

HOW TO PREPARE BANKABLE PROJECTS FOR FINANCING CLIMATE CHANGE ADAPTATION IN TRANSBOUNDARY BASINS

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Where to begin: Essential Elements for Preparing Bankable Projects

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Session 2. Overview

- Funds v. Donors, how they vary
- Preparation & Implementing Partners
- Developing a Project Profile
- Funding procedures
 - project scope identification, budget planning, etc.
- Some Dos and don'ts of funding proposals

Financing Climate Adaptation & Resilience

Review -- Climate Finance =

- financing source from
 - international,
 - regional, and
 - national
- Public, Private, or Blended sources
- For mitigation & adaptation

Funds v. Donors

FUND - Pool of funding made available for a specific purpose by an agency, organization, foundation, government, private institution, private party. Multilateral Development Funds, Private Foundations, etc.

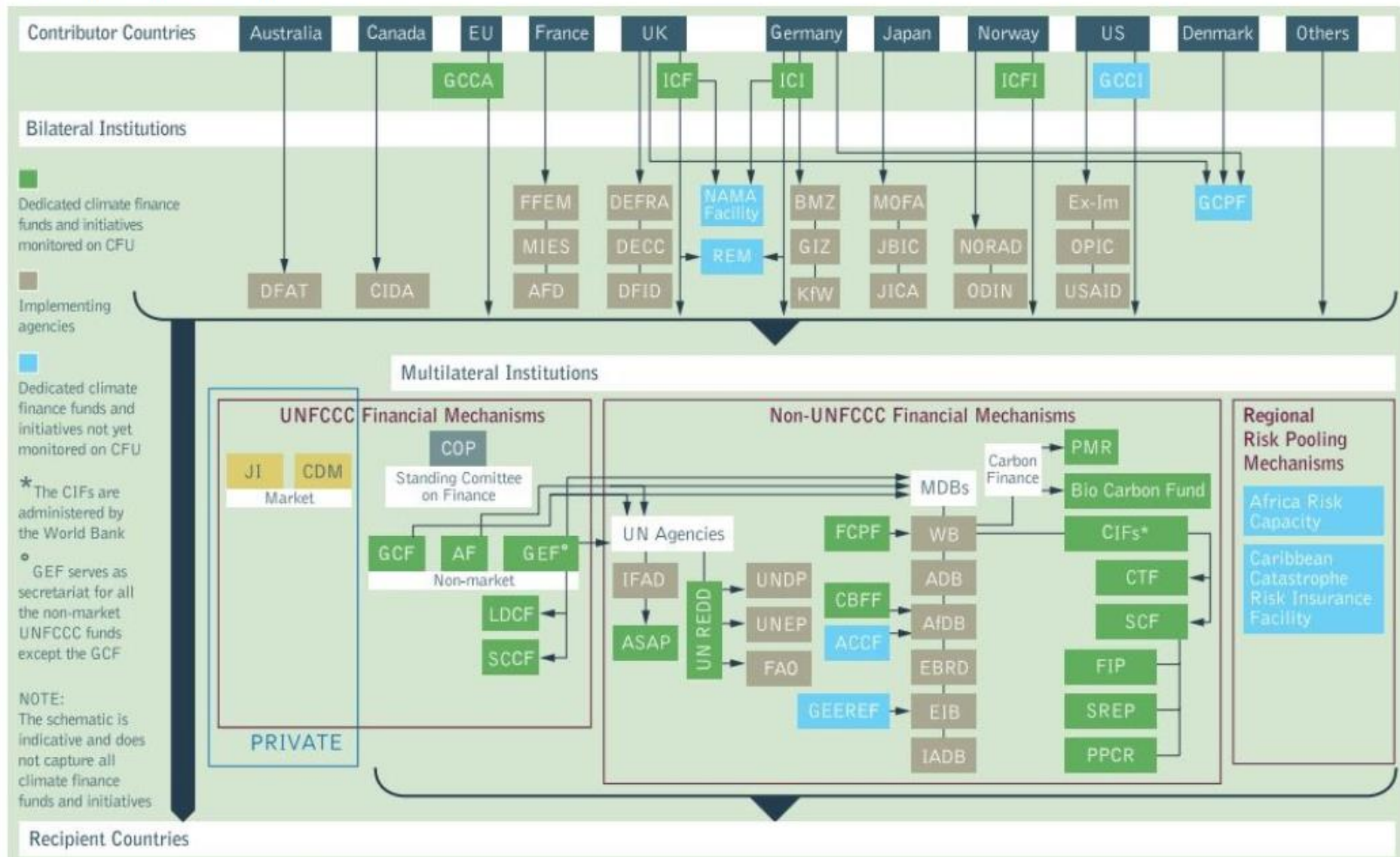
DONORS – Institutions, Governments, Foundations, People who contribute/donate funding or other resources to people, communities, governments, causes.

*** See list of funds in Background Paper**

Landscape of climate finance flows & instruments

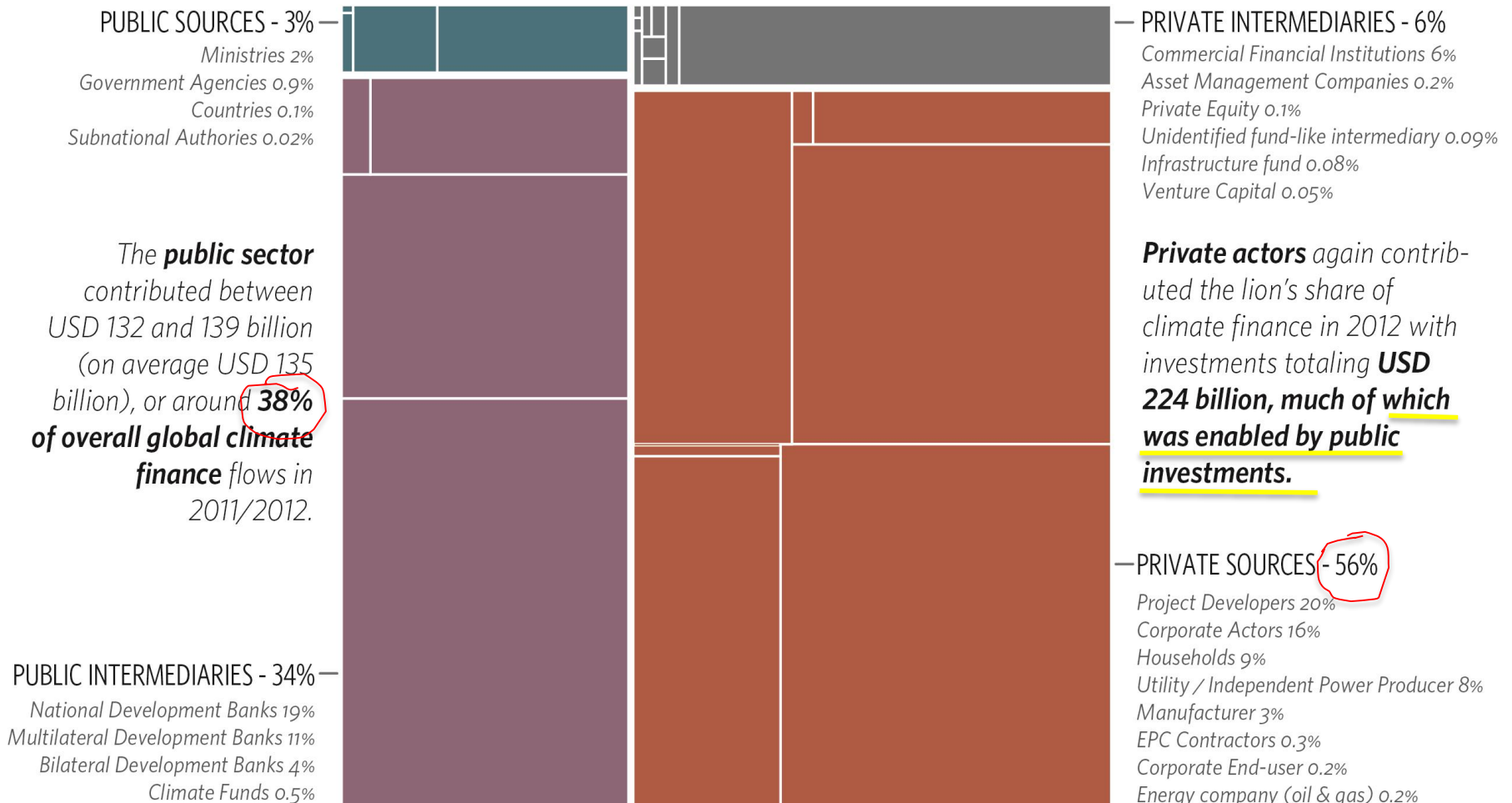
Global Climate Finance Architecture

The architecture of the funds

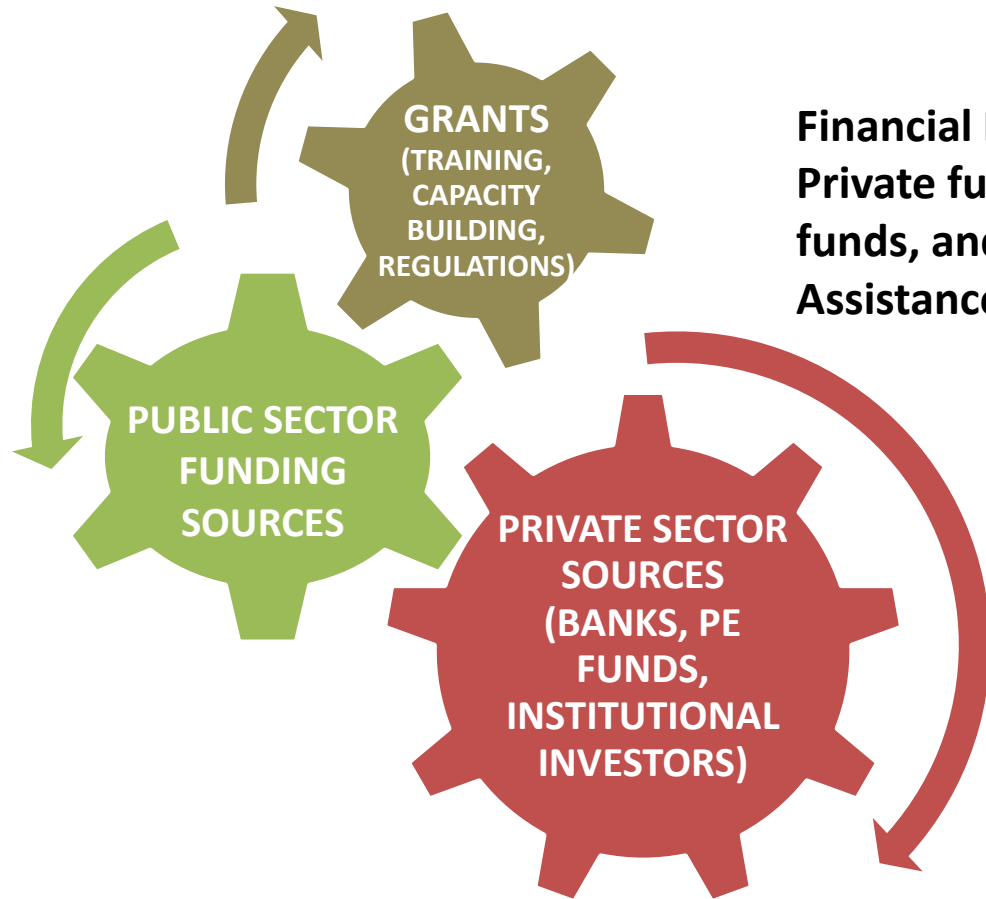


Sources

SOURCES OF CLIMATE FINANCE



FINANCIAL LEVERAGE: PRIVATE - PUBLIC FUNDING SOURCES, WITH GRANTS



**Financial Package:
Private funds, Public
funds, and Technical
Assistance**

LEVERAGING THROUGH PUBLIC/PRIVATE PARTNERSHIPS

LEVERAGE

Climate finance from public sources of funding require that the project's sponsor mobilize funding from other sources, including the private sector. Higher the leverage, more effective is the use of public climate finance, and an indication of the commercial viability of a project.

Example: If the GCF provides \$10 mm loan to a fishery company in Nigeria, and one that basis the risk profile of the project improves and attract \$30 mm from local banks, then the leverage is 1:3, which would be an excellent leverage for a climate resilience project

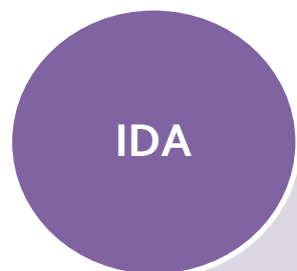
CASE STUDY

1. BLENDING SOURCES OF FUNDING



Adaptation/Resilience

Supporting Disaster Risk & Adaptive Delta Management in Bangladesh



IDA

Credit

Financing for the 2007 Emergency Cyclone Recovery and Restoration project that is addressing ensuring more resilient coastal and river embankments, supporting agriculture recovery and building cyclone shelters



GFDRR

Grant

Provision of specialized expertise and technical assistance, shaped by a Damage Loss and Needs Assessment for Cyclone Sidr, led by the Bank and GFDRR

Support for research for the Coastal Embankment Improvement Project to help deal with saltwater intrusion onto farmlands



PPCR
(WB &
IFC)

Grant & Loan

Supporting the Coastal Embankment Improvement Project



GLOBAL LANDSCAPE OF CLIMATE FINANCE 2015

Landscape of Climate Finance 2015 illustrates climate finance flows along their life cycle for the latest year available, mostly 2014, in USD billions

USD 391^{BN} TOTAL

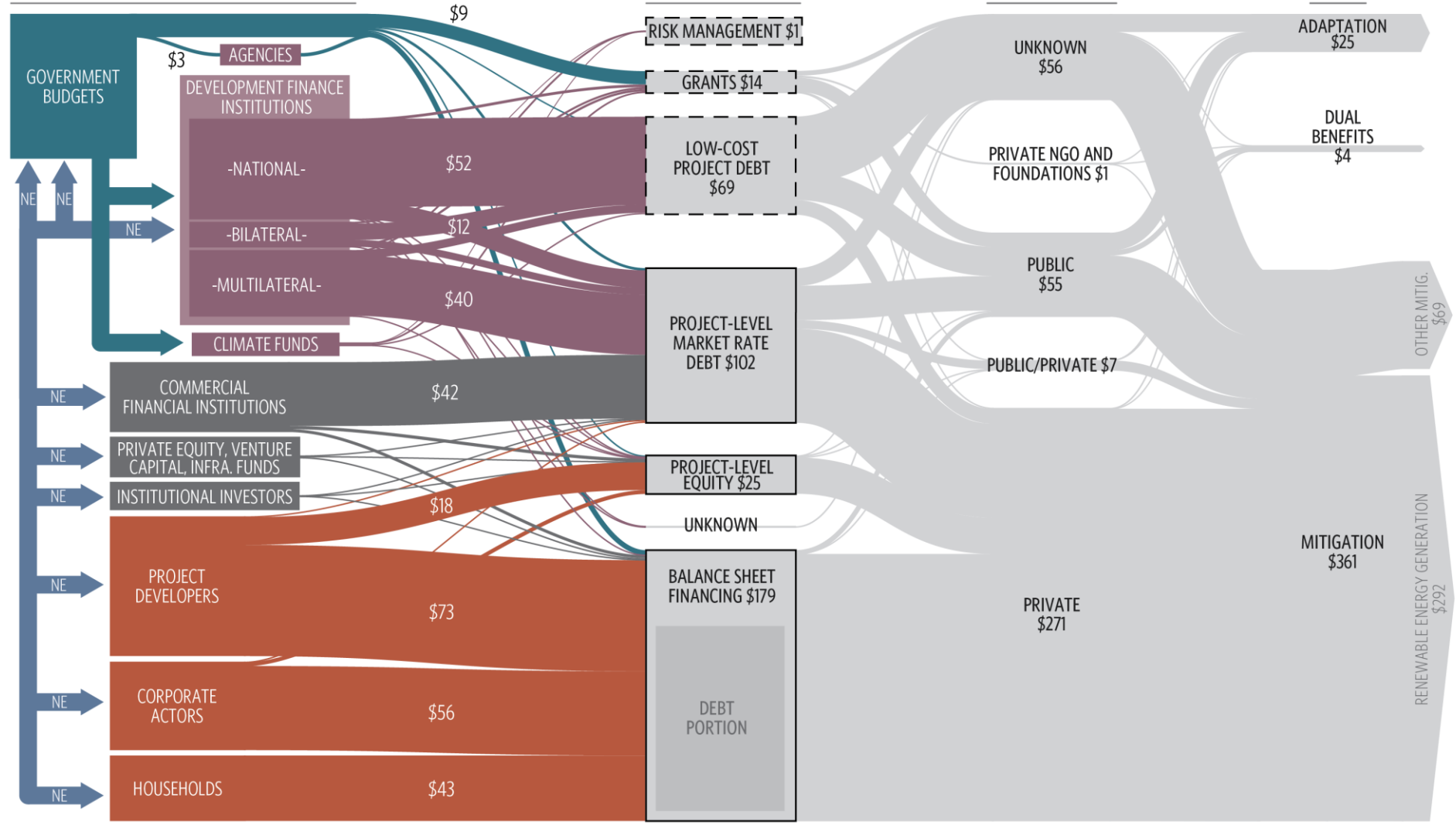


SOURCES AND INTERMEDIARIES

INSTRUMENTS

RECIPIENTS

USES

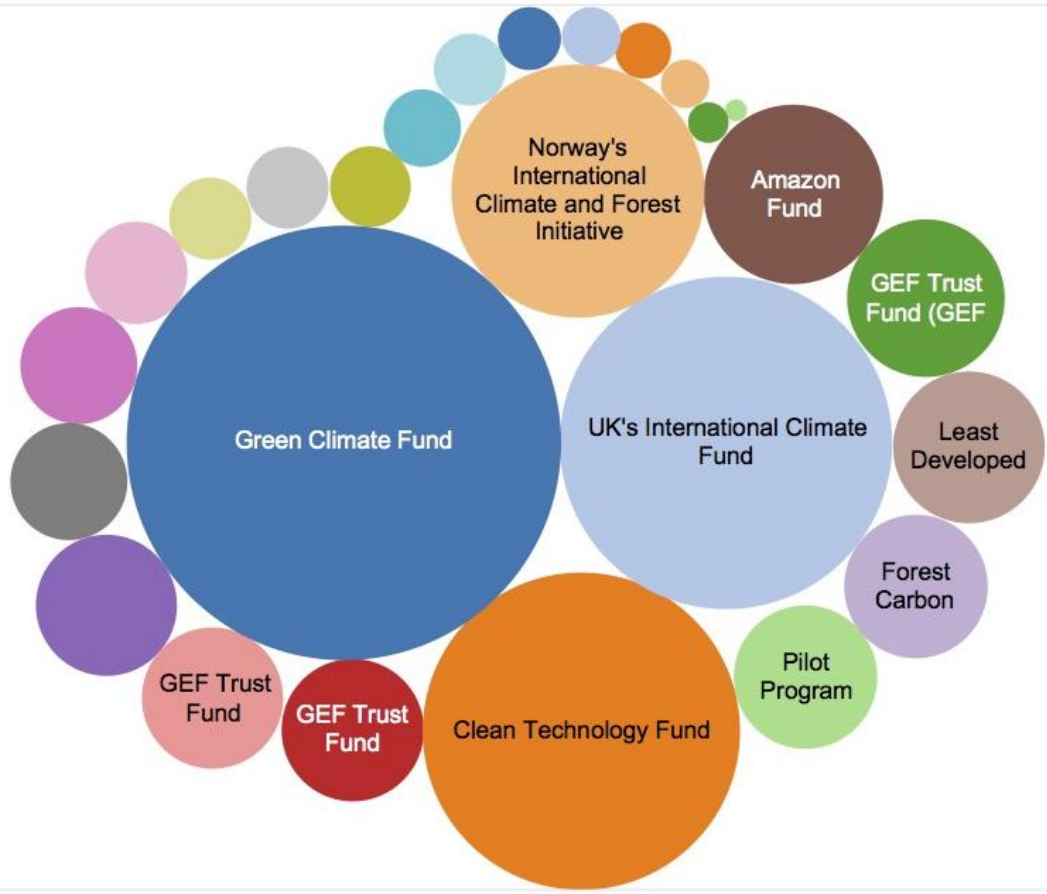


KEY

- PUBLIC MONEY
- PRIVATE MONEY
- PUBLIC FINANCIAL INTERMEDIARIES
- PRIVATE FINANCIAL INTERMEDIARIES
- CAPITAL INVESTMENT
- CAPITAL INVESTMENT AND INCREMENTAL COSTS
- FINANCE FOR INVESTORS & LENDERS

NE: NOT ESTIMATED

Fund sizes
(based on pledges made by countries)



- Fund Type**
- Bilateral
 - Multi Donor National
 - Multi Donor Regional
 - Multilateral

Green Climate Fund

- UNFCCC financing entity. Operationally effective in 2015. \$10 billion in donor pledges, \$7 billion in contribution agreements.
- accredited entities; along with MDBs, commercial banks, national banks, UN agencies, etc.
- Resource allocation and GCF criteria for support
- Country no-objection
- No preparation funding
- GCF additional review and due diligence

Sample of Accredited Entities

Type of Entity	Name	Largest Size of Project/Activity*	Highest Environmental Category	
	International	World Bank	Large	A
	International	European Bank of Reconstruction and Development	Large	A
	International	Inter-American Development Bank	Large	A
	International	Asian Development Bank	Large	A
	International	Agence Française de Développement (AFD)	Large	A
	International	Africa Finance Corporation	Large	A
	International	Deutsche Bank	Large	A
	International	Credit Agricole	Large	A
	International	HSBC	Large	A
	International	African Development Bank	Large	A
	International	European Investment Bank	Large	A
	International	International Finance Corporation	Large	A
	International	Kreditanstalt für Wiederaufbau (KfW)	Medium	A
	International	Conservation International	Medium	C
	International	UNDP	Medium	B
	International	International Union for Conservation of Nature	Medium	B
	International	UNEP	Small	B
	International	World Meteorological Organization	Small	C
	International	World Food Program	Micro	C
	National	India - National Bank of Agriculture and Rural Development	Large	B
	National	Ethiopia - Ministry of Finance & Economic Cooperation	Small	B
	National	Rwanda - Ministry of Natural Resources	Small	B
	National	Morocco - Agency for Agricultural Development	Small	B
	National	Senegal - Centre de Suivi Ecologique	Micro	C
	National	Peru - TF for National Parks and Protected Areas (PROFONANPE)	Micro	C
	National	Namibia - Environmental Investment Fund	Micro	B
	National	Argentina - Rural Credit Agency	Small	B
	National	Kenya - Environment Management Authority	Micro	B
	Regional	South Africa - Development Bank of South Africa	Large	A
	Regional	Secretariat of the Pacific Regional Environment Programme (SPREP)	Small	C
	Regional	Caribbean Community Climate Change Center	Small	C
	Regional	Acumen Fund (Africa)	Micro	C
	Regional	Development Bank of Latin America (CAF)	Large	A

* Micro = projects of US\$10 million or less; Small = projects between US\$10 and US\$50 million;
Medium = projects between US\$50 million and US\$250 million; Large = projects above US\$250 million.

Where to begin?

- Needs assessments, studies, research (NAPA, NAP, National Communication, etc.)
- Elaborate priorities with wide stakeholder participation.
- Evaluate & reach out to potential funders/funds
- Prepare project (project profiles, project preparation support.)
- Present / Submit
- Follow up

Aligning & Mainstreaming

- **Aligning with national / regional development planning**
- **Mainstreaming climate into all sectoral investments / projects**
- **Climate-proofing projects**

Key steps of resource mobilization strategy

- Set-up a **national fundraising working group** leveraging national expertise to formulate and execute the strategy, including:
 - Climate finance experts and finance ministry representatives, including the appropriate focal points (GCF, GEF, etc)
 - Representatives from ministries in charge of water and environment (including the NBA national focal structure)
 - Representatives from sectoral activities, implementing the projects (sectoral ministries and private sector);
- Prioritize and package actions:
 - Set/confirm the national priorities so as to address climate vulnerabilities;
 - Map opportunities based on their goals and requirements;
 - Screen the project lists;
 - Categorize/Package the national projects accordingly to match climate vulnerabilities, financial needs, and type of projects with funding opportunities and their requirements.

Key steps of resource mobilization strategy

- Develop engagement strategies specific to the targeted funding source:
 - Meet with their representatives and investigate their willingness to support, capitalizing on the project profiles prepared (NBA OP?) ;
 - Flag the key elements they require in the project profiles (e.g. action type, risk profile, direct and indirect benefits, economic and financial returns). ;
 - Adapt the scale of the project to the target;
 - Consider clustering small projects into components of a larger projects, as small projects may benefit to each other and leverage funding;
 - Consider blending funding sources to be the most specific to each project component;
- Involve national expertise to prepare the required analysis and documentation and ensure follow-up mechanism

Developing a Project Profile

- Summary
- Development Challenge/Project Context
- Vulnerability to Climate Change
- Project Objective
- Project Description
- Expected Results Including Climate Change Benefits
- Institutional Framework and/or Enabling Environment
- Budget
- Project Preparation Status
- Contact Information

Some Dos and Don'ts of funding proposals

DO

- Fully understand the funding agency's mission & criteria
- Investigate/Contact previous successful awardees
- Get clarity on the guidelines and procedures
- Plan carefully – time and resources
- Consult your stakeholders and national experts who can contribute information
- Give yourself time to revise

DON'T

- Hesitate to ask questions & seek help
- Guess. Check facts and get the information
- Neglect to use all resources
- Wait until the last minute. Your proposal will suffer.
- Give up.

Discussion

Barriers & Challenges

Q & A