Climate Finance Readiness

Understanding readiness to access and use climate finance effectively
Insights from Namibia, Tanzania and Zambia

The need to support processes that enhance the capacity of developing countries to access, allocate and spend climate finance is increasingly acknowledged by the international community. Several bilateral and multilateral initiatives have been launched to strengthen recipient country readiness to use climate finance effectively, and “readiness” activities are envisaged to be supported through the Green Climate Fund (GCF).

Greater attention to issues of national policy, planning, institutional arrangements and spending capacity, it is hoped, will not only ensure that climate change and development aspirations are well aligned, but also more effectively implemented through the ensuing activities funded. Since November 2012, ODI and the African Climate Finance Hub have worked with government, private sector, and civil society stakeholders in Namibia, Zambia and Tanzania to understand these countries’ unique climate finance readiness needs. This policy brief reflects on these three country experiences to draw synthetic lessons for efforts to deliver support for climate finance readiness activities.

All three country studies and an initial note outlining the analytical approach taken and early findings from this research initiative are available online at: www.odi.org.uk/climatefinancereadiness and www.giz.de/climate > Climate finance > Further information.

Understanding Climate Finance Readiness

Responding to climate change is no easy task and programming and using climate finance well is a complex undertaking. The particular activities that would enhance a country’s readiness to use climate finance to transition to a low carbon and climate resilient development pathway need to reflect the country’s unique circumstances and particular context. We began by developing a basic framework for analysing country readiness needs, through an iterative process that sought input from international development organisations, developed and developing country government representatives, and well respected international climate change and development think tanks.

Our framework for understanding a country’s climate finance readiness needs seeks to make recommendations that are: RELATIVE to a country’s socioeconomic and geopolitical characteristics; RESPONSIVE to the country’s particular needs, priorities, and challenges – and therefore flexible and revisited over time; REASONABLE, moving beyond the ideal to factor in key national issues and constraints, and thus identifying the practical steps that can be taken.

With these principles in mind, we considered; (i) in-country processes and institutions to plan for climate change and
programme required finance (ii) associated aptitudes and capacities across a wide cross-section of national institutions and stakeholders (iii) and systems to access and spend climate finance. This analytical framework and its components are summarised in figure 1 below. Readiness needs are likely to span across these interlinked core components. Activities which qualify for international climate readiness funding are likely to be only a subset of the full suite of activities that will need resourcing in order to achieve a transition to climate compatible development.

In applying the framework in the three countries, we sought to consult as wide a range of stakeholders from government, civil society and business as possible, to seek their views on what it would take to direct finance towards climate compatible development in their country context. We also analysed the underlying political and economic incentives that shape investment choices, and the barriers that may impede better alignment of climate change and development goals.

**Figure 1: A framework for understanding climate finance readiness**

**Climate Finance Readiness**

**Driving Principles**

- RELATIVE to a country’s socioeconomic and geopolitical characteristics, with due recognition of incentives and barriers to action
- RESPONSIVE to the needs, priorities and challenges of all stakeholders, including government, business and civil society
- REASONABLE in terms of having identified the key issues and challenges at hand, and proposing practical steps that can be taken to address these considerations

**Core components**

- **Planning**: includes the strategic purpose and alignment of climate finance with national strategies and objectives, capturing climate finance governance and institutions, the processes and systems in place to revise policies, regulations and incentives that affect climate change relevant investments, and the extent of information to guide investments.

- **Aptitude**: relates to national capacities linked to climate finance, referring to the people and expertise that exists in country to access and program climate finance and including the capability to develop a pipeline of bankable climate change projects and programmes.

- **Access**: refers to the sourcing and receipt of climate finance and whether funds are spent effectively, thus considers the systems and capacities in place to monitor and evaluate the impact of climate finance expenditure, with the goal of strengthening accountability and improving impact, as well as modalities and associated fiduciary and environmental standards.

**Needs that may strengthen readiness to use climate finance effectively, which can then be prioritised. Needs will evolve, and must be revisited over time.**

**Effective coordination of actors, institutions and activities**

**Sustainable coordinating structures and institutions**

**Systems for transparency and inclusive engagement**

**Expertise across stakeholders and existence of partnerships**

**Appropriate modalities and associated fiduciary standards in place**

**Monitoring and evaluation capacity and processes**

Potential areas of focus for readiness needs identification

Learning and self-reflection
Insights for efforts to strengthen readiness for climate finance

The following cross cutting insights emerge from our three country initiatives. The findings of the individual studies are summarised in Table 1.

I. Planning: Supporting a coordinated, well-informed, and strategic climate response

Our analysis of planning for climate finance included consideration of the strategic purpose of climate finance, or the critical need to align climate finance programming with national economic development strategies and objectives. It captures climate finance governance and the appropriate institutional framework to support a country’s climate change response. It also takes account of the procedural arrangements to revise policies, regulations and incentives that affect climate change relevant investments. Finally, it reflected on the issue of acquiring sufficient and relevant information in order to achieve informed climate change planning to guide climate finance investment. Our studies suggest the following lessons for efforts to support climate finance readiness.

The role of climate finance and associated readiness needs are shaped by national economic priorities and geophysical circumstances. For example, as Zambia depends almost entirely on hydropower for its electricity needs, it has a relatively low carbon energy mix. Climate change may, however, make these resources less reliable. Zambia needs finance to investigate options for diversifying its energy sources whilst meeting its growing energy needs and managing water resources that are central to its agrarian sector. Namibia has a more developed infrastructure base and economy and is looking to foster greater integration with its neighbours in the Southern African Development Community by becoming a logistics hub. The development of energy resources will be critical to achieve this; with new energy capacity also contributing to regional energy needs. However, the cheapest forms of energy, modes of transport and other infrastructure services that support a specialisation in logistics may be in tension with low carbon and climate resilient development aspirations. Similarly in Tanzania, newly discovered fossil fuel endowments may bring new wealth and help expand domestic fiscal space, but may pose tensions with some aspects of climate compatible development if these new revenues are not managed wisely. In all three countries, we observed a need to invest in processes and systems to align various sector plans with emerging strategies to address climate change.

» A strong appreciation of country context is therefore central to efforts to strengthen readiness for climate finance

Readiness efforts have the potential to support the implementation of emergent climate strategies, as well as more effective co-ordination. Climate change strategies and policies are emerging in all three of the countries we studied, driven by international attention and engagement, as well as by a growing appreciation of the material implications of climate change for national development strategies. Zambia has developed a National Climate Policy and associated Strategy, but it has yet to be approved by political authorities including the Cabinet and Parliament. Namibia has developed a National Climate Policy and associated Strategy and Action Plan, but appreciation of the implications of these policies and plans for key sectors such as energy or agriculture is nascent. In Tanzania, a National Climate Change Strategy was also developed in 2012. In all three countries however, we observed a role for readiness finance in enabling more strategic implementation of these emergent policies. Many climate strategies are in their early stages of development, and have yet to take on some of the fundamental incentives that shape the viability of climate compatible development. In all three countries, climate strategies need more detailed elaboration of proposed activities, and need to explicitly consider how current policy, institutional, subsidy and regulatory constraints to their implementation could be addressed.

» Climate finance readiness efforts can help stakeholders in recipient countries elaborate the links between emergent climate strategies and existing governance arrangements (including policy, institutional, regulatory, and incentive frameworks). This would help stakeholders identify practical steps to strengthen the enabling environment for investment in climate compatible development.

Stakeholders in most countries recognised the need to strengthen coordination of climate change activities and incorporate climate change considerations into national development strategies: but this is easier said than done. In all three countries institutions to support the realisation of climate policies and strategies are emerging, and usually include some formal space for the representation of the various ministries and stakeholders who will need to be involved in implementation. For example the proposed National Climate Change and Development Council in Zambia will draw in the ministries responsible for environment, finance, infrastructure, mines, energy and water, the Office of the Vice President with its disaster management unit and the Zambian Meteorological department, while also engaging civil society and private sector representatives. Support from the Pilot Program for Climate Resilience for such institutions, as well as for ensuing program implementation, appears to be supporting such outcomes. Similarly the process for developing the Namibian Climate Policy and Strategy has involved consultation with other units of government through a National Climate Change Committee. But in practice, coordination between activities and within planning processes has been challenging, often lacking sufficient mandate, capacity, or incentives. There may be implicit or explicit competition for access to funding, and enhanced political profile. Any efforts to support readiness activity will need to be attuned to these considerations, and seek to create incentives for more effective coordination.

» Readiness support has the potential to create political and financial incentives for more coordinated approaches. In practical terms, it may support focal points in relevant departments to engage and coordinate on climate issues, as well as inclusive processes to reach out to stakeholders in implementing emerging response strategies.
II. Aptitude: Maximising and building on existing national capacities

Our analysis of Aptitude concerned matters such the capability of people responsible for climate change action and related national economic development, as well as institutional capacities and systems, to deploy climate finance effectively. It also considered whether the available expertise, or ‘know-how’, that exists in country is appropriately applied to access and program climate finance. We therefore considered capacities to develop viable climate change projects and programmes that can receive finance. The following insights emerge from the three country experiences:

Readiness activities can support institutions or accelerate processes that are already emerging to coordinate climate change and development related action and associated finance strategies. Such investments should support domestic efforts to incorporate climate change into development planning in the first instance, and also to access international climate finance, including from the Green Climate Fund.

» Readiness finance might play a role in enhancing the capacities and empowering the nascent institutions tasked with coordinating national climate change responses, rather than developing parallel initiatives and processes.

Well-designed climate finance readiness activities will support national efforts to realise environmentally and socially sustainable development more generally. Many potential investments in activities that would strengthen capacity to make more effective use of climate finance will also strengthen the capacity of government and other stakeholders within these three countries to better deliver development outcomes. For example, readiness activities aimed at supporting mainstreaming of climate considerations into energy, logistics infrastructure, and agricultural sector investment strategies in Namibia would more generally strengthen government agencies’ capacity to undertake more comprehensive assessments of the potential costs and benefits of proposed investments from different stand points. Similarly, efforts to build capacity to consider how a range of actors and sources of finance might be harnessed to deliver climate related outcomes are also likely to be beneficial in exploring options for such arrangements to support development activities. Of course, support provided by climate finance institutions to enhance readiness cannot be expected to solve all the public sector management issues that are relevant for the effective and efficient delivery of climate finance.

» There is a strong case for an early focus on “no regrets” readiness support that will strengthen capacity for climate compatible development, rather than a focus on activities that are exclusively focused on supporting engagement with climate finance institutions.

III. Access: Accessing and spending climate finance effectively

Our analysis of Access refers to the sourcing as well as the receipt of climate finance and whether funds are being spent well, in order to achieve intended climate related objectives. It captures the monitoring and evaluation of climate finance expenditure which can contribute to better accountability for resources. The concept of access also considers the appropriate modalities and associated fiduciary and environmental standards, given the pursuit of direct access modalities for climate finance.

There is a growing recognition of the need to consider the range of international and domestic sources of both public and private finance that will allow the realisation of climate change strategies. For example in Zambia, the government is already exploring options to engage the private sector in rural adaptation programs through its engagement with the Pilot Program on Climate Resilience. In both Zambia and Tanzania, efforts to analyse the linkages between public expenditure through the national budget and climate change are underway. Yet this recognition is not always reflected in efforts to finance emergent climate change strategies. They are also not always reflected in efforts to access international climate finance, which have focused primarily on identifying intermediary institutions that will meet the standards set by international funds and gain the trust of donors rather than institutions that will be able to mobilise additional domestic investment and implementation capacity. Developing country governments need to undertake a careful and considered analysis of the access modalities that will best support emerging national climate response strategies and institutions.

» Readiness funding can support countries to strengthen their institutions, which will enable them to access international funds directly, but also to use funds from a variety of sources more effectively. Readiness support to enable developing country based institutions to have “direct access” to international climate funds should support an informed analysis of the options at hand, before embarking on supporting capacity building for accreditation or access to international funds.

All developing countries recognise the need to invest in better climate change data, particularly for key areas of vulnerability and for monitoring greenhouse gas emissions. Such data can inform appraisals of climate risk, the design of investments in solutions, and is essential for efforts to monitor and evaluate the outcomes of climate finance. Systems to this end are being implemented to varying degrees. In Namibia, while strong systems have been put in place to gather data that supports monitoring of conservation and desertification combatting initiatives, systems for monitoring emissions and climate change vulnerabilities are nascent. Similarly, in Zambia stakeholders stressed a strong need to strengthen systems to gather data on likely impacts of climate change. Efforts are presently underway to improve meteorological and hydrological data systems, but there is a need to develop a better understanding of trends and implications. In Tanzania, studies on the economics of climate change have improved understanding of potential risks, but there
is a need to incorporate such insights into operational decision-making. Investment in such systems could be consistent with and complement ongoing efforts to improve global information and reporting on climate change action, for example through national communications.

» There may be an important role for readiness support in strengthening climate change data systems, and to support robust monitoring and evaluation of funded response activities.

Relative, responsive and reasonable

Our experience reinforces the importance of tailored approaches to understanding readiness. While countries shared common needs under the three core areas of planning, aptitude and access, the nature and priority of activities to address these needs varied. Namibia, Zambia and Tanzania confront many similar challenges, notably that of developing viable projects that can access finance from a diversity of sources. But the best way to meet these needs may differ across countries. For instance, there appear to be greater opportunities currently in Namibia to harness capacities in the NGO and domestic private sectors to this end. Although Namibia’s public finance management systems are relatively well developed, the low level of attention paid to climate change in its development plans limits the space for delivering climate programmes through budget support. Hence, focussing on opportunities to partner with non-state actors can be accorded higher priority in Namibia than in Zambia or Tanzania. Readiness needs reflect the local context, drivers, and actors which influence a country’s climate response. Iterative stakeholder engagement was essential to understanding these contexts, and to identifying potential activities that would appropriately meet resultant needs.

Aptitude to engage on climate finance issues is shaped at least in part by a country’s interactions with international institutions that offer climate finance. For example, Zambia has accessed a variety of dedicated climate funds at significant scale using programmatic approaches. As a result, climate change is increasingly incorporated in its development planning. Namibia and Tanzania, by contrast, have mainly engaged with international climate funds around smaller scale projects and interventions. Climate change is accorded limited attention in their development strategies. This suggests that the experience of working to access international climate finance at sufficient scale can elevate political attention to climate change as a policy issue.

Explicit comparison or ranking of readiness across countries may be problematic. It is not clear that explicit public comparison will necessarily help stakeholders understand what they need to do differently to strengthen their own readiness. Furthermore, if readiness becomes a competition to score well in order to have access to international public finance, it may dis-incentivise honest reflection on strengths and weaknesses. There is a risk that readiness efforts could result in new impediments to accessing finance, rather than enabling more effective access and use. While the costs of readiness activities should not be underestimated, well targeted interventions may yield significant benefits. Much can be achieved through relatively low cost interventions that would seek to work in partnership with existing institutions to share and synthesise knowledge and experience.

Conclusion

Climate finance readiness efforts can support enabling activities within countries that allow climate finance to be used to realise a ‘paradigm-shift’ in development strategies. Readiness for effective use of climate finance may need to be distinguished from readiness for the GCF. Readiness for the GCF may entail a much narrower focus on issues such as meeting the requirements for accessing the fund directly, and on the selection of projects which meet its funding criteria.

While developing countries are taking important steps to integrate climate change into their economic development strategies, in many countries further work is required to enhance alignment between emergent climate change strategies and existing investment and finance priorities. Transparent, inclusive deliberation over priority needs and policy choices, with due recognition of political and economic constraints, can be a powerful tool to identify measures that will help countries attract and make good use of climate finance.

Acknowledgements

We are grateful to reviewers from the UNFCCC and the Global Environment Facility secretariats, Louise Brown and Pieter Terpstra of WRI, Xing Fu Bertaux, Marius Kaiser and Andrea Iro of GIZ for their helpful review of earlier versions of this paper. All reviewers provided comments in a personal capacity, and the authors of course retain full responsibility for all content and conclusions reached. In addition, we are indebted to the many individuals from government, civil society, and development partner organisations in Namibia, Tanzania and Zambia who shared their time and insights to allow us to develop the national studies of readiness needs on which this note is based. The government of Germany through the Federal Ministry for Economic Cooperation and Development (BMZ) and GIZ provided financial support for this work.
Readiness efforts can help stakeholders in recipient countries identify readiness needs, through providing guidance on the implications of climate change for overall national development as well as sector-specific planning beyond the environment ministry needs strengthening.

Simple tools which allow key ministries such as the National Planning Commission, Mines and Energy, Agriculture, Water and Forestry or Public Works to understand the climate implications of existing policies and proposed investments should be developed.

A number of domestic institutions which might play a vital role-players. Government expertise on climate change is concentrated in the environment ministry, which has led the development of Namibia’s climate change policy and strategy. Other ministries have quite limited capacity to engage on climate-related issues, despite the relevance of such issues for their portfolios. Establishment and strengthening of climate change focal points in other ministries needs to be supported.

There are a number of domestic institutions which might play important roles in allocating climate finance in Namibia. The suitability of such institutions for effectively deploying international climate finance, including from the GCF, needs to be assessed – as does the extent of capacity building required.

To date, Namibia has accessed grants mostly in support of small scale projects; it thus has relatively limited experience of managing large scale climate finance funded initiatives, and of how these can best be integrated with national development programmes.

Due diligence and appraisal systems of national development finance institutions, state-owned enterprises and private investors for key sectors including energy, infrastructure and agriculture could be strengthened.

### Tanzania

Although climate change is a key risk factor for Tanzania’s economic growth and development ambitions, national planning processes and the National Planning Commission have yet to fully integrate proposed climate related actions.

A series of workshops and trainings to assist key staff in the National Planning Commission to reflect on the implications of climate change for proposed development strategies could be considered.

Tanzania’s 2012 National Climate Change Strategy (NCCS) identifies mobilisation of resources as key to addressing climate change, but does not spell out how this is to be achieved.

Support could be provided for establishing a resource mobilization strategy, encompassing both domestic and international sources, to enable the interventions proposed in the NCCS to be realised.

Limited capacity to enable the mainstreaming of climate change is reported across all stakeholders in Tanzania, both government and non-governmental.

Capacity to screen, appraise and select climate related projects as a basis for prioritising the allocation of climate finance from various sources should be enhanced.

### Table 1: Summary of findings from readiness needs assessments in Namibia, Tanzania and Zambia

<table>
<thead>
<tr>
<th>Namibia</th>
<th>Tanzania</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Planning</strong></td>
<td></td>
</tr>
<tr>
<td>While a National Climate Policy and associated Climate Change Strategy and Action Plan have been developed, understanding of the implications of climate change for overall national development as well as sector-specific planning beyond the environment ministry needs strengthening.</td>
<td>Although climate change is a key risk factor for Tanzania’s economic growth and development ambitions, national planning processes and the National Planning Commission have yet to fully integrate proposed climate related actions.</td>
</tr>
<tr>
<td>Simple tools which allow key ministries such as the National Planning Commission, Mines and Energy, Agriculture, Water and Forestry or Public Works to understand the climate implications of existing policies and proposed investments should be developed.</td>
<td>A series of workshops and trainings to assist key staff in the National Planning Commission to reflect on the implications of climate change for proposed development strategies could be considered.</td>
</tr>
<tr>
<td>Sector plans need to be better harmonized with climate change objectives, as activities they contain may be contradictory to or impact negatively on the achievement of climate goals (for instance in Energy and Agriculture). Officials from key line ministries could be provided with expert support for exploring options to better integrate climate change into sector plans going forward.</td>
<td>Tanzania’s 2012 National Climate Change Strategy (NCCS) identifies mobilisation of resources as key to addressing climate change, but does not spell out how this is to be achieved. Support could be provided for establishing a resource mobilization strategy, encompassing both domestic and international sources, to enable the interventions proposed in the NCCS to be realised.</td>
</tr>
<tr>
<td><strong>Aptitude</strong></td>
<td></td>
</tr>
<tr>
<td>Implementing a climate change response in Namibia will require coordination between key ministries, hence the National Planning Commission, and potentially also the Office of the Prime Minister, are likely to be vital role-players. The level of engagement and technical capacity on climate issues of these institutions will need to be strengthened if they are to effectively play such a role.</td>
<td>While Tanzania has been effective in identifying many potential climate change activities, these need to be defined in more detail and their cost established to enable prioritising and implementation. Development of comprehensive plans and costing for the interventions proposed in the 2012 NCCS, which seek to make optimal use of existing domestic capacities across state and non-state sectors could be supported.</td>
</tr>
<tr>
<td>Government expertise on climate change is concentrated in the environment ministry, which has led the development of Namibia’s climate change policy and strategy. Other ministries have quite limited capacity to engage on climate-related issues, despite the relevance of such issues for their portfolios. Establishment and strengthening of climate change focal points in other ministries needs to be supported.</td>
<td>Limited capacity to enable the mainstreaming of climate change is reported across all stakeholders in Tanzania, both government and non-governmental. Capacity to screen, appraise and select climate related projects as a basis for prioritising the allocation of climate finance from various sources should be enhanced.</td>
</tr>
<tr>
<td>There are a number of domestic institutions which might play important roles in allocating climate finance in Namibia. The suitability of such institutions for effectively deploying international climate finance, including from the GCF, needs to be assessed – as does the extent of capacity building required.</td>
<td>Tanzania has successfully accessed climate finance from a number of bilateral and multilateral sources, largely through the intermediary of United Nations Agencies. It is considering creating a National Climate Fund to enhance access to and management of global climate finance. The process underway to determine whether and how such a fund might be established in Tanzania could be supported.</td>
</tr>
<tr>
<td>To date, Namibia has accessed grants mostly in support of small scale projects; it thus has relatively limited experience of managing large scale climate finance funded initiatives, and of how these can best be integrated with national development programmes. Due diligence and appraisal systems of national development finance institutions, state-owned enterprises and private investors for key sectors including energy, infrastructure and agriculture could be strengthened.</td>
<td>Reporting, monitoring and evaluation of climate finance in Tanzania has, thus far, relied on existing systems. However, these are largely ad-hoc and information has not reached the public domain for independent assessment. The establishment of more impact-oriented monitoring so that the benefits of climate change activities at local levels can be better assessed, and fed back into national planning processes should be supported.</td>
</tr>
<tr>
<td>Zambia</td>
<td>Key Lessons</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Understanding of climate change as a developmental rather than just</td>
<td>• A strong appreciation of country context is central to appropriate efforts to strengthen readiness for climate finance.</td>
</tr>
<tr>
<td>an environmental issue has become more wide-spread, but a national</td>
<td>• Readiness efforts can help stakeholders in recipient countries to elaborate the links between emergent climate strategies and underlying governance arrangements (including policy, institutional, regulatory, and incentive frameworks); and to identify practical steps for strengthening the enabling environment for investment in climate compatible development.</td>
</tr>
<tr>
<td>climate policy and a response strategy drafted by the environment</td>
<td>• Readiness support can help build the resources and influence of climate change coordinating bodies to enhance their ability to resolve inter-institutional competition.</td>
</tr>
<tr>
<td>ministry have yet to be approved by Cabinet.</td>
<td></td>
</tr>
<tr>
<td>Enabling effective engagement of Parliamentarians on climate change</td>
<td></td>
</tr>
<tr>
<td>issues may assist in obtaining approval of the draft policy and strategy,</td>
<td></td>
</tr>
<tr>
<td>as well as facilitating the passing of legislation necessary to operation-</td>
<td></td>
</tr>
<tr>
<td>alize them.</td>
<td></td>
</tr>
<tr>
<td>An Interim Climate Change Secretariat, established to guide the evolu-</td>
<td></td>
</tr>
<tr>
<td>tion of a proposed National Climate Change and Development Council,</td>
<td></td>
</tr>
<tr>
<td>is envisaged to act as a “clearing house” for climate finance. As such,</td>
<td></td>
</tr>
<tr>
<td>it could play a key role in tracking funding and promoting learning.</td>
<td></td>
</tr>
<tr>
<td>The establishment of a national tracking system for climate finance to</td>
<td></td>
</tr>
<tr>
<td>aid investment decision-making and coordination should be supported.</td>
<td></td>
</tr>
<tr>
<td>The Pilot Programme for Climate Resilience (PPCR) has been instrumental in building government capacity on climate related issues, particularly at national level. The current adequacy of private sector knowledge and engagement is, however, uncertain.</td>
<td></td>
</tr>
<tr>
<td>A review of the existing capacities in key line ministries to address climate change in Zambia, and of opportunities for partnering with other public, private and civil society actors could aid a stronger response.</td>
<td></td>
</tr>
<tr>
<td>While potential climate change activities have been identified, they are not fully elaborated; capacity to develop ideas into tangible projects needs to be harnessed.</td>
<td></td>
</tr>
<tr>
<td>Technical assistance should be provided to assist the Ministry of Finance in assessing linkages between mainstream expenditure and climate change, and in establishing sector-by-sector guidance to support project development.</td>
<td></td>
</tr>
<tr>
<td>Through the PPCR, Zambia has acquired experience of managing a large scale climate finance funded initiative. It is exploring future options to source such finance, including by means of a national climate fund.</td>
<td></td>
</tr>
<tr>
<td>Potential domestic institutions that might help manage international climate finance inflows, including through such a fund, need to be identified and their capacities assessed.</td>
<td></td>
</tr>
<tr>
<td>Monitoring and evaluation activities have to date been focussed on meeting donor requirements, rather than on supporting the implementation of national strategies.</td>
<td></td>
</tr>
<tr>
<td>Options for strengthening domestic climate finance monitoring and evaluation systems need to be explored in light of supporting Zambia’s climate response objectives and ensuring sustainability.</td>
<td></td>
</tr>
<tr>
<td>• Support to enable developing country-based institutions to gain “direct access” to international climate funds should support an informed analysis of the variety of options at hand, before embarking on supporting dedicated capacity-building for accreditation or access to particular international funds.</td>
<td></td>
</tr>
<tr>
<td>• An important role for readiness support may lie in strengthening climate change data systems and analytical capabilities enabling robust monitoring and evaluation.</td>
<td></td>
</tr>
</tbody>
</table>
ODI is Britain’s leading independent think tank on international development and humanitarian issues. Our mission is to inspire and inform policy and practice which lead to the reduction of poverty, the alleviation of suffering, and the achievement of sustainable livelihoods in developing countries. We do this by locking together high quality applied research, practical policy advice, and policy-focused dissemination and debate. We work with partners in the public and private sectors, in both developing and developed countries. In partnership with the Heinrich Boell Foundation North America, ODI coordinates Climate Funds Update, an independent website monitoring and verifying dedicated public climate finance (www.climatefundsupdate.org).

The African Climate Finance Hub provides research, analysis and convening services in relation to both the supply and demand sides of climate finance, with a particular focus on Sub-Saharan Africa. Our primary aims are to identify the key issues and transformational levers, to assist governments and private sector bodies to develop the necessary governance arrangements to access new sources of climate finance, and to assist our development partners to convene & support regional leadership knowledge-sharing platforms which enhance collaboration and help forge consensus on key climate finance issues.

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH operates in more than 130 countries worldwide, offering expertise and advisory services that develop the capacities of social systems, organisations, and individuals. As a German federal enterprise, most of GIZ’s work is commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ). However, GIZ also operates on behalf of other German ministries and public and private bodies, including governments of other countries, the European Commission, the United Nations and the World Bank.

Under the Global GCF Readiness Programme, carried out by GIZ and KfW on behalf of BMZ, GIZ offers customised long term capacity development and technical assistance. It supports partner institutions and ministries to build a foundation for a result oriented, transformational and efficient use of international climate finance, and in particular of the GCF.

Published by
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Registered offices
Bonn and Eschborn, Germany
Climate Protection Programme for Developing Countries
Dag-Hammarskjöld-Weg 1-5
65760 Eschborn, Germany
T +49 61 96 79-0
F +49 61 96 79-11 15
www.giz.de

Authors
Smita Nakhooda and Charlene Watson, ODI
Richard Calland and Jerome van Rooij, African Climate Finance Hub

As at
October 2013

GIZ is responsible for the content of this publication.