),[3] pledges made in 2015 alone will boost public finance from an average of US$41 billion over 2013-14 to US$67 billion in 2020 – an increase of US$26 billion. This projection is based on the significant pledges and announcements made by many developed countries and MDBs, as well as reasonable assumptions about trends of climate finance from other countries. It should be considered a conservative, indicative aggregation of public climate finance levels in 2020, rather than a firm prediction.

According to the analysis, modest assumptions about increased leverage ratios would lead to projected overall finance levels in 2020 above US$100 billion. We are confident we will meet the US$100 billion goal from a variety of sources, and reaffirm our commitment to doing so through the range of actions outlined in this Roadmap.

We recognise that adaptation is a priority for many developing countries. The OECD (2016) analysis indicates that the amount of public adaptation finance (bilateral and attributed multilateral) is projected to at least double in volume between 2013-14 and 2020.

Developed countries are committed to the US$100 billion goal, and are confident we will meet it. This Roadmap sets out the range of actions we will take and are taking to get there, including to:

- Fulfil our pledges and make further efforts to scale-up climate finance, and significantly increase finance for adaptation, in line with the priorities expressed by developing countries
- Help developing countries to develop and implement ambitious mitigation contributions and adaptation plans that are essential to attract investment
- Work with developing countries to address the barriers associated with access to climate finance, and to build institutional capacity and strengthen policy environments
- Use public finance and policy interventions to effectively mobilise private finance, which is critical not just for the US$100 billion, but to achieve the Paris Agreement objectives

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[1] The following countries were involved in producing this Roadmap: Australia, Austria, Belgium, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, European Commission, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom, and United States.

[2] The Roadmap was made publicly available in October 2016.

[3] OECD (2016), Projecting climate finance to 2020, http://www.oecd.org/environment/cc/oecd-climate-finance-projection.htm

- Partner with the MDBs to deliver transformational change, and work to maximise the impact of climate funds, including the Green Climate Fund and the Global Environment Facility
- Mainstream climate change into decision making, including development assistance, to align efforts to address climate change and achieve the Sustainable Development Goals
- Continue to improve tracking of climate finance, to share learnings and to understand where we can collectively do better

The transformation to a low greenhouse gas emission and climate resilient global economy will require efforts from all actors, beyond the scope of the US$100 billion goal. Developed countries intend to work with all countries to accelerate this transition and achieve the Paris Agreement goals.

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1. Context for the Roadmap

In 2010, the United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties recognised that developed country Parties committed to a goal of mobilising jointly US$100 billion per year by 2020 from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources, to address the needs of developing countries, in the context of meaningful mitigation actions and transparency on implementation.

2015 was a historic year, in which all countries agreed to ambitious goals to strengthen the global response to climate change through the Paris Agreement they adopted at the UNFCCC Conference of Parties (COP21). Achieving these goals will require a comprehensive shift in finance flows and investment patterns, in line with the aim in Article 2.1(c) – to make finance flows consistent with low emissions and climate resilient development pathways. The US$100 billion goal can play a catalytic role in this wider finance landscape, and is an important measure of developed countries' efforts to assist developing countries to enhance their climate action.

In Paris, the UNFCCC Conference of Parties (COP21) adopted a decision strongly urging developed country Parties to scale-up their level of financial support, with a concrete roadmap to achieve the US$100 billion goal, while significantly increasing finance for adaptation and to further provide appropriate technology and capacity building support.[4] In keeping with the spirit of Paris, developed countries are pleased to respond to this call with the following 'Roadmap'.

The Roadmap aims to build confidence and provide increased predictability and transparency about the actions developed countries are and will be taking to achieve the US$100 billion goal. The Roadmap outlines the key factors and pathways to reach the goal, and what actions will influence progress over the remainder of this decade. It also reflects on action developed countries are taking, together with our partners, to transform broader finance flows and investment patterns, consistent with the goals set out in the Paris Agreement and the Sustainable Development Agenda.

In preparing the Roadmap, we have consulted with developing country Parties and groups, multilateral development banks (MDBs), the Green Climate Fund (GCF) and Climate Investment Funds (CIFs), as well as non-government organisations and experts. We have also sought expert analytical support from the Organisation for Economic Co-operation and Development (OECD). The OECD's analytical note is available online.[5]

2. Progress to date

Since 2010, developed countries have significantly scaled-up the level of financial support provided and mobilised to developing countries. We have also made concerted efforts to improve the transparency of climate finance so we can better understand what finance is being mobilised, where there are positive precedents to build on, and where we can do better.

In 2015, the OECD, in collaboration with the Climate Policy Initiative (CPI), prepared a report on climate finance mobilised towards the US$100 billion goal.[6] The report was prepared at the request of the Peruvian and French governments as the outgoing and incoming presidencies of the UNFCCC Conference of Parties.[7] It estimated that the aggregate volume of public and private climate finance mobilised by developed countries for developing countries reached US$62 billion in 2014, up from US$52 billion in 2013.[8] The

[4] Paragraph 114 of decision 1.CP/21.

[5] OECD (2016), Projecting climate finance to 2020, http://www.oecd.org/environment/cc/oecd-climate-finance-projection.htm

[6] The OECD (2015) report covers the period 2013-14. It found that average finance over this period was $57 billion. As 2015 data on finance flows are not yet available for most countries, this is the most up to date assessment as of the date of release of this Roadmap.

[7] OECD (2015), "Climate finance in 2013-14 and the USD 100 billion goal", a report by the Organisation for Economic Co-operation and Development (OECD) in collaboration with Climate Policy Initiative (CPI), http://www.oecd.org/environment/cc/OECD-CPI-Climate-Finance-Report.htm

[8] These aggregate estimates of climate finance, as well as those projected volumes in 2020 referred to in this Roadmap, do not include finance related to coal projects. However, Japan and Australia consider that financing for high efficiency coal plants should also be considered as a form of climate finance. In addition to the figures in the OECD (2015) report, Japan provided US$3.2 billion for such

Standing Committee on Finance's forthcoming 2016 Biennial Assessment (BA) reports similar levels of aggregate climate finance from developed to developing countries. The BA estimate is a slightly higher US$53 billion in 2013, and a slightly lower US$61 billion in 2014.[9]

The OECD (2015) report was prepared in the context of a common understanding on the scope of mobilised climate finance and a common methodology for tracking and reporting towards the US$100 billion goal,[10] which was reached by most developed countries in 2015. The methodology aimed to enhance transparency and consistency of reporting, and was guided by the following principles:

- Only finance mobilised by *developed country governments*[11] is counted towards the US$100 billion goal and in accounting for mobilised private climate finance, assessments are made on an *activity-by-activity basis*, to report on private finance associated with activities where there is a *clear causal link* between a public intervention and private finance, and where the activity would not have moved forward, or moved forward at scale, in the absence of the governments' intervention;

- Where multiple actors are involved, the *resulting finance is counted only once*; and

- The reporting framework should encourage and incentivise the most *effective use of climate finance.*

The OECD (2015) report provided the first insight into progress towards the US$100 billion goal, using methodologies that were both transparent and conservative. Nevertheless, data gaps and methodological limitations meant the picture it presented was necessarily partial. For example, finance mobilised via public policy interventions could not be included due to a lack of available methodologies.

Developed countries are looking forward to working with all Parties to continue to improve the tracking of climate finance in the context of our work to build an enhanced transparency framework under the Paris Agreement. As methodological approaches evolve and data availability improves, we expect reporting to become more complete over time including for mobilised private finance, and support received. In this regard, we look forward to the recommendations of the 2016 Biennial Assessment. We also support efforts by the OECD as well as the MDBs and International Development Finance Club to harmonise tracking and reporting of climate finance through common principles.[12]

3. Roadmap to 2020

Developed countries are committed to collectively scaling up climate finance to meet the US$100 billion goal. We expect the upward trend in climate finance levels from developed to developing countries to continue over the remainder of this decade, as evidenced by the significant pledges and announcements made by the following developed countries in 2015:

> Australia, Austria, Belgium, Bulgaria, Canada, Czech Republic, Cyprus, Denmark, European Commission, Estonia, Finland, France, Germany, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Netherlands, New Zealand, Norway, Poland, Portugal, Slovenia, Spain, Sweden, Switzerland, United Kingdom, and United States.

The following MDBs also made significant climate finance pledges and announcements in 2015:

> Asian Development Bank (ADB), African Development Bank (AFDB), European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank Group (IDBG), and the World Bank Group (WBG).

projects in 2013-14. The coal-related volumes in Japan's 2020 pledge were assumed by the OECD (2016) analysis to represent the same percentage as in 2013-14, and this value is subtracted from the overall pledge in the projections detailed in this Roadmap.

[9] The (minor) differences between the BA estimates and the OECD (2015) estimates are due to different data and methodologies being used in some cases

[10] http://www.news.admin.ch/NSBSubscriber/message/attachments/40866.pdf

[11] Under the agreed methodology, private finance is attributed among all public actors involved from developed and developing countries alike. Only the share attributable to developed country public interventions is counted towards the US$100 billion.

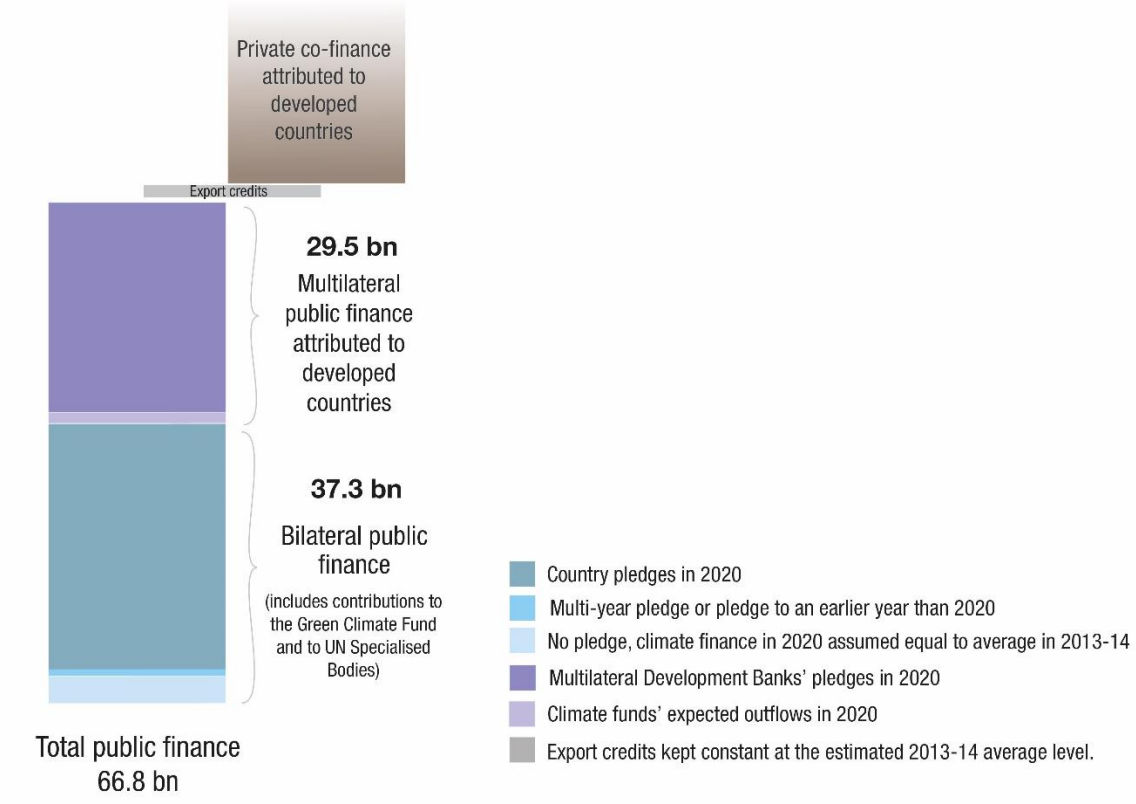
[12] http://www.worldbank.org/en/news/press-release/2015/07/09/development-banks-common-approach-climate-finance .

To provide further clarity, we asked the OECD to analyse the impact of these pledges and announcements on overall public financing levels in 2020. This analysis makes reasonable assumptions, for example to annualise multi-year pledges, to proxy the levels of climate finance from developed countries not having made pledges to date, and to avoid double counting between multiple sources.[13] The projection uses a methodology to attribute the developed countries' share in each multilateral institution and fund. In order to provide an overall sense of progress towards the US$100 billion mobilisation goal, the analysis also includes a component relating to the levels of private finance that might be mobilised by the projected amounts of public finance.

According to analysis by the OECD (2016), pledges made in 2015 alone will boost public finance from an average of US$41 billion over 2013-14 to US$67 billion in 2020 – an increase of US$26 billion. This projection is based on the significant pledges and announcements made by many developed countries and MDBs as described above and in Table 1, as well as reasonable assumptions about trends of climate finance from other countries.[14] However, due to the challenges in predicting future levels of climate finance (discussed further in section 3.1), and in some cases currently partial information available, the projection should be considered a conservative, indicative aggregation of public climate finance levels in 2020, rather than a firm prediction.

According to the analysis, modest assumptions about increased leverage ratios would lead to projected overall finance levels in 2020 above US$100 billion. We are confident we will meet the US$100 billion goal from a variety of sources, and reaffirm our commitment to doing so through the range of actions outlined in this Roadmap.

Figure 1: Projected finance levels in 2020



Source: OECD (2016)

[13] The OECD (2016) analysis assumes that climate finance from countries that have not made pledges or announcements about future finance contributions will remain constant at average 2013-14 levels.
[14] Over 90% of this projection is based on country and MDB pledges. The remainder is based on reasonable assumptions about climate finance for those countries who haven't made 2020 pledges – for example, that current levels of finance are maintained.

Developed countries are confident that we will meet the US$100 billion goal, and will take all necessary actions to mobilise climate finance from a range of public and private sources to do so.

This includes to collectively:

- Fulfil our pledges and make further efforts to scale-up climate finance and significantly increase finance for adaptation, in line with the priorities expressed by developing countries
- Help developing countries to develop and implement ambitious mitigation contributions and adaptation plans that are essential to attract investment
- Work with developing countries to address the barriers associated with access to climate finance, and to build institutional capacity and strengthen policy environments
- Use public finance and policy interventions to effectively mobilise private finance, which is critical not just for the US$100 billion, but to achieve the Paris Agreement objectives
- Partner with the MDBs to deliver transformational change, and work to maximise the impact of climate funds, including the Green Climate Fund and the Global Environment Facility
- Mainstream climate change into decision making, including development assistance, to align efforts to address climate change and achieve the Sustainable Development Goals
- Continue to improve tracking of climate finance, to share learnings and to understand where we can collectively do better

The following sections of this Roadmap further detail the overarching strategy and underlying actions that we will continue to pursue to not only achieve the US$100 billion goal, but to help catalyse developing countries' efforts to a broader transformation towards low emission, climate resilient societies. Specifically, this Roadmap outlines actions across four dimensions:

3.1 Scaling-up public resources

3.2 Significantly increasing finance for adaptation

3.3 Using public finance and policy interventions to effectively mobilise private finance

3.4 Supporting enhanced access, capacity building, and investment readiness

3.1. Scaling-up public resources

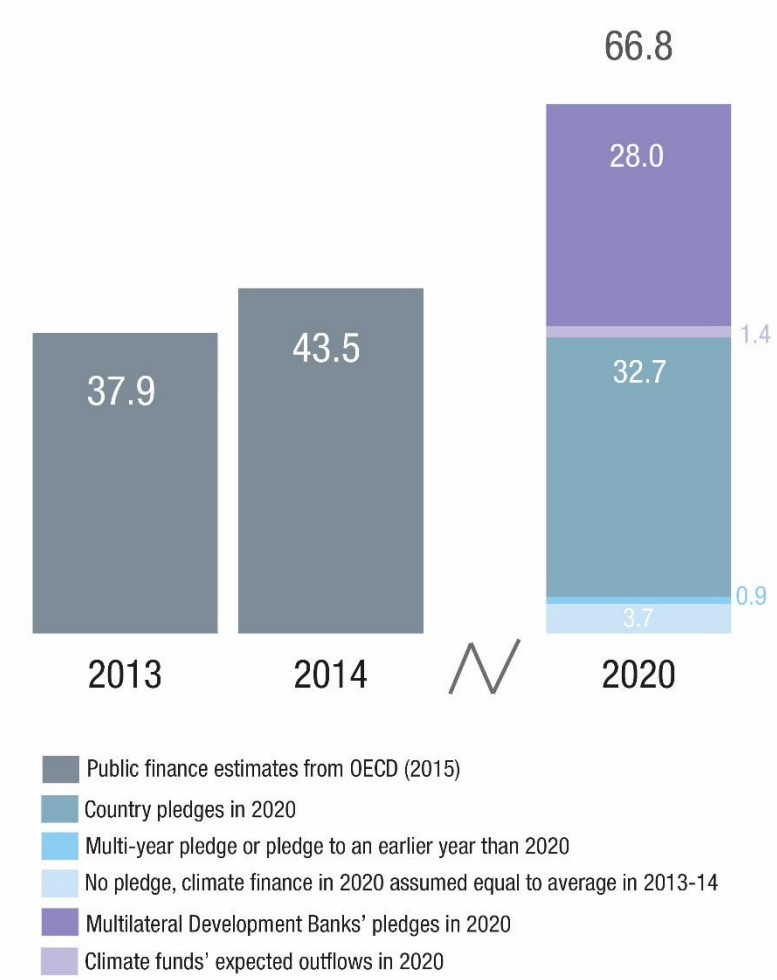
Developed countries remain firmly committed to doing our part to deliver on the US$100 billion goal. Providing specific information about future climate finance allocations is challenging, including because some countries' national processes mean they cannot make statements on their future budgets out to 2020, and because the actual level and composition of climate finance will depend on recipient demand, availability of projects to fund, and indirect global and local economic factors.

Nevertheless, as noted above, during the course of 2015 many developed countries and MDBs made significant pledges and announcements to further scale-up pre-2020 public climate finance.[15] Furthermore, as part of developing this Roadmap, developed countries and MDBs have, wherever possible, provided additional information on how they will implement their pledges. The pledges and additional information are set out in Table 1 (see page 13).

[15] The following developed countries made pledges: Australia, Austria, Belgium, Bulgaria, Canada, Czech Republic, Cyprus, Denmark, European Commission, Estonia, Finland, France, Germany, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Netherlands, New Zealand, Norway, Poland, Portugal, Slovenia, Spain, Sweden, Switzerland, UK and US. The following MDBs made pledges: ADB, AFDB, EIB, ERDB, IDBG and WBG.

These pledges and announcements tell us how the majority of the US$100 billion goal will be reached. The OECD (2016) analysis aggregated these pledges, and estimated that public finance from developed countries and MDBs could amount to approximately US$67 billion in 2020. This would represent an approximate US$26 billion increase from 2013-14 levels, as illustrated in Figure 2 below.

Figure 2: Estimated public finance levels in 2013, 2014, and 2020



Source: OECD (2016)

As shown by Figure 1, the US$100 billion goal will be reached through a combination of existing pledges and announcements, in addition to increased efforts to mobilise finance from a range of sources.

The MDBs play a key role in the delivery and mobilisation of climate finance – both individually and collectively. Of the US$62 billion estimated by the OECD (2015) to have been mobilised by developed countries in 2014, 30% of this was through multilateral channels. The scaled-up MDB pledges made during 2015 demonstrate their continuing leadership and commitment to climate financing, and will be an important component in realising the US$100 billion goal.[16]

The UNFCCC's Financial Mechanism will also be instrumental in delivering climate finance. We hope the GCF will be a key channel for achieving not just the US$100 billion, but supporting the broader implementation and transformational goals of the Paris Agreement. We want to see the GCF accelerate the deployment of its resources to support high impact, transformational projects, including to catalyse private finance. A track record of high-quality programming will help prepare the ground for future replenishments. Likewise, the GEF will continue to play a crucial role in providing finance and capacity building support.

[16] See 2015 Joint Report on Multilateral Development Banks' Climate Finance
http://www.worldbank.org/content/dam/Worldbank/document/Climate/mdb-climate-finance-2014-joint-report-061615.pdf

3.2. Significantly increasing finance for adaptation

On the critical issue of adaptation finance, it is clear that increased efforts on finance for adaptation are necessary to support developing countries' efforts to enhance resilience to the impacts of climate change. Recognising this imperative, many developed countries included an adaptation specific component in their climate finance pledge, as shown in Table 1 (see page 13).

Based on these pledges, the OECD (2016) analysis indicates that the amount of public adaptation finance (bilateral and attributed multilateral) is projected to at least double in volume between 2013-14 and 2020.

We recall that in the Paris Agreement, Parties agreed that the provision of scaled-up financial resources should continue to aim to achieve a balance between adaptation and mitigation, taking into account country-driven strategies, and the priorities and needs of developing country Parties, considering the need for public and grant-based resources for adaptation.

It is important to note that measuring adaptation efforts only in terms of financial inputs likely under-estimates true levels of both finance and action for adaptation. This is in part due to the challenges in identifying and tracking adaptation finance, in particular from private sources. It is often most efficient and effective to integrate action on climate change adaptation – and therefore climate finance – into programmes that also deliver wider development outcomes, for example, restoring and protecting coastal ecosystems and mangrove forests which provide protection from storm surges, or building a water conservation element into an irrigation programme. Therefore, adaptation-specific investments may be only part of a broader project, making them difficult to identify and to track, and challenging to quantify. This means it is difficult to make direct comparisons between adaptation and mitigation finance.

Developed countries are committed to scaling-up adaptation finance. The magnitude of the increase in adaptation finance will depend in part on our own efforts, in part on the demand for adaptation support by recipient countries and on our common ability to crowd-in financial resources from the private sector.

The GCF Board decision to aim for a 50:50 balance between mitigation and adaptation over time, on a grant-equivalent basis, helps provide further certainty about the availability of finance for adaptation. The GCF has already made progress towards this aim – as of September 2016, US$219.9 million out of a total US$424.4 million of total approvals was approved for adaptation-specific projects and US$140.7 million has been approved for cross-cutting projects.

Adaptation funding will also be available from other channels. For example, in 2015, eleven developed countries pledged funding totaling US$248 million for the Least Developed Countries Fund (LDCF).[17] The LDCF plays a key role in addressing the urgent and immediate adaptation needs of least developed countries and also supports the national adaptation planning process. In addition, a number of donors presented new pledges to the Adaptation Fund at COP21, reaching nearly US$75 million.[18]

Developed countries are committed to taking a comprehensive approach to supporting developing countries to adapt to climate change impacts and build resilience. Three over-arching strategies and examples are set out below.

[17] Canada, Denmark, Finland, France, Germany, Ireland, Italy, Sweden, Switzerland, UK, US.
[18] Italy, Germany, Sweden, Belgian region of Wallonia.

1. *Providing tools, data, and support necessary for smart investment and planning decisions by both public and private sector actors*

- We are providing **open-access to satellite and geophysical data and computer models**, enabling governments and the private sector to better identify and plan for future climate impacts, for example through the Global Climate Observing System.[19]
- We are helping countries develop **national adaptation plans (NAPs)**, including by supporting the GCF decision to provide up to US$3 million per country for the formulation of NAPs, and through the National Adaptation Plans Global Network.[20] This will enhance ongoing bilateral and multilateral efforts to integrate adaptation considerations into countries' national development plans, allowing adaptation finance to be delivered in line with priorities and needs.

2. *Ensuring the resilience of both domestic and international development and investment activities*

- We are working to **mainstream resilience** across our bilateral assistance programmes and encouraging multilateral institutions to take similar measures, ensuring that all of our efforts to advance development and the Sustainable Development Goals are resilient to the impacts of climate change and are in line with country-driven strategies. Considering the scale of bilateral and multilateral development finance spending across climate-relevant sectors, we expect these efforts to play a major role in enhancing resilience of countries and communities.
- We are **helping to build the resilience of vulnerable communities to climate shocks** and generating knowledge and learning on best practice on how to do this, for example through the Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED) programme (see Box 1).
- We are **supporting countries to put in place smart policies and regulations** that will help to ensure that domestic development and investment activities are resilient to climate change.
- We are supporting vulnerable countries to put in place **early warning systems for extreme weather events**, for example through the Climate Risk and Energy Warning Systems (CREWS) initiative (see Box 1) to help reduce the loss of lives and assets.

3. *Enhancing availability of innovative finance for adaptation and resilience measures*

- Developed countries see the **Green Climate Fund** as an important vehicle for mobilising adaptation finance now and in the future. We were pleased to support the GCF decision to aim for a 50:50 balance between mitigation and adaptation over time, on a grant-equivalent basis.
- We are using public finance to address market failures and strengthen regulatory environments, helping to pioneer innovative approaches to **mobilise and attract private finance for adaptation,** for example through the Global Innovation Lab, which had a specific focus on adaptation in its recent call for proposals (see Box 2)**.**
- **We are enhancing access to climate risk insurance** – initiatives designed to offer insurance to those who are vulnerable to natural disasters, such as tropical cyclones and droughts caused by climate change. Examples of initiatives include large-scale regional facilities such as the African Risk Capacity initiative, Pacific Catastrophe Risk Assessment and Financing Initiative, and Caribbean Catastrophe Risk Insurance Facility (see Box 1). Our efforts also include supporting a number of small-scale, micro insurance facilities, including through public-private partnerships like the R4 Rural Resilience Initiative which aims to enable vulnerable rural households to increase their food and income security in the face of increasing climate risks.[21]

(continued on page 15)

[19] http://www.wmo.int/pages/prog/gcos/index.php
[20] http://www.napglobalnetwork.org
[21] http://www.wfp.org/climate-change/initiatives/r4-rural-resilience-initiative

Table 1: Climate finance pledges and announcements from developed countries and MDBs

Country	Climate finance pledge - including information specific to adaptation, where available
Australia	Announced a AU$1 billion climate finance commitment over 5 years. We expect our pledge to be 100% grant-based finance. Australia will continue to prioritise adaptation, while being responsive to the needs and requests of developing country partners.
Austria	Austria will strive to provide at least half a billion euros in climate finance between 2015 and 2020 in addition to the current Austrian pledge to the GCF. We aspire to over-achieve the pledged amount in total climate finance. We are committed to achieving a balance between mitigation and adaptation in bilateral grant flows over time, while also taking into consideration priorities of individual partner countries.
Belgium	Belgium committed to provide €50 million a year until 2020.
Bulgaria	As a transition economy, Bulgaria can support the climate finance efforts on a voluntary basis. Bulgaria pledged US$100,000 to the Green Climate Fund in late 2015.
Canada	Canada has committed CAD$2.65 billion between 2015 and 2020 to support developing countries in their transition to clean and climate-resilient economies. Canada's contribution will scale up to CAD$800 million per year by 2020. As part of this pledge Canada already made announcements related to adaptation including CAD$300 million to the GCF, CAD$30 million to the LDCF, CAD$50 million for the G7 Climate Risk Insurance Initiative and CAD$10 million to the World Meteorological Organisations to support early warning systems.
Czech Republic	Annually, the Czech Republic will provide around US$5,000 thousands of climate financing through bilateral cooperation. Any further additional contribution to other multilateral funds such as the GCF or GEF beyond 2018 has not been decided yet.
Cyprus	The President of the Republic of Cyprus has made a pledge for €350.000 towards the Green Climate Fund (GCF) during the COP21 in Paris.
Denmark	Denmark announced it would commit DKK 270m (approximately US$38 million) in earmarked climate finance in 2016, including DKK 156 million to the Least Developed Countries Fund (approximately US$22 million). This will in 2017 be increased to DKK 300m (subject to parliamentary approval). Additional public climate finance will be provided through a range of bilateral and multilateral interventions.
EC	The EU and its Member States provided climate finance worth €14.5 billion in 2014 to developing countries, including grants from the budgets of the EU and its Member States, and loans by public development banks and blending. In addition, the European Investment Bank financed €2 billion of climate projects in developing countries. Pledges from EU Member States also make up about half of the pledges so far received by the UN's Green Climate Fund (US$4.7 billion). At least 20% of the EU budget will be spent on climate action by 2020. This means that at least €14 billion, an average of €2 billion per year, of public grants from the EU budget will support activities in developing countries between 2014 and 2020. Compared to the average level in 2012-2013, funding for international climate action will more than double.
Estonia	Estonia has pledged to contribute €1 million per annum for climate finance until the year 2020.
Finland	Finland intends to provide over half a billion euros in new investment funding for developing countries over the next four years, a substantial part of which will contribute to climate finance.
France	France announced that it would, by 2020, (i) increase annual climate finance from current €3 billion level to more than €5 billion, almost all but not exclusively via AFD (bilateral); and (ii) within this objective of €5 billion of climate finance in 2020, triple its annual adaptation finance to reach €1 billion by 2020.
Germany	Germany recalled that it aimed at doubling its international climate finance by 2020 compared to 2014.
Hungary	Hungary has pledged HUF 1 billion (approximately US$3.5 million) from 2016 to latest 2020 for international climate finance projects on a multilateral and bilateral basis, which is in addition to its July 2015 pledge to the GCF of HUF 1 billion.
Iceland	Iceland will strive to provide around US$10 million annually to climate related development efforts. Focus will be placed on geothermal development, sustainable land and ocean management, as well as gender equality in climate action.
Ireland	Ireland will continue public funding ensuring €175 million in climate finance over the period 2016 to 2020 mainly for adaptation and will increase our contribution to the Least Developed Countries Fund.
Italy	Italy announced that it will increase its support for international climate finance reaching at least US$4 billion between 2015-2020. In the provision of public financial resources we aim to strike a fair balance between mitigation and adaptation.
Japan	Prime Minister Abe announced at the Summit Meeting of COP21 that Japan will provide, in 2020, approximately 1.3 trillion yen of public and private climate finance, 1.3 times up from the current level, to developing countries.
Latvia	Latvia has provided €350,000 to the Green Climate Fund.
Liechtenstein	Liechtenstein has provided CHF 50,000 to the Green Climate Fund.
Lithuania	Lithuania has agreed to make available to the Green Climate Fund the sum of €100,000.
Luxembourg	Public climate finance from 2014-2020 amounts to €120 million, including €30 million in 2020 and including a total contribution of €35 million to the GCF (€5 million/year). Climate- related ODA funding is expected to be around €35 million per year which comes on top of the €120 million. Until further notice, the proportions will be as follows: adaptation- 40%, mitigation- 40%, REDD+ 20%.
Malta	Malta has agreed to make available to the Green Climate Fund the sum of €100,000.
Monaco	Monaco has a pledge amounting to €420,000 per year until 2018. We expect to increase our pledge thanks to the increase of our ODA.
Netherlands	Before COP21 (2015), the Netherlands announced that it would provide and mobilise €440 million in 2015 with an increase to €550 million in 2016. In 2016, the Netherlands provided a target of €660 million for 2017.

New Zealand	The Prime Minister announced at COP21 that New Zealand would contribute up to NZD$200 million in climate-related support over the next four years (including 2019). New Zealand's current projections suggest that it will now meet this $200 million target in three years rather than four, and New Zealand expects to once again exceed its budgeted commitment as other adaptation and mitigation projects come online. Due to New Zealand's significant contribution to renewable energy in the Pacific region, over three quarters of our climate-related support is likely to go towards mitigation activities. New Zealand is actively working to balance our climate mitigation support with more adaptation activities; while also helping recipient countries in the Pacific meet their targets for both access to electricity and renewable energy generation.
Norway	• Norway intend to continue REDD+ finance at least at current levels until 2020 (Budget for 2015 is 2,8 billion NOK) • Green Climate Fund: Committed NOK 400 million per year in 2016, 2017 and 2018. Regarding REDD+ finance: All is directed at mitigation, though recognizing that improved forest management and protection may make significant positive contributions to adaptation. Regarding GCF, the fund will "strive to maximize the impact of its funding for adaptation and mitigation, and seek a balance between the two".
Poland	Poland has announced its intention to provide US$8 million until 2020 for climate finance, including for the Green Climate Fund.
Portugal	In 2016, Portugal announced a pledge of €10 million of climate finance by 2020. In 2015 Portugal made available to the Green Climate Fund the sum of €2 million. Portugal also disbursed at the end of last year extra €500,000 to CPLP (Community of Portuguese Language Countries) for capacity building projects in the field of climate change.
Slovenia	Slovenia has pledged €3,500,000 /year over the period 2016-2020 including 3,500,000 in 2020.
Spain	Doubling its international climate finance by 2020 compared to 2014, by mobilising an amount of €900 million by 2020.
Sweden	Sweden provides support to both mitigation and adaption through a wide variety of channels. Before COP21, Sweden pledged to substantially increase, nearly double, its contributions to multilateral climate funds in 2016, compared to 2015. It is now clear that we will achieve this goal, including by additional voluntary contributions to the Adaptation Fund and the Least Developed Countries Fund. During the period 2015-2020 Sweden will disperse on average nearly 500 mSEK per year to the Green Climate Fund, currently making us the biggest donor per capita. Adaptation will remain important in our bilateral development cooperation.
Switzerland	In the past our (multi-)bilateral climate finance was distributed as follows (only grants): 2013: 61% adaptation and 39% mitigation; 2014: 57% adaptation and 43% mitigation; We have no indication that this proportion will change significantly in the future unless the demand from our partner countries will change accordingly. Switzerland has committed US$100 million to the Green Climate Fund, which will be disbursed in three tranches over three years (2015-2017)
UK	In September 2015, the Prime Minister announced that the UK will significantly increase our climate finance over the next five years, providing at least £5.8bn by 2020. In 2020, the UK's annual climate financing will be double that of 2014. The UK can also reaffirm our commitment to achieve a 50:50 balance between adaptation and mitigation spend over this period.
US	The U.S. pledged to double its grant-based public finance for adaptation by 2020, implying an increase of more than $400 million in annual adaptation finance.

Multilateral Development Bank (MDB)	**Climate finance pledge - including information specific to adaptation, where available**
Asian Development Bank (ADB)	ADB announced a doubling of ADB climate finance from its own resources of $6 billion annually by 2020, which will be 30% of its financing in that year. From ADB's $6 billion target, $4 billion is for mitigation and $2 billion for adaptation.
African Development Bank (AfDB)	The AfDB announced that it would triple its climate financing to reach nearly US$5 billion annually by 2020. Half of the $5 billion will be dedicated to reducing Africa's greenhouse gas emissions. The other half of the $5 billion will help African economies adapt to climate change.
European Investment Bank (EIB)	The EIB will finance US$20 billion a year globally for the next five years under its recently announced climate strategy commitments, a total of US$100 billion, equal to at least 25% of its overall lending for the period. In order to strengthen the impact of EIB's financing, notably in developing countries, the EIB aims to increase its lending for climate action in those countries to 35% of total lending by 2020.
European Bank for Reconstruction and Development (EBRD)	The EBRD Green Economy Transition (GET) approach aims to increase the Bank's green financing to 40% of total EBRD financing by 2020, compared with a target share of 25% over the previous five years. This will increase the level of the Bank's financing in the sphere of sustainable resources to some €18 billion over the 2016-2020 period, or annually to some €4 billion in the year 2020.
Inter-American Development Bank Group (IDBG)	Goal to double climate finance to 30 per cent of operational approvals by 2020 to an average US$4 billion per annum, and to improve evaluation of climate risks and identify opportunities for resilience and adaptation measures.
World Bank Group (WBG)	At the Climate Finance Ministerial in 2015 in Lima, the WBG announced that it will grow its climate work by a third to 28% of annual commitments by 2020. The WBG now provides an average of $10.3 billion a year in direct financing for climate action. If current financing levels were maintained, this would mean an increase to $16 billion in 2020. In addition, the WBG plans to continue current levels of leveraging co-financing for climate-related projects; at current financing levels, that could mean up to another $13 billion a year in 2020. The direct financing and leveraged co-financing together represent an estimated $29 billion.

BOX 1: Supporting adaptation and resilience-building

InsuResilience
The Initiative on Climate Risk Insurance ("InsuResilience") aims to increase by up to 400 million the number of people in developing countries who have access to climate risk insurance coverage by 2020. In 2015, Germany announced an initial contribution of €150 million. The Initiative´s ambitious objective is to be achieved by expanding established indirect risk insurance facilities such as the African Risk Capacity (ARC), the Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) and the Caribbean Catastrophe Risk Insurance Facility (CCRIF) in combination with additional direct and indirect insurance schemes and targeted measures to develop insurance markets in regions at risk. At COP21 in Paris, G7 partners announced the provision of US$420 million in funding for InsuResilience allowing up to another 180 million people to benefit from climate risk insurance cover.

Climate Risk and Early Warning Systems (CREWS)
The CREWS initiative was launched by the French Presidency at COP21 in Paris in December 2015. CREWS aims to significantly increase the capacity for Multi-Hazard Early Warning Systems, to generate and communicate effective impact-based early warnings, and risk information for hazardous hydro-meteorological and climate events to protect lives, livelihoods, and property in Least Developed Countries (LDCs) and Small Island Developing States (SIDS).[22] On 12 September 2016, the first Steering Committee endorsed its implementation plan for investment in projects in Pacific small island developing states, and 5 other countries.[23]

Building resilience and adaptation to climate extremes and disasters programme (BRACED)
Working in the Sahel region and 7 other countries in Africa and Asia, BRACED is a UK initiative that builds the resilience of vulnerable communities to climate shocks and generates knowledge and learning of best practice on how to do this. BRACED projects cover a wide range of issues, for example securing, servicing and promoting trans-border livestock mobility across the Sahel, and supporting the uptake of climate information in Ethiopia. BRACED is expected to directly benefit up to 5 million vulnerable people, especially women and children, in developing countries by helping them become more resilient to climate extremes.

3.3. Using public finance and policy interventions to effectively mobilise private finance

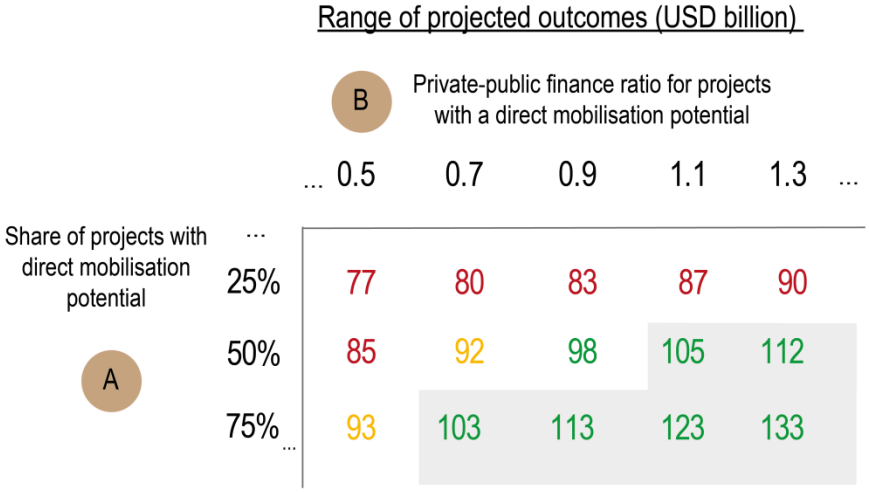
Public finance is playing and will continue to play an important role. However, the Paris Agreement goals and the transition to a low emissions, climate resilient world cannot be achieved with public finance alone. Success will depend on our ability to strategically use public resources and smart public policies to mobilise private finance.

Developed countries have already made significant improvements in mobilising private finance over this decade. The OECD (2015) found that private finance mobilised by bilateral and multilateral public finance (attributable to developed countries) was US$12.8 billion in 2013, and US$16.7 billion in 2014. Notably, this estimate was partial – the study reflected only available data, and for example did not take into account the less direct mobilisation effect of capacity building and public policies, due to lack of available methodology.[24]

The OECD (2016) analysis estimated that if the level of mobilisation per dollar in 2020 was the same as in 2013-2014, estimated public finance in 2020 would mobilise US$24.2 billion in private finance. The analysis also estimated what mobilised private finance in 2020 could be if the mobilisation rates and project mix in 2020 were different to what they were in 2013-14 – see Figure 3. It showed that if the proportion of projects mobilising private finance increases, and if the effectiveness of mobilisation improves, mobilisation rates would increase significantly in comparison to the business as usual scenario.

[22] Australia, Canada, France, Germany, Luxembourg, and the Netherlands have contributed to a trust fund hosted by Global Facility for Disaster Risk Reduction and Recovery which will support the development of implementing institutions and organizations and their activities, and Japan and UK have participated in the initiative as supporting partners.
[23] Burkina Faso, Democratic Republic of the Congo, Mali, Niger, Papua New Guinea.
[24] The estimate is derived from estimates of direct private co-financing where co-financing estimates are adjusted and attributed using volume-based pro-rating in order to avoid double counting and not overestimate mobilisation. The estimate does not capture the indirect mobilisation effect of capacity building, technical assistance, and support for domestic policy development owing to lack of available methodologies and data. See: http://www.oecd.org/environment/cc/OECD-CPI-Climate-Finance-Report.htm - Part I 'The Accounting Framework'

Figure 3: Range of projected outcomes in 2020



Source: OECD (2016)

Actual levels of finance mobilised will depend on a range of factors, such as policy environments; integration of climate change objectives into development planning; promoting a pipeline of investment-ready projects; performance of climate funds including the GCF; and cost curves associated with development and deployment of climate-smart technology. There are also a range of indirect factors related to future global macroeconomic conditions that will impact the amount of private capital mobilised in 2020, including aggregate demand, investor preferences, and currency fluctuations.

Next to scaling-up public finance, developed countries are committed to working with developing countries to improve the mobilisation of private finance beyond historic levels. We are confident that improvement is achievable because a range of promising models and success stories exist for more effectively mobilising private capital. To realise this potential, we will increase efforts to pull all of the levers we collectively influence while also looking to maximise efficiency and effectiveness of spending and outcomes. Our strategy in this regard includes actions on various fronts:

1. **Supporting countries to design and implement domestic policies that can accelerate the mobilisation of finance at scale**, to implement Nationally Determined Contributions (NDCs) and NAPs in a way that is aligned with national development objectives of recipient countries. This is a core component of many developed countries' bilateral climate finance. We are working with partner countries to help promote investment-friendly business climates, including sound governance and transparency, and to remove barriers to competition, for example through the GETFiT programme (see Box 2).

2. **Developing and scaling innovative models for mobilising private finance**. This includes pioneering new tools, for example through the work of the Global Innovation Lab (see Box 2) as well as improving awareness of proven models. It also includes transforming the private equity space, for example by demonstrating the feasibility of green investments in frontier markets through initiatives such as the IFC Catalyst Fund,[25] Global Climate Partnership Fund (GCPF),[26] Global Energy Efficiency and Renewable Energy Fund,[27] the Danish Climate Investment Fund,[28] and Climate Investor One (CIO).[29]

[25] https://www.ifcamc.org/content/catalyst
[26] www.gcpf.lu
[27] www.geeref.com
[28] www.danishclimateinvestmentfund.com
[29] www.climatefundmanagers.com

3. **Strategically de-risking investments** to attract private investment and accelerate the development of local financial markets, for example through credit enhancements and revenue guarantees, first-loss provisions, cornerstone stakes, and tools for targeting different challenges across the stages of the project life cycle.

4. **Enhancing in-country capacity to develop a pipeline of investment-ready projects** and to access the full range of financial instruments and resources available. This includes supporting proponents of promising projects to prepare 'bankable' proposals, 'match-making' proponents and investors, and creating opportunities for knowledge exchange, through initiatives such as Climate Technology Initiative (CTI) Private Financing Advisory Network (see Box 2), the GCF's Project Preparation Facility and Germany's Climate Finance Readiness Programme (see Box 4).

BOX 2: Mobilising private finance – innovative tools and improving investment environments

Global Innovation Lab

The Global Innovation Lab for Climate Finance is an international platform that supports the identification and piloting of cutting edge climate finance instruments. It brings together senior representatives from investment and development communities with the aim of driving billions of dollars of private investment in climate change mitigation and adaptation in developing countries.[30]

Since 2015 the Lab has catalysed over US$500 million in seed funding for projects in Colombia, Mexico, and Rwanda, among others. In June 2016, the Lab endorsed four new instruments to catalyse billions for climate action.[31] *Programmes include a 'Climate-Smart Lending Platform', which will bring together the tools, actors, and finance necessary to reduce climate risk in lending portfolios and scale up climate-smart lending to smallholder farmers around the world; and the Water Financing Facility*[32] *which will mobilise large-scale domestic private finance and strengthen water utilities in countries subject to climate-related water stress.*[33]

Green Climate Fund Private Sector Facility (PSF)

The PSF is mandated to engage private sector investors, developers, entrepreneurs, businesses, and small and medium sized enterprises in climate projects in developing countries. It aims to mobilise private sector investment at scale from local, regional, and international commercial banks, businesses, and institutional investors (including pension funds, private equity funds, and insurance companies), using a range of financial instruments, including debt, equity, and guarantees.

For example, in November 2015, the GCF Board approved a US$20 million equity contribution to the ***Kawi-Sawi Ventures Fund in East Africa*** *to drive investment in off-grid solar in Kenya and Rwanda through small and medium sized enterprises. The GCF's anchoring investment is expected to help non-profit fund manager Acumen raise US$100 million in total capital, and leverage around US$600 million in on-ground investment.*

[30] http://climatefinancelab.org/
[31] http://climatefinancelab.org/press-release/launch-new-financial-instruments-to-catalyze-billions-for-developing-country-climate-action/
[32] http://climatefinancelab.org/idea/water-finance/
[33] The Lab was developed in 2014 by the UK, US and German governments in partnership with several climate finance donor countries and key private sector representatives. It has been funded by the UK, Germany, the US, the Netherlands, Bloomberg Philanthropies, and The Rockefeller Foundation.

BOX 2: Continued…

CTI Private Financing Advisory Network (PFAN)

According to PFAN, since 2006 the network has mobilised over US$1 billion in private financing for clean energy projects in developing countries for 87 projects, representing 701 MW of clean generation capacity and at least 2.6 million tonnes of CO_2 mitigation per year.

PFAN bridges the gap between investments and clean energy businesses. It operates by identifying high potential clean energy projects, and providing them with project development, investment advisory and financing facilitation support via a network of independent experts.

PFAN is a multilateral public private partnership[34] *that uses a small amount of public finance to leverage much larger amounts of private finance. It has a leverage ratio of US$80-100 for every US$1 of donor funds. PFAN is scaling-up its operations and transitioning to a new governance and hosting arrangement with UNIDO and the Renewable Energy and Energy Efficiency Partnership.*

Global Energy Transfer Feed-in Tariffs (GETFiT) programme, Uganda

GETFiT supports the development of small-scale on-grid renewable energy projects in Uganda. It aims to demonstrate to private sector developers that investment in renewable energy in Uganda is financially attractive.[35] *The innovative GETFiT toolbox provides support to top-up existing Feed-in Tariffs for renewables; builds capacity in the Ugandan Energy Regulatory Authority; and facilitates access to guarantees to help project developers reduce risk.*

GETFiT is expected to add an additional 20% of installed capacity, diversifying both the ownership and the technology mix of Uganda's energy. As well as emission savings, GETFiT will create jobs and improve the availability of energy for at least 200,000 households. Following the success of GET FiT Uganda, the UK is working with KFW to assess the feasibility of GETFiT in other countries.

European Fund for Sustainable Development

In recognition of the need to support the Sustainable Development Goals, as well as the challenges of migration and the outcome of COP21, the European Commission proposed, on 14 September 2016, the establishment of a European Fund for Sustainable Development (EFSD).[36] *This is an innovative scheme whereby the €1.5 billion of guarantee covered by the EU budget would be backed by a guarantee fund provisioned with €750 million to maximise the impact of the new EFSD guarantee and reach a critical mass. It is expected that the EFSD will mobilise private investment of €44 billion over its four year lifetime (2017-2020). The Fund has the objective of spending 20% of these monies on renewable energy and climate change projects.*

[34] www.cti-pfan.net. Donors are Australia, Canada, Japan, Sweden, US, Asian Development Bank and the Climate Technology Initiative and its Member States.
[35] http://www.getfit-uganda.org/ . GETFiT is supported by Norway, Germany, UK, EU and the World Bank.
[36] http://europa.eu/rapid/press-release_IP-16-3002_en.htm

The MDBs have also made substantial climate finance pledges, these are summarized at Box 3. Implementing these commitments will be a critical step in meeting the US$100 billion goal, and in the broader transition to a low emissions, climate resilient global economy.

BOX 3: MDB Climate Finance efforts

*In 2015, the **Asian Development Bank** set up the Climate Change and Disaster Risk Management Division (SDCD). It is developing a Climate Change Strategic Framework for Action to feed into its corporate Strategy 2030. The Framework will outline how AsDB will (i) achieve its announced target for climate finance in 2020, and (ii) enhance its climate programmes to meet the needs of developing countries through to 2030, with the Intended Nationally Determined Contributions (INDCs) being the cornerstone of this support.*

*The **Inter-American Development Bank Group** (IDBG) established a Climate Change and Sustainability Department in 2016. Its primary mandate is to mainstream sustainability across sectors, in operations with both public and private clients. The Department leads the IDBG's climate finance tracking efforts as well as efforts to carry-out early assessments of climate risk on the full portfolio, thus identifying opportunities to invest in the climate adaptation process and increase resilience of communities, productive systems and infrastructure.*

*In 2016, the **World Bank Group** approved a Climate Change Action Plan to support developing country efforts to tackle climate change and its impacts.*

*In 2015, the **European Bank for Reconstruction and Development** adopted a Green Economy Transition approach that should expand the volume of green and climate-related financing.*

*In 2015, the **European Investment Bank** approved its Climate Strategy: setting out action areas for mobilising finance for the transition to low-carbon and climate-resilient economies and for financing US$100 billion of Climate Action globally over five years to 2020. The climate strategy for EIB financing outside the EU has been updated and a climate strategy is in preparation in 2016 for Africa, Caribbean and Pacific financing. EIB will be guided by these strategies, to support public and private sector Climate Action in developing countries around the world.*

*The **African Development Bank** expects to complete an update of its climate action plan for the 2016-2020 period.*

3.4. Supporting enhanced access, capacity building and investment readiness

While expected levels of climate finance are increasing, the success of these resources in helping developing countries to effectively address climate change will also depend on the quality of finance. Without accessible and catalytic finance that flows to where it is most needed and has the greatest impact, any quantity of finance will fall short of the Paris Agreement goals.

Developed countries design our climate finance channels with these considerations in mind. Still, developing countries can face a number of barriers and challenges in accessing and attracting climate finance. For instance, the increasing diversity of channels for climate finance makes for a complex access landscape. Applicants need to navigate between numerous bilateral and multilateral financing institutions – often with varying application procedures and funding criteria. A second challenge relates to limited readiness. Even after a particular funding source is identified, applicants may lack the technical expertise and capacity to design and implement investment proposals for low carbon technology and climate resilience. In some cases, improved regulatory environments and governance arrangements are necessary to better attract investment.

Developed countries are committed to addressing these barriers, and supporting developing country partners throughout the development and implementation stages of climate programming, including through the following activities:

1. **Development of ambitious, nationally determined mitigation and adaptation plans** that align with countries' development plans and objectives. This includes working with countries to directly support preparation of NDCs and NAPs for example through the NAP Global Network,[37] the NAP-Ag Initiative,[38] Low Emissions Development Strategies Global Partnership,[39] Low Emission Capacity Building Programme,[40] as well as a range of bilateral initiatives. It also means helping to put in place the building blocks to support development of robust mitigation and adaptation policy – including, critically, measurement, reporting and verification. In Paris, developed countries were pleased to support the establishment of the Capacity Building Initiative for Transparency (CBIT) which will help build capacity to meet enhanced reporting requirements for action and support, to identify least-cost mitigation opportunities and track effectiveness, and to participate in market mechanisms. To date, developed countries have made pledges to CBIT totaling around US$36 million, and we look forward to its prompt operationalisation.[41]

2. **Implementation of mitigation and adaptation plans**. This includes supporting countries to put in place meaningful climate and investment policies, develop a pipeline of investment-ready projects, and access and attract finance. Examples of initiatives that will support countries to do this over coming years include the GCF's Readiness and Preparatory Support Programme, $40 million Project Preparation Facility, and Enhanced Direct Access pilot programme (see Box 4), the NDC Partnership to be launched at COP22 (see Box 4), the Climate Technology Centre and Network,[42] CTI PFAN (see Box 2), the NZ-EU co-hosted Pacific Energy Conference (see Box 4), Germany's Climate Finance Readiness Programme (see Box 4), the Adaptation Fund Readiness Program for Climate Finance, USAID's Adapt Asia-Pacific program,[43] Agence Française de Développement's (AFD) new facility to support developing countries in the implementation of their INDC[44] and the Danish Energy Agency's Bilateral Energy Partnership Programme.[45]

[37] http://www.napglobalnetwork.org/
[38] www.fao.org/in-action/naps/
[39] http://ledsgp.org/?loclang=en_gb
[40] www.lowemissiondevelopment.org
[41] http://www.thegef.org/topics/capacity-building-initiative-transparency-cbit. The UK has pledged £11 million (~US$16.7 million) (£10 million from the International Climate Fund, and £1 million from the Scottish Government's Climate Justice Fund) to support the initiative; the US has announced US$15 million and Canada CND$5 million (~US$$3.9 million). Conversion to US$ based on the average OECD 2015 exchange rate. Others, including Germany, Italy and New Zealand have also confirmed their intention to announce pledges of support in the near future.
[42] https://www.ctc-n.org
[43] http://www.adaptasiapacific.org
[44] http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/75_274_131202365159712331-SK-10-06-Strategies%20and%20Approaches.pdf
[45] https://ens.dk/en/our-responsibilities/global-cooperation

BOX 4: Supporting enhanced access, capacity, and readiness

Green Climate Fund

The GCF provides 'readiness and preparatory' support to enhance the capacity of countries to access GCF resources, and to strengthen country relationships with the Fund. Readiness funds can be used to cover a range of activities - including helping countries to identify projects and programmes that advance national priorities and align with the results areas of the GCF. All developing countries are eligible for readiness support – and the GCF will aim to provide a floor of 50% of the readiness funding to Small Island Developing States, Least Developed Countries and African States.

*The **GCF's Project Preparation Facility (PPF)** will also help accredited entities, especially direct access entities, to develop high quality GCF funding proposals. The PPF provides support to help cover the costs of early design work, including feasibility studies and risk assessments.*

*The **GCF's Enhanced Direct Access** pilot programme is designed to enhance access by sub-national, national and regional public and private entities to the Fund by devolving decision making at country level, to allow greater involvement and input from stakeholders. It will strengthen countries' decision-making authority over resources dedicated to supporting their climate change projects and programmes. The pilot phase will provide an initial allocation of $200m for around 10 pilots, of which at least four will be implemented in Small Island Developing States, Least Developed Countries and African States.*

NDC Partnership

The purpose of the NDC Partnership is to achieve enhanced cooperation among Parties and to support developing country partners in successfully implementing their NDCs and related Sustainable Development Goal (SDG) commitments, with the ultimate goal of reaching climate resilient and low carbon growth. The initiative seeks to respond to developing countries' needs and priorities and work to ensure a country-driven perspective. It aims to achieve a new level of alignment between development and climate finance. Furthermore, the Partnership offers a new, flexible platform for achieving greater coherence of NDC implementation support through enhanced collaboration, coordination and shared learning. The Partnership will facilitate implementation by match making and enhancing coordination of implementation support and action at national level. The partners themselves will deliver on actual implementation.

Climate Finance Readiness Programme

The Climate Finance Readiness Programme aims to provide support to achieve results-oriented, transformational and efficient use of funds from international climate finance, particularly the GCF. The programme is funded by a €50 million contribution by the Government of Germany, with co-financing from USAID and the Czech Republic. It is delivered through multiple partners such as GIZ, KFW, WRI, UNEP, UNDP, AfDB and the World Bank, assisting countries to implement mitigation and adaptation activities through better access to climate finance.

Commonwealth Climate Finance Access Hub

Hosted by the Government of Mauritius, the Commonwealth Climate Finance Access Hub will help developing countries in Commonwealth countries to build capacity to access multilateral funds, such as the Green Climate Fund, as well as private sector finance. The Hub will place national climate finance advisers in recipient countries to help host ministries identify and apply for funding streams. The Hub is supported with a AUD1 million grant from Australia, a GBP1 million grant from the Commonwealth Secretariat, and in-kind support from Mauritius.

Pacific Energy Conference

In June 2016, the Pacific Energy Conference (PEC) saw donors commit over NZD$1 billion for sustainable energy projects in the Pacific out to 2024. The conference built on the success of the Pacific Energy Summit in 2013, which kick-started wide-scale international investment in energy in the Pacific, and has resulted in over US$900 million of energy projects being developed across the region. The commitments made at the PEC are aligned with recipient countries' requests, demonstrating the ability for climate finance to be mobilised in support of countries' priorities, delivering tangible and effective outcomes. Specific areas of focus include supporting Polynesia achieve its target of more than 50% renewable energy by 2024, and providing access to electricity for an estimated 1 million people in Melanesia.

4. Promoting transformational change to implement the Paris Agreement

Public finance alone cannot bring about the transformation required. An estimated US$90 trillion of infrastructure investment is required globally over the next 15 years.[46] All actors – governments, international organisations, non-government organisations, sub-national actors including cities, and the private sector – need to play their part to ensure this is low greenhouse gas emission and climate resilient shift, in line with Article 2.1(c) of the Paris Agreement. This broader transformation, and implementing the Sustainable Development Goals, will require actions to mainstream climate considerations into everyday investment and planning decisions within both the public and private sectors and to mobilise both domestic and international sources of public and private capital.

The transformation has already begun, and investors are increasingly aware of the accompanying opportunities for economic and social growth. Actions in this area include phasing out inefficient fossil fuel subsidies (see Box 5); carbon pricing, notably through the Carbon Pricing Leadership Coalition; ambitious regulations; long-term planning and target setting; increasing volumes of green bonds; voluntary carbon markets and shadow-pricing; carbon and climate-related risk assessments; divestments from assets with high carbon potential; preferential trade and investment settings for green energy; improved mainstreaming of climate change considerations in investment decisions, for example through the Voluntary Principles to Mainstream Climate Action within Financial Institutions (see Box 5); greening of the finance and investment sectors, for example through the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (see Box 5) and the G20's Green Finance Study Group; investor-focused initiatives such as the Montreal Carbon Pledge and the Portfolio Decarbonization Coalition; and initiatives that support development and deployment of new technologies, for example Mission Innovation and the Africa Renewable Energy Initiative (see Box 5).

Progress to date has been encouraging. We intend to continue to find platforms to share lessons learned, including from our domestic experience, and to support the transformation of finance flows in all countries. New actors, such as sub-national governments, are playing an increasingly important role in scaling-up finance in their own jurisdictions and in support of developing countries. We also recognise increasing efforts from developing countries to transform their economies, shift financial flows and mobilise climate finance.

Developed countries are committed to working with all countries and actors to accelerate transformational change to achieve the Paris Agreement goals. Some examples of initiatives are set out in Box 5.

[46] http://static.newclimateeconomy.report/wp-content/uploads/2014/08/NCE_ExecutiveSummary.pdf

BOX 5: Transforming financial flows

Mainstreaming climate change within financial institutions
Twenty six financial institutions from developing and developed countries with combined balance sheets of more than US$11 trillion signed on to the voluntary Principles to Mainstream Climate Action within Financial Institutions, pledging to integrate climate considerations into their investment and advisory functions. The voluntary principles are as follows:

1. Commit to climate strategies
2. Manage climate risks
3. Promote climate smart objectives
4. Improve climate performance
5. Account for your climate action

Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD)
The FSB Task Force has been established in response to a request by G20 Finance Ministers to develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. Increasing transparency will make markets more efficient, and economies more stable and resilient.

Fossil Fuel Subsidy Reform
Globally, governments spend over US$500 billion per year in subsidising fossil fuels – this is four times the amount of subsidies as for renewable energy, and five times the amount of our collective US$100 billion goal. Reform of inefficient fossil fuel subsidies has the potential to free up finance for low emissions and climate resilient investment, and levels the playing field for renewable energy. The resulting reduction in wasteful consumption of fossil fuels would play an important role in reducing emissions – the IEA and OECD have estimated that the gradual phase-out of fossil fuel consumption subsidies could deliver a 10% reduction in global greenhouse gas emissions by 2030.

As an example, Morocco underwent a major reform of fossil fuel subsidies in 2015. This was coupled with commitment to increase the role of renewable energy, particularly solar energy. By redirecting these savings towards renewable energy, Morocco presents an example of an economy placing subsidy reform at the heart of an energy transition.

Mission Innovation
Mission Innovation brings together participating countries and leading private investors to help reinvigorate public and private global clean energy innovation with the objective to make clean energy widely affordable. The 20 participating countries and the European Union will seek to double governmental and/or state-directed clean energy research and development investment over five years. At the same time, the Breakthrough Energy Coalition – a group of around 28 high net-worth individuals from across ten countries – will direct capital to clean energy projects.

Africa Renewable Energy Initiative
Under the German G7-presidency in 2015 the G7 expressed their support to the Africa Renewable Energy Initiative (AREI), followed by the G20 energy ministers in Istanbul in October 2015. The AREI aims to achieve at least 10 GW of new and additional renewable energy generation capacity by 2020, and at least 300 GW by 2030. At the COP21 in Paris the G7, Sweden, the Netherlands and the European Commission reiterated their support for AREI and committed to mobilising at least US$10 billion cumulatively from 2015 to 2020 to accelerate efforts to harness Africa's renewable energy potential. Germany has announced €3 billion for this period. France committed to provide €2 billion for this period.

List of Abbreviations and Acronyms

AREI	*Africa Renewable Energy Initiative*
AFDB	*African Development Bank*
ARC	*African Risk Capacity*
AFD	*Agence Française de Développement's*
ADB	*Asian Development Bank*
BA	*Biennial Assessment*
BRACED	*Building Resilience and Adaptation to Climate Extremes and Disasters*
CBIT	*Capacity Building Initiative for Transparency*
CCRIF	*Caribbean Catastrophe Risk Insurance Facility*
CIF	*Climate Investment Funds*
CIO	*Climate Investor One*
CPI	*Climate Policy Initiative*
CREWS	*Climate Risk and Energy Warning Systems*
COP	*Conference of Parties*
CTI	*Climate Technology Initiative*
EBRD	*European Bank for Reconstruction and Development*
EFSD	*European Fund for Sustainable Development*
EIB	*European Investment Bank*
FSB	*Financial Stability Board*
GIZ	*Gesellschaft für Internationale Zusammenarbeit*
GCPF	*Global Climate Partnership Fund*
GETFIT	*Global Energy Transfer Feed-in Tariffs*
GEF	*Global Environment Facility*
GCF	*Green Climate Fund*
INDC	*Intended Nationally Determined Contributions*
IDBG	*Inter-American Development Bank Group*
IEA	*International Energy Agency*
KFW	*Kreditanstalt Für Wiederaufbau*
LDC	*Least Developed Countries*
LDCF	*Least Developed Countries Fund*
MDB	*Multilateral development banks*
NAP	*National adaptation plans*
NDC	*Nationally Determined Contributions*
OECD	*Organisation for Economic Co-operation and Development*
PCRAFI	*Pacific Catastrophe Risk Assessment and Financing Initiative*
PEC	*Pacific Energy Conference*
PFAN	*Private Financing Advisory Network*
PSF	*Private Sector Facility*
PPF	*Project Preparation Facility*
SIDS	*Small Island Developing States*

TCFD	*Task Force on Climate-related Financial Disclosures*
UNDP	*United Nations Development Programme*
UNEP	*United Nations Environment Programme*
UNFCCC	*United Nations Framework Convention on Climate Change*
WBG	*World Bank Group*
WRI	*World Resources Institute*