UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT DOCUMENT *[Regional Project]*

Project Title: Climate Finance Network (CFN)
Project Number: TBD
Implementing Partner: UNDP
Start Date: 1 February 2022 (Tentative) **End Date:** 31 January 2029
PAC Meeting date: 11 November 2021

Overview

Asia and Pacific countries are amongst the most vulnerable to climate change. The impacts of climate change are increasingly disrupting national economies and affecting livelihoods, water, energy, transportation, agriculture and ecosystems at an unprecedented scale. It is usually the poorest and the most vulnerable who are most at risk of the storms, floods, droughts, wildfires and rising sea levels, while lacking protections and resources to adapt. At the same time, here is growing recognition that affordable, scalable solutions are possible both for mitigation of greenhouse gas emissions and adaptation – and that these solutions can enable *all* of us to leapfrog to cleaner, more resilient economies. However, these call for policy and financing shifts away from business as usual to actively factor in climate change as well as ensure co-benefits and a focus on the needs of the most vulnerable.

Over the past five years there has been an increase in the interest and capacity of Ministries of Finance, who are the main programme counterparts, to respond to climate change as well as take more integrated approaches to addressing and financing the social, environmental and economic objectives of the 2030 Agenda and take forward commitments under the Paris Agreement. This area of work is likely to acquire even further importance in light of the Sixth Assessment Report (AR6) of the IPCC and the momentum that has built on the in the wake of COVID-19 to recover forward better. The DFID-supported Climate Proofing Growth and Development (CPGD) programme (2013-2019) and the Government of Sweden supported Strengthening the Governance of Climate Change Finance to Enhance Gender Equality (GCCF) programmes (2017-22; previous phase 2012-16) have hitherto sought to respond to this demand by providing technical support for policy and technical policy reforms and interventions across the budget cycle ; as well as supporting the a promotion of sharing of knowledge and innovative ways to tap into expertise and offer peer-to-peer technical assistance across the region.

Based on the success of the CPGD and GCCF programmes, a ***Climate Finance Network (CFN)*** is being proposed. It will serve as a peer-to-peer network and as a knowledge management and technical support facility to support Ministries of Finance with the engagement of sector ministries and sub-national governments to identify and scale up climate finance innovations in the region. In collaboration with stakeholders and partners the CFN will harness the momentum in climate finance reforms in ways that will allow knowledge to be shared in real-time across countries to facilitate acceleration and adoption/replication of climate budget planning and finance across governments as well as mobilization of public, private and blended climate finance.

The CFN will work across on six inter-related workstreams which are based on our climate change finance programming experience over the past five years and lessons learnt during the inception phase of the CFN: 1) Climate change aligned budgeting and planning; 2) Direct access to international climate change finance; 3) Tax and use of innovative climate change financing instruments; 4) Gender and social inclusion and climate change finance; and 5) Transparency and accountability of climate change finance; and 6) Modelling climate change impacts on economic growth, sectors and consideration of distributional impacts. Across the mentioned six workstreams, the project will aim to achieve the following outputs, factoring in the importance of *realizing positive impacts for gender equality, poverty and human rights in all of the workstreams*: 1) Enabling frameworks, systems and tools introduced, strengthened and replicated for accessing and managing accountable climate finance. 2) Governments and other country partners have enhanced capacities for effective governance of climate finance. 3) Regional institutions and knowledge exchanges across the region to contribute to an inclusive and integrated approach for climate change finance. 4) International policy processes to give increasing priority to strengthen and support domestic budget and country systems that enable delivery of gender responsive climate change investments. The CFN is being launched in the wake of the ***COVID-19 pandemic*** which is not just a global public health crisis, but one which has had significant knock-on social, economic, environmental and political impacts. The pandemic has decimated domestic revenues across the globe while requiring governments to allocate resources at scale to tackle the health, social and economic impacts. Advocacy for reduced emissions during the crisis phase along with the recognition of the interlinkages between climate impacts, inequalities and the risk of pandemics, has also created momentum and calls for ***building forward better/greener and on more inclusive terms*** to ensure resilience. The concrete programmatic building blocks put in place by the CPGD and GCCF can add value through multiple channels at country and regional levels to help inform and shape the 'new normal'.

Going forward, the overall impact expected of the CFN is that *Governments in Asia and the Pacific programme countries, more effectively mobilise, manage, utilize and track the use of public finance and climate-aligned private investments to effectively combat climate change whilst promoting gender equality, human rights and poverty reduction to contribute to the implementation of the 2030 Agenda.*

Contributing Outcome (RPD): RPD Outcome 1: "Inclusive and sustainable structural transformations to reduce poverty, inequality and vulnerabilities towards achievement of SDGs**,** and inclusive, sustainable, resilient and digital transitions."

Indicative Output(s):

Output 1: Enabling frameworks, systems & tools introduced, strengthened and replicated for accessing and managing accountable climate finance.

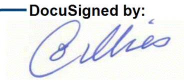
Output 2: Governments and other country partners have enhanced capacities for effective governance of climate finance

Output 3: Regional institutions and knowledge exchange across the region to contribute to an inclusive and integrated approach for climate change finance.

Output 4: International policy processes to give increasing priority to strengthen and support domestic budget and country systems that enable delivery of gender responsive climate change investments.

Total resources required:	USD
FCDO:	USD 27,671,103
To be mobilised	USD
In-Kind:	Cost sharing several positions with UNDP

Agreed by (signatures):

	UNDP
DocuSigned by:  E882E40AA1B54B4...	Jaco Cilliers Manager, UNDP Bangkok Regional Hub
Date: 10-Jan-2022	Date:

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Acronyms and Abbreviations

ACT	Action on Climate Today
ADB	Asian Development Bank
APWLD	Asia Pacific Forum on Women, Law and Development
AR5	Fifth Assessment Report
ASEAN	Association of Southeast Asian Nations
BIOFIN	Biodiversity Finance Initiative
BMUB	The Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (German: Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit)
BPfA	Beijing Declaration and Platform for Action
BRH	Bangkok Regional Hub
CCBII	Climate Change Budget Integration Index
CCCA	Cambodia Climate Change Alliance
CCFF	Climate Change Financing Framework
CCIP	Climate Change Innovation Programme
COP21	21st Conference of Parties
COSQA	Country Office Support and Quality Assurance
CPEIR	Climate Public Expenditures and Institutional Review
CPGD	Climate Proofing Growth and Development
CSO	Civil Society Organisation
DFAT	Department of Foreign Affairs and Trade
DFID	Department for International Development
EU	European Union
GCCF	Governance of Climate Change Finance
GCF	Green Climate Fund
GDP	Gross domestic product
GEF	Global Environment Facility
GFDRR	Global Facility for Disaster Reduction and Recovery
GIZ	German International Cooperation
Gov4Res	Governance for Resilience Development in the Pacific Project

GRB	Gender Responsive Budgeting
IBFCR	Inclusive Budgeting and Financing for Climate Resilience
IBP	International Budget Partnership
IC	Individual Contractor
ICCAAD	International Centre for Climate Change and Development
IKI	International Climate Initiative
IPCC	Intergovernmental Panel on Climate Change
IPSAS	International Public Sector Accounting Standards
ISACC	Island Countries to Adapt to Climate Change
LDCs	Least Developed Countries
LDCF	Least Developed Countries Fund
LoGIC	Local Government Initiative on Climate Change
MDGs	Millennium Development Goals
MICs	Middle Income Countries
MOF	Ministry of Finance
MOWA	Ministry of Women's Affairs
NAP	National Adaptation Plans
NCDD-S	National Committee for Sub-national Democratic Development
NCSD	National Council for Sustainable Development
NDC	Nationally Determined Contribution
NESDB	National Economic and Social Development Board
NHRI	National Human Rights Institution
OAI	Office of Audit and Investigations
PAC	Project Appraisal Committee
PAR	Participatory Action Research
PASAI	Pacific Association of Supreme Audit Institutions
PEFA	Public Expenditure and Financial Accountability
PFMIS	Public Financial Management and Institution System
PFTAC	Pacific Financial Technical Assistance Centre
PIFS	Pacific Islands Forum Secretariat
PPCR	Pilot Program on Climate Resilience

PPEI	Pacific Parliamentary Effectiveness Initiative
ProPa	Protection in the Pacific
PRRP	Pacific Risk Resilience Programme
RPLN	Regional Peer Learning Network
RPPS	Regional Policy and Programme Support
RRF	Results and Resources Framework
SAARC	South Asian Association for Regional Cooperation
SAI	Supreme Audit Institution
SBAA	Standard Basic Assistance Agreement
SC	Service Contract
SCCF	Special Climate Change Fund
SDF	Sustainable Development Finance
SDG	Sustainable Development Goal
SIDA	Swedish International Development Cooperation Agency
SIDS	Small Island Developing States
SPCR	Strategic Programme for Climate Resilience
TA	Technical Assistance
TST	Transition Support Team
UN	United Nations
UNCAC	United Nations Convention Against Corruption
UNCDF	United Nations Capital Development Fund
UNCSW	United Nations Commission on the Status of Women
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNITAR	United Nations Institute for Training and Research
UNSMS	United Nations Security Management System
UNTOC	United Nations Convention Against Transnational Organized Crime
UNVs	United Nations Volunteers
WOCAN	Women Organising for Change in Agriculture and Natural Resource Management Network

I. Development Challenge

The 2030 Agenda for Sustainable Development will not be achievable without adequate climate action. The Sustainable Development Goals (SDGs) adopted in 2015, set out an ambitious agenda for growth and development up to 2030. Whilst directly addressed in SDG 13, climate change cuts across several SDGs – perhaps more than any other goal. Without adequate action to address climate change, the entire 2030 Agenda is jeopardised. On the other hand, as climate action is taken forward there are opportunities to address multiple SDGs, such as gender equality (SDG 5) and leaving no one behind (SDG 1).

Achieving the primary goal of the Paris Agreement **to keep the average global temperature rise well below 2 degrees Celsius** and **as close as possible to 1.5 degrees Celsius above pre-industrial levels** will increase the ability of governments to achieve the SDGs in the context of the changing climate. The latest report from the UN Intergovernmental Panel on Climate Change (IPCC) has stated that the planet will reach the critical threshold of 1.5 degrees Celsius above pre-industrial levels by as early as 2030, triggering the risk of extreme drought, wildfires, floods and food shortages for hundreds of millions of people – posing a threat to the achievement of the entire 2030 Agenda.

Home to two-thirds of the world's poor and regarded as one of the most vulnerable regions to climate change, countries in the Asia Pacific region are at the highest risk of falling into deeper poverty and economic turmoil if climate change action is not seriously and effectively implemented. According to the Germanwatch's Global Climate Risk Index 2021 rankings for losses in 2019 and 2000-2019,[1] India was amongst the top 10 for 2019, and Bangladesh, Nepal, Thailand, and Philippines were in the top 10 countries most affected by extreme weather events over 2000-2019. India and Indonesia were amongst the top 20 emitter countries in the World[2].

The Conference of Parties (COP 26) was held in November in Glasgow. The COP 26 put a strong emphasis on the critical issue of loss and damage and the disproportionate impact of climate change on the vulnerable population. It also was emphatic about the need for climate finance and deliberated extensively on the definition of climate finance. This underlines the need to support the countries in helping them determine the cost of inaction and the tangible and intangible losses that the countries are facing because of climate change. In order to meet the investment needs, countries also need to be supported on exploring different financing options and improving the effectiveness of climate finance. It also laid a great emphasis on the need for taking adaptation finance more seriously considering the needs of developing countries.

The Asian Development Bank's study (2009) on the economics of climate change estimated that if the world continues "business-as-usual" emissions trends – **the annual cost to Southeast Asian countries could equal a loss of 6.7 percent of their combined gross domestic product by 2100,** more than twice the world average, and Swiss Re estimated that for southeast Asia, loss could be in the range of a quarter of the gross domestic product (GDP) by mid-century[3]. This would make the SDGs unachievable, impede efforts to reduce poverty and achieve gender equality. Studies show that

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[1] https://germanwatch.org/sites/default/files/Global%20Climate%20Risk%20Index%202021_2.pdf
[2] https://www.economicshelp.org/blog/10296/economics/top-co2-polluters-highest-per-capita/
[3] www.adb.org/sites/default/files/publication/29657/economics-climate-change-se-asia.pdf and https://www.swissre.com/dam/jcr:e73ee7c3-7f83-4c17-a2b8-8ef23a8d3312/swiss-re-institute-expertise-publication-economics-of-climate-change.pdf

the most affected sectors are agriculture (including crop production) and tourism, both of which employ a large percentage of women, poor and vulnerable groups. The potential losses to GDP threaten the economic foundations from which financing for the SDGs is expected to be mobilised. We have seen over the past decade significant growth in the financial resources of the region, with domestic public and private finance more than doubling between 2005 and 2014. This underlines how important effective domestic budgets are for the achievement of SDGs in general and climate change in particular.

The latest NDC Global Outlook report (2019), "The heat is on",[4] found that **key bottlenecks to successful NDC implementation include lack of access to finance, limited institutional capacity, limited access to reliable data and lack of political will**. However, governments highlighted a variety of ways in which these barriers are being overcome, such as strengthened policy and regulatory frameworks, more structured processes for engaging the private sector and citizens, and mainstreaming of NDC targets into plans, policies and budgets.

Ministries of Finance play a pivotal role in integrating climate change in domestic planning and budgeting systems. By working with Ministries of Planning, sector ministries, ministries responsible for women and social Welfare and Ministries of Climate Change and Environment – Ministries of Finance can ensure that budgets support the achievement of national climate change policies and the NDCs. To perform this function Ministries of Finance require the right capacities for supporting climate change responsive planning and budgeting as well as using their fiscal and debt policies to support the mobilisation of innovative sources of finance for gender responsive climate change investments.

Domestic budgets remain foundational for both the achievement of the SDGs and the ambitions of the Paris Agreement and National Determined Contributions (NDCs). Although achievement of SDGs will require diverse sources of finance including international, domestic, private and public resources, performance-oriented domestic budgets which integrate climate risks, support adaptation and resilience programming which are gender and socially inclusive, and reduce greenhouse gas emissions can provide strong foundations upon which to mobilize and/or align other financial flows and investments. In relation to adaptation, most climate change efforts will need to be managed by national and sub-national governments through their domestic budgeting systems, although there is a growing imperative to unlock private finance for adaptation and resilience and facilitate risk-transfer. Strong public accountability is essential to ensuring that these systems manage climate change resources effectively to build sustainable, resilient and equitable societies. In Asia and the Pacific, domestic budgets of developing countries total more than US$1.9 trillion and the budget process itself provides the primary instrument for prioritising investments in relation to the 2030 Agenda.[5]

Several countries in the region have made substantive progress in mainstreaming climate change in planning and budgeting processes to enable public investments across different sectors to be climate resilient. The DFID (now FCDO) supported Climate Proofing Growth and Development (CPGD) programme and the Government of Sweden supported Strengthening the Governance of

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[4] https://www.undp.org/content/undp/en/home/librarypage/environment-energy/climate_change/ndc-global-outlook-report-2019.html
[5] Asia-Pacific Effective Development Co-operation Report 2014

Climate Change Finance to Enhance Gender Equality (GCCF) programme, (the Pacific portion of which is implemented by the Governance for Resilience in the Pacific (Gov4Res) project in coordination with the UNDP Bangkok Regional Hub) have been working with governments to develop and roll out systems and methodologies to strengthen national management of climate finance with a focus on budget reforms. Innovations in relation to climate change responsive budgeting include developing Climate Change Financing Frameworks, integrating climate change budget tagging into Public Financial Management Information Systems, developing and supporting the implementation of climate and disaster risk public investment screening, and integrating climate change Key Performance Indicators into Medium Term Budgetary Frameworks. There is a growing demand for learning from other countries to adapt to their own contexts and Ministries of Finance have increasingly been requesting access to knowledge and support on climate change related public finance innovations that other countries have implemented.

The relationship between climate change and economic growth is increasingly being recognised but requires more in-depth country-led analysis to ensure policy makers understand the impact on growth and opportunity cost of inaction. According to one estimate, about 1.6 percent[6] of global GDP is wiped out because of climate change. Another estimate by scientists from Stanford[7] suggest that if temperatures only rose 2.5 degrees Celsius the global GDP would fall 15 percent and if it rose by 3 degrees Celsius the global GDP would fall 25 percent. There is ample literature within the academic realm on climate impacts and growth forecasts but there is a need to bridge the gap in terms of using these models within the real-time investment space. Sector and region-specific stakeholders are demanding more rigorous inputs. Some of these relate to technical reorientation of analytical models, such as the need to assess cumulative impacts over time on economic growth. Countries need support on determining the impacts on economic growth through using different scenarios and models to measure the impact of climate change and inform policy makers on areas that require investment. It provides an opportunity for shaping usable analytical modelling so that results can be fed into key decision-making platforms within and outside of the government. Some important work has already started during Government of Sweden supported initiatives in Cambodia where an indigenously developed model is being used to inform economic planning.

The impacts of climate change such as weather disasters and reduced food and water security differ greatly between women and men, directly affecting human rights. It is important that policies and reforms on climate change take into consideration those who are in need and most affected to ensure that existing gaps in society are not further widened. Inadequate policies on integrating gender directly and indirectly threaten the full and effective enjoyment of a range of human rights, including the rights to life, water, sanitation, food, health, housing, self-determination, culture and development. Nevertheless, due to a range of structural and socio-political reasons women are excluded from policy formulation and accountability processes. Mainstreaming gender issues in investment decisions that respond to climate change will be incomplete unless measures to empower women are undertaken simultaneously. Encouraging leadership, safeguarding property rights and political empowerment (i.e. women are recognised, engaged and supported as active and informed

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[6]Climate Vulnerability Monitor: A Guide to the Cold Calculus of a Hot Planet

[7]Nature International Journal of Science: Large potential reduction in economic damages under UN mitigation target

agents) are essential for ensuring that gender inclusive climate policy is implemented. There is a need to integrate gender and human rights into policies and finance reforms that deliver on climate change objectives to ensure no one is left behind. The climate investments and accountability mechanisms need to be gender and human rights inclusive at several layers of planning and budgeting to ensure that the intended impact is realized.

Accessing international finance and its alignment within a country's public finance management system has proven to be difficult due to lack of capacity and effective coordination within government institutions. There is a key role to be played by Ministries of Finance in conjunction with Ministries of Climate Change and GCF National Designated Authorities (NDAs) in this regard. For example, in Nepal the establishment of a Climate Finance Unit (CFU) in the Ministry of Finance brings together both the mandate on access to international climate change finance and budget reforms to better manage both international and domestic public finance. Similarly, the Ministry of Finance in Tonga has established a Resilient Development and Financing Division to both drive access to international climate change finance at the same time as enhance its effectiveness through budget reform and more meaningfully links with government priorities and programmes. We are seeing more and more NDAs housed in Ministries of Finance. This institutionalisation of a more integrated approach to managing climate change finance will lead to better advocacy and technical assistance for climate finance reform. In respect to international climate change finance, developing countries are increasingly accessing international climate finance from the Green Climate Fund as well as from other donors and funds but the finances accessed are not commensurate with their needs and climate finance continues to be both fragmented and challenging to access for many developing countries. Moving forward, these sources of finance will need to better align with and work through domestic budgets to support national priorities. There will also be a need to leverage additional finance into climate compatible investments through public-private partnerships (PPPs), use of blended finance modalities and focus on development of portfolios.

Sources of international climate change finance, such as the GEF and Adaptation Fund, are increasingly recognising the value of programmatic approaches to delivering international climate finance. This requires objectives and activities to align with national plans, budgets and modalities that make use of national budgeting systems[8]. The GCF encourages co-financing of programmes from national sources along with investment criteria that show the transformational and paradigm-shifting potential of programmes. Countries which have undertaken reforms to ensure that climate change is integrated into the national budget process can enhance their access to GCF finance in line with these requirements.

The proportion of private investment aligned to SDGs and sustainable investments is still relatively small in comparison to overall private financial flows. According to data from the Climate Bonds Initiative, the green finance market surpassed USD 1.002 trillion in cumulative issuance by early December 2020, but this is still less than 1% of total bond issuance according to BBVA[9]. The volume of global green bond and loan issuance showed an upward trend from USD 171.4 billion in 2018 to about USD 270 billion by mid-2020. The cumulative green issuance for the ASEAN

[8] The UNDP programme team have been engaging with GCF Secretariat discussing knowledge products and methodologies for the last two years.

[9] See https://www.bbva.com/en/green-bonds-the-latest-news-you-need-to-know/

region stood at USD 13.4 billion as of 2019. Singapore led the way with a volume of USD 6.20 billion of green issuance followed by Philippines with USD 2.02 billion and Malaysia with USD 1.34 billion including the issue of world's first green sukuk *(CBI,2020)*. The region has also seen a rapid increase in the number of innovative initiatives to leverage private sector capital behind climate change action including public-private partnerships for renewable energy, impact investment and innovative fiscal instruments such as green bonds.

Green and transition financing are key for the region. Hitherto, high rates of economic growth, urbanization, and materials use across **Asia were expected to account for more than 40% of global GHG emissions in the next decade**, however given the changing realities in light of Covid 19, growth rates and consequent emissions might follow different trajectories. The region will need to play a key role in promoting low carbon development pathways and making its contribution in cutting greenhouse gas (GHG) emissions. Without such actions, the region will impact negatively on the achievement of many SDGs including SDG 1 (leave no one behind), SDG 5 (related to gender) and SDG 13 (related to climate change). Despite the clear and urgent need to address climate risks, substantive reforms remain to be implemented to re-orient national public financial management systems across Asia Pacific to fully respond to the challenge.

A successful policy response to the challenges posed by increased carbon emissions and NDC commitments is critical to the future development of Asia and the Pacific, as well as the world more broadly. Governments must leverage domestic and international private sector finance in order to succeed in controlling emissions and contributing to achieving the 1.5 degrees Celsius target. One of the most efficient ways to control emissions is through carbon pricing. This means developing and designing a carbon pricing scheme that is redistributive and fair, whilst helping to reduce GHG emissions. Instead of dictating who should reduce emissions, a carbon price provides an economic signal to emitters and allows them to decide to either transform their activities and lower their emissions or continue emitting and pay. In this way, the overall environmental goal is achieved in the most flexible and cost-effective way to society. Mitigation efforts, despite being critical to the NDCs, are often not part of wider policy discourse on development and hence not mainstreamed in country sector strategies. **Making mitigation part of the Climate Change Financing Framework and sector strategies is a medium term and challenging task but is critical for an integrated effective response**. For example, had fossil fuel prices been set at fully efficient levels in 2015, it could have lowered global carbon emissions by 28 percent and fossil fuel air pollution deaths by 46 percent, and increased government revenue by 3.8 percent of GDP[10]. Countries are also developing Low Emission Development Strategies (LEDS) that help countries in embarking upon low emission pathways in national development. The LEDS could be an effective support to implementation of the NDCs.

Another challenge relates to the timely development of pipelines of projects that are eligible for green, sustainability and SDG bond issuance to respond to climate-responsive national priorities. When developing a framework for green or related bonds and sukuks, guidance should be provided on sectors and types of projects that are eligible to receive the proceeds of the relevant green bonds/sukuk issuance. The drafting process of the framework should include extensive

[10] Global Fossil Fuel Subsidies Remain Large: An Update Based on Country-Level Estimates- International Monetary Fund 2019

consultations with relevant units in Ministries of Finance and other sectoral relevant ministries. Indonesia, where the Green Bond and Green Sukuk Framework is well aligned with the country's climate change and biodiversity objectives, national mitigation strategy (RAN GRK), adaptation action plan (RAN API) and biodiversity strategy action plan (IBSAP) offers a good case in point, where climate-budget tagging was used to facilitate project/asset selection. The framework is also aligned with climate change targets outlined in the NDC.

While there are a few studies, like 'The Economy-wide Impact of a Uniform Carbon Tax in ASEAN[11], the experience and evidence for carbon tax and tax exemptions/subsidies (that constitute expenditures) is limited. There is no conclusive evidence on which countries are suitably placed to raise a levy of carbon tax. Carbon tax can lead to 'double dividend' of creating fiscal space and reducing emissions. However, it is also clear from global experience that additional social protection measures are needed to redress any negative impacts on equity resulting from carbon taxation. Beyond tax, systematic integration of climate change mitigation measures into budget and public financial management will require both a strong evidence base and a broad coalition of support. Both revenue and expenditure sides of the budget will need to be addressed. Carbon pricing could drive the transition to a low carbon economy by considering the approach known as "revenue recycling". Revenue recycling refers to mechanisms through which income generated from carbon taxation is earmarked and returned back to society. In Asia and Pacific this approach could provide new opportunities in areas like sustainable energy and clean technology but the challenge is how to ensure that proceeds from carbon tax revenues are responding to the needs of women and men, poor and vulnerable who are mostly affected by climate hazards.

Looking at the examples from the region, Singapore was the first to announce carbon tax (in 2018), applicable to the industries that produce more than 25,000 tonnes or more of greenhouse gas emissions in a year starting from 2020. There has also been research focused on the ASEAN countries to analyse the benefits and losses associated with cooperation among ASEAN members in mitigating their CO2 emissions, particularly by implementing a uniform carbon tax. However, the carbon tax should be designed carefully so that it is not regressive- there is evidence that that combining a carbon tax with tax rebates could benefit low-income households[12].

The UNEP Adaptation Gap Report 2020 finds that there is a need to step up leveraging of public and private finance[13]**.** Huge financing gaps remain for developing countries. According to some initial estimates by UNEP the adaptation needs for developing countries is five- ten times more than the current adaptation flows. The report also acknowledges that countries have taken steps to consider climate change in planning but there is a need for 'developing countries to bring adaptation projects to the stage where they bring real protection against climate impacts such as droughts, floods and sea-level rise'. Supporting countries on adaptation finance and working with sectors on adaptation shall be a key feature of the project. Vulnerable population faces disproportionately the wrath of nature which has a direct impact on their livelihood, and on basic human rights like shelter, access to food

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[11] See Ditya A. Nurdianto and Budy P. Resosudarmo https://crawford.anu.edu.au/sites/default/files/publication/crawford01_cap_anu_edu_au/2016-06/the_economy-wide_impact_of_a_uniform_carbon_taz_in_asean.pdf
12 https://www.taxpolicycenter.org/taxvox/distributional-effects-carbon-tax-depend-how-revenue-spent
[13] Adaptation Gap Report 2020- https://www.unep.org/resources/adaptation-gap-report-2020

and health.

Green, climate and sustainable finance taxonomies and standards for sustainable economic activities at the regional level in Asia Pacific are currently being developed and/or refined. This is critical for scaling up green investments and providing driving capital more efficiently toward priority environmentally sustainable projects by helping investors and companies make informed investment decisions on sustainable economic activities through facilitating market clarity on what is sustainable14. Countries like China, Bangladesh, Malaysia, India and Indonesia are working on/have developed green/climate taxonomies. EU has been working on a green taxonomy and has established a classification system[15], establishing a list of environmentally sustainable economic activities. The ***COVID-19 pandemic***, which has been in play since early 2020, provides both opportunities and challenges to take this agenda forward. On the one hand, it is not just a global public health crisis, but one which has had significant knock-on social, economic, environmental and political impacts, like no other in recent history with significant areas across the globe experiencing reduced activities and/or formal lockdowns for more than a few months. The pandemic has decimated domestic revenues across the globe while calling on governments to allocate resources at scale to tackle the health, social and economic impacts. Decision-making around response and recovery efforts is complicated given the scale of the impact and needs, the changing risk profile for assets related to fossil fuels, but also financing needed to exit from such investments. I.e., while the rationale for removing fossil fuel subsidies is clear and renewables are already competitive in many instances, ensuring equitable transitions and transition financing are challenging for many countries. [16] Experiencing the benefits of dramatically reduced emissions during the crisis phase along with growing recognition of the interlinkages between climate impacts, inequalities and the risk of pandemics, have on the other hand created momentum and wide-spread calls for ***building back better/greener and on more inclusive terms*** to ensure resilience including in the face of the existing climate and other crises, which continue to take their toll. The green recovery and carbon pricing mechanisms should in particular take into consideration the distributional aspects, gender and the human rights, to prevent disproportionate and skewed allocation of resources.

As the Coalition of Finance Ministers for Climate Action articulates in the COVID-19 context 'finance ministers will need to reflect on comprehensive recovery/stimulus packages that can help resuscitate economies and also build a better future. Green recovery packages have already been shown to be effective along the key dimensions of a better recovery: speed, jobs, and multipliers. They also have the benefits of reducing climate risk and increasing resilience. These packages could produce many important co-benefits, including social inclusion, reduced congestion, and reduced air and water pollution. Finance ministers will need to act now to get the right investment programmes and projects in place, the right policies to support these sound investments, and to ensure that the necessary

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[14] https://www.worldbank.org/en/news/press-release/2020/07/12/how-to-develop-a-national-green-taxonomy-for-emerging-markets-a-new-world-bank-guide

[15] https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

[16] See ADB (2020) The Impact and Policy Responses for COVID-19 in Asia and the Pacific, p. 26: "The drop in oil prices could be seen as an opportunity to impose more extensive carbon pricing mechanisms and reduce fossil fuel subsidies, helping to reorient the economy in a low carbon-intensive direction. Government stimulus packages should aim to accelerate decarbonization, and not encourage high-emitting projects. Renewable energy should be the main sector to be included in the stimulus packages; it provides a window to meet energy needs without additional carbon impost, create more jobs per unit of energy delivered and can help phase out fossil-fuel subsidies". There is also recognition of the fact that renewable energy projects have also been affected, through supply chain disruptions.

financing will be available'.[17] Ensuring that climate is fully integrated to the budget cycle will be critical to ensuring that climate-responsive public investments are prioritized in this regard. Likewise, Ministry of Finance engagement on innovative debt instruments[18] and with the private sector are also required to strengthen the focus on climate resilience. Finally, a stronger accountability for taking forward climate change as part of the fiscal stimulus to build forward better, and in particular, to ensure a focus on reducing vulnerability for the poorest, will also support broader efforts at building civic confidence in the recovery efforts. **National and sub-national entities are not fully committed to complying to international standards on accountability and transparency**[19]. Transparent and accountable climate finance is crucial for informed decisions on climate finance and effective management of resources for climate change. A strong budget accountability ecosystem, that involves accountability actors like state audit institutes, parliament and non-state actors like the media and civil society organisations, will be instrumental in the effective utilisation of resources.

The accountability and transparency mechanisms for the private sector on maladaptive investments and emissions is also weak and needs to be strengthened to augment accountability systems. In relation to public finance, many countries still have inadequate access to budget information, low public participation and weak oversight by legislatures and supreme audit institutions. A recent UNDP-IBP assessment[20] of the climate finance accountability landscape in a subset of countries in the region found a lack of transparency around the availability and use of climate funds, particularly those targeted for adaptation; limited spaces for public participation in adaptation planning, budgeting, and monitoring of spending on the ground; substantial capacity issues hindering effective oversight from civil society and other accountability actors; and constraints on formal oversight institutions throughout the budget process. It is critical to fill these accountability gaps, as public finance management under these conditions is more likely to produce inadequate, poorly designed, or poorly implemented investments in climate change mitigation and adaptation which could place those most affected by climate hazards at grave risk.

Under the GCCF and CPGD programmes, Citizens Climate Budgets have been developed in Nepal, Pakistan, Cambodia and Bangladesh to increase engagement and dialogue between government, civil society and citizens regarding the management of climate change finance. Support to parliamentarians in Nepal, in the Indian state of Maharashtra, Tonga, Fiji and Pakistan has increased the capacity of MPs to more effectively scrutinise the budget from a climate change lens. Media and journalists are key players in the climate finance accountability landscape and have received dedicated training in Pakistan, Afghanistan, Kerala, Bangladesh and other locations to ensure they have more knowledge to report on climate finance issues. However, a more integrated approach to knowledge sharing and learning is needed to ensure that key accountability players have sufficient capacity to manage and report on climate finance. This will contribute to the achievement of SDG 16: Promote inclusive societies for sustainable development, and build effective, accountable and inclusive institutions at all levels.

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[17] **Better Recovery, Better World: *Resetting climate action in the aftermath of the COVID-19 pandemic*** prepared for the Coalition of Finance Ministers for Climate Action. May 2020

[18] See COVID-19 Market Updates: Sustainable finance and Green bonds not immune to Covid-19 impact. In the short term there has been a decline in green bonds, but a rise in the issuance of social bonds.

[19] https://www.internationalbudget.org/analysis-insights/climate-finance-accountability/

[20] http://www.asia-pacific.undp.org/content/rbap/en/home/library/democratic_governance/budgeting-for-a-greener-planet.html

Knowledge sharing is not fully institutionalised. There are many countries that have adopted solutions to climate change that could benefit other countries, but knowledge is not always shared or easily accessible. And once a country has access to new knowledge, there's the additional challenge of finding ways to utilise that knowledge so it has tangible impacts on the population – including poor, women and marginalised groups that are suffering the most from climate change. Increasing the speed and better tailoring the process of knowledge sharing on climate finance innovations has significant potential to both accelerate reforms and reduce their costs.

Box 1: Case Study: South – South Cooperation leads to scaling up of the reforms across the region

Knowledge Sharing event Plants the Seed for Reforms

CPGD's Regional Dialogue, organized in March 2019 by UNDP to foster experience sharing on climate budget tagging (CBT) and related climate finance reforms, brought together countries eager to scale up climate finance reforms. Through this platform, success stories about climate budget tagging prompted interest from other partner governments in the region to provide climate perspective to their national budgets. CBT is one of the tools designed to aid the governments in formulating a charter of reforms to build fiscal resilience addressing climate challenges and to strengthen accountability of climate change investments.

The first leg of the South-South journey

In South Asia, the Government of Nepal took the lead in CBT reforms and introduced a system to monitor climate change relevant budget allocations that strengthens the accountability framework and pushes for other related reforms. Subsequently, UNDP facilitated experience sharing between Nepal and Pakistan that inspired the adoption of similar reforms in Pakistan. Extensive dialogue between the Ministries of Finance, Planning and Climate Change led to the integration of climate change into the medium-term budgetary framework (MTBF), and further collaboration with the Controller General of Accounts resulted in designing the climate change-relevant-expenditure tracking system.

The discussions among the stakeholders in the Government of Pakistan led to refining the reform design, while the government's robust Finance Management Information System (FMIS) allowed space for further innovation that led to the development of a system that tracks both climate change related budget allocations and expenditure as well.

The second lap

As ripple effect, during CPGD's Regional Dialogue, the Ministry of Finance Fiji got engaged and held rounds of consultations with the Government of Pakistan, and subsequently studied the approach and methodology of Bangladesh and Indonesia, giving Fiji a path forward on their own reforms. Consequently, the Fijian Ministry of Economy and UNDP collaborated to develop a policy paper providing a road map of reforms for integrating climate change with public financial management (PFM). Following these events, the Governments of Tonga and Tuvalu now plan to emulate the Fijian experience.

Key lesson as the journey continues

As a result of these efforts, UNDP's Governance of Climate Change Finance (GCCF) Programme collaborated with partner governments to design a reform agenda for mainstreaming climate change with public financial management (PFM), including public sector planning and budgeting, climate change relevant expenditure tracking systems for evidence-based policy making and support to the legislators, and engaging media to foster transparency and accountability.

Given that knowledge is often lost due to frequent changes of senior government officials and staff, it is critical that climate finance reforms focus on institutional change and system-strengthening to ensure sustainability. Sharing of knowledge and innovations across countries will also be key in joining up efforts of disparate stakeholders in forging new innovative approaches to climate financing. By strengthening access to knowledge on innovations across countries and by supporting these innovative reforms through a combination of south-south cooperation and targeted technical assistance, the repository of innovations can continue to grow, and their implementation can be accelerated.

While regional and international entities increasingly discuss the need to focus and invest on climate change finance there is insufficient coordination of common approaches and solutions. Climate change is a common agenda across international organisations like World Bank, Asian Development Bank, UNFCCC, UNEP and others. Additionally, there are dedicated entities working on climate change finance such as the Green Climate Fund, UNFCCC, Climate Budget Initiative, and NDC Initiative. UNDP at the global level under its 'Climate Promise' aims to help countries achieve NDC targets. This will require building alliances with other partners for implementation of climate agenda.

The collaboration between the Government of Sweden supported GCCF programme and the DFID supported CPGD programme has resulted in replicated climate finance reforms and has built greater visibility and momentum for implementing these reforms through regional learning and transfer of knowledge amongst supported countries. Learning across countries has been facilitated by regional dialogues, south-south cooperation and knowledge management initiatives. Through this process, Ministries of Finance across the region have adopted tools such as Climate Public Expenditure and Institutional Reviews (CPEIR) and Climate Change Financing Frameworks. The unique opportunities to accelerate reform as highlighted above, coupled with the excellent value for money proposition for reducing transaction costs, presents the rationale for continued regional learning and technical innovation.

This proposal seeks to address the challenges and opportunities highlighted above through developing a regional Climate Finance Network (CFN). The CFN will support Ministries of Finance and other ministries to mainstream climate change into planning and budgeting systems, undertake climate compatible fiscal reforms, as well as develop innovative financing approaches to climate change. These reforms will help build sustainable, resilient and equitable societies as part of the implementation of the 2030 Agenda and in the immediate term contribute to the build back better/greener and more inclusively in the responses to the COVID-19 crisis.

II. Strategy

Approach

The scope and ambition of the Sustainable Development Goals (SDGs), together with the national commitments (Nationally determined contributions, NDCs) made in the context of United Nations Framework Convention on Climate Change (UNFCCC) to reduce national emissions and adapt to the impacts of climate change, demonstrate enhanced political commitment to the climate change agenda at the country level.

Domestically mobilized public and private resources remain key for developing economies. For public investments to have a positive impact on sustainable growth and to deliver on the SDGs and NDCs, countries will need to integrate climate change into their budgets and fiscal policies in ways that also have a positive impact on men, women and vulnerable groups. Country policies and institutional frameworks should also include adaptation as a key consideration and thus need to have robust framework and systems for including risk resilience in the planning and budgeting processes. The role of private sector or/and how public private partnership can promote resilience to mitigate the impact of climate change. However, climate change responsive governance and public financial management systems are often hindered by limited institutional capacities, stakeholder engagement and oversight mechanisms which in turn result in sub-optimal leveraging of private finance and access to international finance for climate change. The domestic public and private sources also have to be complemented with the international sources of finance, given the narrow fiscal space that countries have. This has become even more important in the post Covid context, as was highlighted at the recent COP 26.

The Climate Finance Network (CFN) aims to address these issues by facilitating peer to peer learning and exchange, coupled with promoting a whole of government and multi-stakeholder approach in the context of technical support and learning to increase the pace of change and impact.

The countries chosen for the Climate Finance Network represent diverse geographical traits – from landlocked and mountainous to coastal or Small Island Developing States (SIDS)- like Maldives and Fiji. These countries also differ when it comes to income groups and financing landscapes – from Least Developed Countries[21] (LDCs) to middle income countries[22] (MICs). Countries that have been chosen for the CFN include countries that remain highly vulnerable to climate change, for example a number of Pacific SIDS, Philippines, Bangladesh, Sri Lanka and countries like India and Indonesia which are both vulnerable to climate change and contributors to emissions. Malaysia with a robust private sector is a significant contributor to carbon emissions and thus has the room to engage with the private sector leading to emission reduction. These countries all need focused engagement on adaptation in their climate response as well as mitigation, particularly for countries which have significant contribution to emissions, more explicitly in their development strategies and financing frameworks. Some of the countries like Bangladesh are in transition to graduate from LDC to developing country - the project can support Bangladesh and other countries in a transition that is sustainable and green.

Commitment to the climate change agenda is one of the criteria for selection, as over the last 5 years there has been a rapid increase of the ownership of Ministries of Finance to respond to climate change as well as to take more integrated approaches to the social, environmental and economic objectives of the 2030 Agenda for Sustainable Development. Indonesia, for example, has been able to mobilise resources to the tune of US$3.5 billion from green bonds. India has developed climate change financing frameworks and undertaken sector focused climate change informed planning. Countries such as the Philippines and Vietnam are becoming regional leaders in terms of climate change finance resource mobilisation and shaping regional policy positions.

The mix of countries will facilitate the production of diverse set of country approaches and knowledge,

[21] LDCs include Afghanistan, Nepal, Bangladesh, Solomon Islands, Bhutan, Timor-Leste, Cambodia, Tuvalu, Kiribati, Yemen, Myanmar
[22] Lower MICs include: Bhutan, India, Indonesia, Kiribati, Lao PDR, Federated States of Micronesia, Mongolia, Pakistan, Papua New Guinea, Philippines, Samoa, Solomon Islands, Sri Lanka, Timor-Leste, Vanuatu, Viet Nam. Upper MICs: PRC, Cook Islands, Fiji, Malaysia, Maldives, Marshall Islands, Nauru, Palau, Thailand, Tonga, Tuvalu (Source: ADB)

as well as maximise knowledge sharing and south-south cooperation between countries with similar climate finance systems, needs and interests. Whilst no country has implemented all the financial reforms necessary for a comprehensive response to climate change, across the countries of the CFN there will be access to most of the solutions required. The countries from Asia that are proposed to be included in the network are: Bangladesh, Cambodia, India, Indonesia, Malaysia, Maldives Nepal, the Philippines, Sri Lanka, Thailand, Vietnam. The Pacific countries that will join the network will be determined based on discussions with countries in the region and the current programming of the Gov4Res project, which is able to operate in any PIC. These project countries are proposed to be Fiji, Kiribati, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu. Countries that are also under consideration for 2022 include Papua New Guinea.

Box 2: Case study: Indonesia's Green Sukuk Initiative

Though the Republic of Indonesia is rich in biodiversity, its vulnerability to the effects of climate change can have negative economic impacts. For this reason, the government took progressive steps in 2017 to increase available funding for climate initiatives through the formulation of an innovative financing approach. With the support of United Nations Development Plan (UNDP), the Government of Indonesia developed the Green Bond and Green Sukuk Framework. This initiative was in alignment with the International Capital Market Association's (ICMA) Green Bond Principles, which promote projects having environmental benefits through capital-raising and investment. Indonesia, through Ministry of Finance, issued the world's first Green Sukuk in the global market in 2018.

The evolution of the Green Sukuk

Climate Budget Tagging (CBT), a process developed in 2014 with support of UNDP, was used to strengthen transparency in Indonesia's climate change finance, and in 2016, was implemented along with the government's planning and budgeting cycle focusing on mitigation actions in six ministries identified under National Action Plan for Greenhouse Gasses Emission (RAN GRK). UNDP had already been working with the Ministry of Finance since 2012, starting with the Climate Public Expenditure and Institutional Review (CPEIR), which covered the forestry, peatland, energy and transportation sectors representing 93 percent of the emission reduction target that was implemented in several provinces. The findings resulted in the incorporation of adaptation actions starting in 2018.

According to budget tagging results, budget allocations in 2016 for climate change mitigation activities reached IDR 72.4 trillion, and IDR 95.6 trillion in 2017. These allocations were far higher than the average yearly mitigation funding need estimates. In 2018, a slight reduction was indicated from the previous year, but estimation would indicate the total budget allocation remained higher than average yearly funding needs. Meanwhile, 2018 budget allocation for adaptation activities remained far below par at around 29 percent of average yearly funding need estimates. The CBT results suggest gaps in funding needs and existing financial resources in the government's budget, which led to the implementation of the Green Sukuk Initiative.

Year	Climate Change Mitigation Budget (IDR trillion)	Climate Change Adaptation Budget (IDR trillion)	Portion of the Climate Change Budget in APBN
2016*	72.4	NA	3.6%
2017*	95.6	NA	4.7%
2018	72.2	37.5	4.9%
2019			4.1%

The success of Green Sukuk

The Green Sukuk initiative led to the first annual impact report for the programme and subsequently received eight international awards. The issuance of the Green Sukuk in the global market in 2018 and 2019 generated a total of US$2 billion. The proceeds were allocated into five out of nine eligible sectors including sustainable transportation, renewable energy, energy efficiency, resilience to climate change, and waste management.

The framework was also awarded the Medium Green shading by the Centre for International Climate Research (CICERO), signifying that the nine eligible sectors that were identified represent the country's efforts towards the long-term vision in carbon emission reduction.

In November 2019, the Green Sukuk was issued in the domestic retail market raising IDR 1.4 trillion, which was allocated toward renewable energy and resilience to climate change sectors, thus providing Indonesia's citizens an opportunity to take part in their country's climate actions. With a minimum investment of US$50, accessible through online banking, the framework delivered a timely and powerful education tool on climate change to investors, more than 50 percent of which have been millennials.

The variety and scope of climate finance innovations provides the possibility of accelerated reforms based on learning from other country experiences.

Despite significant progress made by the DFID (now FCDO)-supported CPGD programme and the GCCF programme there remains a need to consolidate, deepen and scale up interventions for comprehensive and sustainable actions for climate change responsive budgeting, planning and financing. In the context of the COVID-19 this need has further grown with pressure for building forward better in ways that reduce risk for future crises and do so in ways that focus on the most excluded and vulnerable. There has also been a call for additional green finance from banking, micro-credit, insurance and impact investments. There is significant potential to both accelerate country implementation and reduce the costs of further climate change finance reforms in the coming years through well-curated knowledge sharing, regional exchanges and targeted technical assistance. From the experience gathered through the above-mentioned programming and in consultation over the design of the CFN, a number of challenges to climate finance reforms have been highlighted:

1. Whilst climate change has been integrated in some steps of planning and budgeting, it has not yet been fully integrated into planning and budget processes.
2. Whilst some sectors that are relevant to climate change have undertaken budget reforms to integrate climate change sensitivity, climate change has not yet been integrated into the budgeting of all sectors.
3. Reforms have been slow to bring in budget scrutiny of maladaptive investment and slow to analyse negative expenditures including carbon emitting expenditures and investment, as well as subsidies.
4. There remains a lack of inclusivity in the planning and budgeting processes and insufficient accountability for the equitable use of climate change finance – particularly related to women, poor and vulnerable groups.
5. In most cased Ministries of Finance have not yet articulated fiscal or debt policies in relation to incentivising the private sector to integrate climate sensitivity into their investments.
6. The integration process needs to provide dedicated attention to mitigation which has become even more important with the growing political awareness of the challenge of keeping the increase in temperature within 1.5 degrees Celsius.

In order to respond to development challenges and strengthen responsive climate change planning, budgeting and financing the CFN will be established as a knowledge management and technical support facility to identify and support climate finance innovations in the region and facilitate the uptake and scaling of these innovations.

The CFN will harness the momentum for climate change finance reforms in ways that allow knowledge to be shared in real-time across countries. This horizontal knowledge management approach will ensure acceleration and adoption/replication of climate budget and other reforms across the region by making access to information about models, approaches and experiences in implementing reforms timely and more cost-effective.

The Climate Finance Network will take a comprehensive approach by focusing on strategic areas of engagement that can have a systemic impact on the management and mobilisation of public and private investment in climate change. These strategic areas are based on the experience of programming climate change finance over the past five years and lessons learnt during the design phase of the CFN. **The six workstreams are**: *1) Climate change aligned budgeting and planning; 2) Direct access to international climate change finance; 3) Tax and innovative climate change finance; 4) Gender and social inclusion and climate change finance; 5) Transparency and accountability of climate change finance; and 6) Modelling climate impacts on economic growth, sectors and consideration of equity.*

Across these workstreams the CFN will provide technical support to countries, including public and private sectors, to ensure a strong enabling environment and framework for climate change responsive planning and budgeting and for leveraging innovative sources of finance. The programme will deepen work done under CPGD and GCCF to strengthen the budget formulation process at sector levels. The sectors that the programme will select for support will have high relevance to poverty and gender equality, in addition to climate vulnerabilities, such as agriculture and social protection. In addition, the project will also have an increased focus on mitigation and related sectors, so as to meet the challenge of keeping the increase in temperature within 1.5 Celsius. It is estimated that $4.7 trillion, or 6.3 percent of Global GDP was spent on fossil fuel subsidies[23] . Support to mitigation will be more pronounced for countries which significantly contribute to emissions. The project will build on this openness to mitigation measures to promote analysis and dialogue on subsidies and tax exemptions which lead to increased emissions. However, the programme will also try to strike a balance between mitigation and adaptation because the need for resilience and strengthening adaptive capacity is ardently required for countries which have a higher incidence of climatic events and a large proportion of population is affected by this. The support to embed climate change in planning and budgeting will be contextualized to the NDCs so that countries are able to systematically move towards meeting the NDC targets. LEDS also provide a critical entry point for making the development plans more climate responsive. A coherent strategy that weaves the PFM system with the NDCs and LEDS will lead to optimizing the resource utilization. Similarly, the role of private sector in sustainable and green growth is critical because of the enhanced contribution of the private sector in economic growth, particularly the transition economies. Hence the private sector will need to be an important part of the efforts to achieve the NDCs and LEDS. However particular orientation on gender and social inclusion would need to be influenced into the private sector roles as it may not be a priority within their scheme of work.

The COP 26 dialogues and key messaging calls for a cohesive approach and strong linkages between the different workstreams. The information and data around climate investments which will be produced under the accountability and transparency workstream in both public and private sector

[23] Global Fossil Fuel Subsidies Remain Large: An Update Based on Country-Level Estimates- International Monetary Fund 2019

across domestic and international finance will help countries in setting their priorities with regards to sectors and the commitments made in the NDCs. This data can then be used to carry out the analysis not only for informing the budget formulation and development planning and private sector investments but alco can be used at a macro level for modelling the impact of climate change on economic growth across different sectors and the overall economy. Similarly, the workstream on gender and social inclusion can help in aligning the investments to include gender and poverty considerations in different sources of finance thus increasing the value of money being spent on climate change.

There will be a heightened focus on this set of issues in the wake of the COVID-19 crisis given the growing calls to build back better/greener from the crisis. In fact, there are already emerging possibilities in this regard. E.g., request from the Ministry of Finance in **India** for assistance on the development of a sustainable finance roadmap; in the case of **Indonesia**, there is a demand from Ministry of Finance for a number of synergistic studies which can inform the recovery phase – a study on the energy sector, including exploring where investments should be undertaken and how to incentivize such green investments; in the **Philippines**, the team is exploring how to support government in greening the stimulus and increasing the emphasis on environmental sustainability and low carbon development to contribute to resilience.

In the short but also the medium-long term, many sectoral ministries will likely need support to make the case to ministries of finance and to develop feasible investment proposals which with significant co-benefits by way of green jobs and sustainable business opportunities and with more robust and holistic evidence on development benefits (including poverty reduction) given that it is the poor and vulnerable who are bearing the brunt of climate change and COVID-19 with little by way of protections and risk-mitigation support.

The programme will also support countries in facilitating access to innovative sources of finance at international and domestic levels, and where countries take on debt to help shift the focus to sustainable finance and the complementary portfolio of initiatives. Technical support will be provided to develop instruments for accessing innovative sources of finance and in development of investment proposals for accessing international finance. Technical support will be provided to ensure climate change and gender equality are factored into public investment design and monitored as key dimensions of these investments. Addressing susceptibility of the most vulnerable including men, women, children, ethnic minorities is central to the programme's approach and integrated in its interventions. The sectors that the programme will select for support (e.g. strengthening budget submissions with climate benefits analyses in Output 1) will have high relevance to poverty and gender equality, in addition to climate vulnerabilities, such as agriculture (in Thailand, Cambodia) and social protection (in Bangladesh, Nepal) taken up by GCCF and CPGD earlier. Across the different thematic areas and workstreams attempt will be made to bring about a more inclusive approach for the marginalized communities by minimizing their disproportionate economic and social vulnerability. In addition, countries will also need to strengthen their governance and regulatory regime to enhance availability of green and sustainable finance from banking, micro credit and insurance and investment.

The programme will also engage in providing guidance to countries on taking forward work on Green Taxonomies, and identification of measures to make the investments from public and private sector more sustainable through technical assistance, use of de-risking and blended finance and guidance on set of economic actions that lead to environmental sustainability. Countries like India and Indonesia in the CFN are already working on their green taxonomies and sustainable finance roadmaps/strategies. Dedicated support shall also be provided to carbon intensive sectors including but not limited to energy, transport and agriculture to ensure that budget outputs for these ministries have allocations for mitigation measures like clean energy, as well as carbon efficient transport and agriculture practices. This will be supplemented with expenditure analysis, looking at trends, size and variations in order to help address compliance with NDC pledges[24] and informed budget formulation. Ministries of Finance and Climate Change will also be given technical support to improve resource mobilisation for climate change investments for directly accessing international finance and exploring innovative sources of finance. On the revenue side of budgeting, the programme will help in conducting research to provide evidence for the government to make informed decisions on the imposition of carbon tax, its revenue potential, the opportunity cost of such measures, the positive impact on climate change and the ultimate impact on the economy.

Strengthening the regime for increased effectiveness of climate finance at the national level will be complemented by working with the sub national governments. The sub national governments are increasingly realizing the need to have systems that are sensitive to climate change, gender and social inclusion so that the service delivery is not impacted. There is also the realization for having additional resources to finance climate investments at the local level. The 2019 green bond bootcamp in India was well received by the participating municipal governments, exhibiting the interest of sub national governments to explore innovative sources of sustainable finance; Indonesia is looking to facilitate the use of sub-national sustainable financial instruments. Similarly, the successful integration of climate change and gender into budget submissions for community development through the Ministry of Rural and Maritime Development in Fiji have been used as leverage for further funding, and gained traction with the ministry responsible for finance to invest in broader budget reform. Moreover, as the lack of public investments in climate change puts pressure on service delivery and also has impacts on the spending patterns of vulnerable population as they are forced to re-channel expenditures from basic needs to mitigate climate risks, there is a need to consider adaptive social protection and risk-transfer as Bangladesh is doing. The programme will work with community and lower tiers of governments on innovative pilots that have the potential for replication and of being scaled up.

Effective implementation of the strengthened systems shall be made possible through hands-on capacity development to governments to enhance climate finance technical capacities that will have a positive impact for gender equality, poverty and human rights. While capacity building may be considered part of the technical support, it is important to address it directly and independently as this will be critical for implementation of climate change finance reforms. Alongside delivery of training events, the CFN will have a knowledge portal to provide access to knowledge products and training material. CFN will also provide on-the job mentorship and technical assistance to ensure sustainable uptake of new tools and systems. Capacity development will be delivered nationally and regionally through partnerships with National Finance Institutes and research organisations as well as regional and global organisations such as the International Centre for Climate Change and Development in Dhaka and the Women Organising for Change in Agriculture and Natural Resource Management

[24] https://unfccc.int/process-and-meetings/the-paris-agreement/nationally-determined-contributions-ndcs

Network (WOCAN). Working with national and regional institutions to deliver training and capacity development will help institutionalise CFN approaches beyond the end the programme. Capacity of governments and other stakeholders will also be strengthened to access innovative and international sources of finance such as knowledge products on compliance mechanisms for accessing international sources of finance, boot camps on innovative sources of finance, parameters for using green bonds and other innovative sources of finance.

The programme will use communications and advocacy to ensure uptake of technical assistance and capacity development across countries and partners. Policy briefs for senior decision makers, the facilitation of high-level symposiums, and outreach to media will all be implemented to ensure that political momentum is maintained for reforms.

The programme will engage with senior policy makers both in country and through regional and international events to build political commitment to advance the integration of climate change, gender and human rights into Ministry of Finance systems and policies. The programme will also help media and parliament to strengthen accountability mechanisms.

The CFN design has been built on an understanding that knowledge management, capacity building and technical support will be delivered through partnerships that leverage a range of climate finance related networks and programmes across the region. The CFN will work to ensure that these different networks and initiatives have access to the innovations promoted through CFN country technical assistance and vice versa. This is to ensure both sustainability and a multiplier effect as these other networks will continue operating beyond the CFN and will reach more national institutions and stakeholders. The CFN will also facilitate exchange across these different networks and partners to promote similar approaches and methodologies.

The CPGD and GCCF experience shows that peer to peer learning has proven to be useful for accelerating reforms across countries in the region. Governments have indicated a strong demand for knowledge transfer, south-south exchange and technical support across sectors and stakeholders on accessing and managing equitable climate change finance. South-south exchange will be ‘mainstreamed’ across all activities ensuring that partners in one country have direct access to experience and expertise from other countries in the implementation of their reform.

The programme will facilitate knowledge sharing on best practices emerging from countries on integrated budget approaches with regional institutions, platforms and programmes including PIFS, ASEAN, the Coalition of Finance Ministers for Climate Action, the OECD. At the regional and country level, it will work to maximize synergies with UNDP and partner programmes on nature, climate and energy and the SDGs (including in the context of Integrated National Financing Frameworks where there is scope for identifying climate-responsive finance for the SDGs, bringing NDCs and SDGs together as well as supporting the use of integrated tools and methodologies, e.g., climate and SDG budgeting) and work collaboratively with UNDP’s climate promise and the NDC Support programmes, the joint programme with UNEP on Poverty Environment Action (PEA), UNDP’s BIOFIN, and the Pacific Risk Resilience Programme. For example, the UNDP Support Programme on Scaling up Ambition on Land Use and Agriculture (SCALA) through NDCs and NAPs implementation provides an opportunity for synergetic approach on implementation of budget and planning reforms in the agriculture sector for acceleration of climate change action in the agriculture sectors and land use of developing countries through NDCs and NAPs.

At the international level, UNDP will engage across regions and with the international process to ensure that lessons from elsewhere are shared with Asia Pacific partners and vice versa. By engaging with international fora and coalitions, the programme will endeavour to bring more attention to the importance of budget and fiscal policy reforms as part of implementing the international agendas of climate change, gender equity and sustainable development. Specific policy processes to be targeted will include UN Commission on Status of Women, UN Framework Convention on Climate Change (UNFCCC), and the implementation of the Addis Ababa Action Agenda on Financing for Development. Where successful in generating international commitment, the programme will ensure that this is carried through to reinforce advocacy for reforms at the country level. Communication and advocacy will be used to highlight the evidence in financing gaps and different approaches that can be adopted to access finance and make it more effective. It is critical to get the buy in of senior political, senior government functionaries and other influencers which can be done through a consistent but non-technical narrative on the need to invest in climate change.

Theory of Change

GAPS	ACTIVITY	OUTPUT	OUTCOME	IMPACT
Growing commitment to climate change not matched by sufficient systems, processes, policies and institutions at national and sub-national levels to access and manage equitable climate finance. Inconsistent capacity across national and sub-national governments to access and manage equitable climate finance. Insufficient accountability for effective management and use of equitable climate change finance particularly for women, poor and vulnerable groups. Growing knowledge and experience of climate finance reforms but inadequate knowledge transfer for governments. Minimal attention given to country systems as major instruments for climate finance management within international policy processes.	• System enhancements and decision-making tools developed • South–south exchanges convened to strengthen capacity • Policy briefs developed for providing policy options and evidence on climate finance • Options for carbon tax developed • Climate finance modules and trainings implemented including for non-state actors • Knowledge management portal developed • Knowledge products and communication materials on climate finance reforms developed • Regional dialogues/ workstream dialogues on climate change finance convened	1. Enabling frameworks, systems and tools introduced, strengthened and replicated for accessing and managing accountable climate finance. 2. Governments and other country partners have enhanced capacities for effective governance of climate finance. 3. Regional institutions and knowledge exchanges across the region to contribute to an inclusive and integrated approach for climate change finance. 4. International policy processes to give increasing priority to strengthen and support domestic budget and country systems that enable delivery of gender responsive climate change investments.	Domestic budgetary systems, institutions and other sources of finance to enable effective delivery of gender responsive climate change related investments that would have positive impacts on poverty reduction and human rights.	Governments in Asia and the Pacific mobilise and manage increased climate finance to effectively combat climate change whilst promoting gender equality, human rights and poverty reduction leading to implementation of the 2030 Agenda.

Assumptions:

a) Countries in Asia Pacific have made substantial progress in mainstreaming climate change into their existing country systems and are interested in rolling them out at national and sub-national levels and to partner with the private sector.

b) There is an increasing interest in knowledge exchange and south-south cooperation and partnership on climate finance among countries in the Asia Pacific region.

c) There is political will and commitment to continue with climate finance reforms in the Asia Pacific region, particularly in regard to deeper public engagement for accountability.

This theory of change outlined above builds on the ***momentum and lessons learned*** from the DFID (now FCDO) supported CPGD and the SIDA supported governance of climate finance programme takes on board the implications of the ***post-COVID context***. Since 2011, when UNDP began to support Ministries of Finance to integrate climate change into their on-going reform programmes, there have been significant successes in mainstreaming climate across the budget cycle, and in assisting governments to reform their PFM systems and strengthen budget formulation to consider the costs and benefits of adapting to climate change (and through the inclusion of climate change in budget call circulars and memorandum) and policy frameworks (e.g. climate change financing frameworks), tracking of climate related expenditures (climate budget tagging) to enhance transparency and identify financing gaps for policy action, as well the integration of gender-sensitivity and social inclusion throughout this cycle to ensure multi-dimensional impacts. With regard to the latter, it is clear that gender-responsiveness and social inclusion requires a transformative change and the adoption of a multi-dimensional approach to enhance the extent of climate change responsiveness in the budgets and investments to the extent needed while also ensuring co-benefits and/or focus on the needs of the most vulnerable.

In terms of working ***to realize the change that is desired***, the focus going forward will be on enhancing the ***momentum of on-going reforms (***evidence suggests these are medium-long term actions) ***but also singling out four areas for greater attention***: (i) enhancing gender-responsiveness through additional investments in effective methodologies, making the investment case, engagement and increased sub-national focus; (ii) stakeholder empowerment focus, including through assisting parliaments and citizen groups to drive change and accountability; (iii) complementing the public finance focus with a focus on promoting private sector climate-alignment via carbon pricing, green fiscal incentives, taxonomies and requiring transparency in reporting; (iv) responding to COVID-19 and related developments through promotion of risk-informed development, focus on capturing losses and damages in tracking metrics and data, strengthening the development case for climate action (e.g., cost effective benefits, promising practices, catalytic entry points) including through closer collaborations as outlined above[25] and through a collaborative focus on greening the financial system to facilitate shifts to sustainable finance in the context of enhanced budget pressures, rising debt levels and the relatively low levels of green to date in recovery efforts in Asia Pacific and globally.

The CFN will build on the relationships, capacities, institutions and resources accessed through the CPGD and GCCF programmes as well as leverage additional ongoing programmes within UNDP country offices. All knowledge and technical support provided by the CFN will be directly targeted towards deepening country-led reforms and programmes to ensure that there is a focus on country impact and that this impact further reinforces the credibility of the knowledge and guidance generated by the CFN for replication and adaptation in other countries. In doing so, at the outset itself , knowledge and technical support will ensure gender is mainstreamed and embedded to the extent that it's integral part of CFN. There will also be a particular focus on advocacy and outreach to senior policy makers for considering climate change beyond business as usual and adopt a concerted strategy for leveraging additional resources for climate change and also increasing its

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[25] [25] E.g., as also mentioned earlier, collaboration with UNDP's Climate Promise and joint UNDP-FAO SCALA programmes; as well as with the SDG Finance Team, in particular on INFFs and impact investment and tapping into the work of the Insurance and Risk Finance Facility via country diagnostics and measures to enhance risk-transfer (e.g. inclusive insurance to complement adaptive social protection) as well as synergies and learning from the Governance for Resilient Development in the Pacific (Gov4Res) Project among others.

effectiveness - this has become all the more important in the post Covid 19 scenario.

This is expected to lead to the realization of the **goal of the CFN to support governments in Asia and the Pacific to mobilise and manage increased climate finance to effectively combat climate change whilst promoting gender equality, human rights and poverty reduction leading to the implementation of the 2030 Agenda.**

Workstreams

The CFN will work across six key themes based on the experience of CPGD and GCCF programming on climate change finance over the past five years and based on country consultations during the inception phase. The six workstreams are:

1. Climate change aligned budgeting and planning
2. Direct access to international climate change finance
3. Tax and innovative climate change finance
4. Gender and social inclusion and climate change finance
5. Transparency and accountability of climate change finance
6. Modelling climate impacts on economic growth, key sectors and equity

The TORs for the workstreams are included in Annex 1 but the broad scope of workstreams is outlined below:

Workstream	Scope of work
Climate change aligned budgeting and planning	This workstream aims to integrate climate change into public financial management (PFM) systems in the Ministries of Finance and Planning as well as climate relevant sectoral ministries. This workstream as an integral part of the gender and social inclusion and will ensure , its embedded into the planning and budgeting systems.
Direct access to international climate change finance	This workstream will provide technical support to network countries to accelerate reforms that improve capacity to directly access international climate finance and align it with domestic public finance – as well as leverage private finance.
Tax and innovative climate change financing instruments	This workstream will support governments in leveraging innovative sources of climate finance while contributing to SDG priorities. It will look at instruments for mobilising resources, incentivising mitigation actions through taxation, carbon pricing mechanisms and greening the financial systems. It will also explore blended finance mechanisms and other incentives to catalyse or increase climate-related private sector investment in emerging markets. This workstream will also provide evidence and guidance to the private sector for opportunities to invest in gender integrated climate change responsive sectors and projects. Climate investor mapping could provide a useful starting point for providing with the landscape of climate related investments.
Gender and social inclusion and climate change finance	This workstream will provide technical/strategic support to network countries in integrating gender and social inclusion into climate change planning and budgeting process. It will support integration of gender and social aspects in the other five workstreams but will also remain a stand-alone workstream, generating new knowledge and tools for mainstreaming gender across the CFN. This work stream will also look into aspects of climate security, climate justice and human rights issues that emanate because of the impact of climate change. In ensuring that gender is mainstreamed across CFN capacity building and knowledge enhancement of key entities and actors responsible for operationalizing climate change finance will be

Workstream	Scope of work
	targeted.
Accountability and transparency of climate change finance	This workstream will provide technical support and advice to countries in improving climate finance accountability and transparency of the planning and budgeting process while at the same time strengthening the demand side of climate finance governance (parliaments, civil society, media). The workstream will also support integration accountability and transparency aspects of the other five workstreams but will remain a stand-alone workstream.
Modelling climate change impacts on economic growth, key sectors and equity	This workstream will use different scenarios and models to measure the impact of climate change on economic growth and climate change related sectors. In addition few case studies on gender responsive climate change models and its consequent impacts on the economy will be initiated. This will help inform policy makers on areas requiring investment. It will also provide an opportunity for shaping usable analytical modelling so that results can be fed into key decision-making platforms within and outside of the government……

Each workstream will be supported by a reference group consisting of countries, networks and partners who are willing to champion reforms in that particular area as well as to provide south-south cooperation. The implementation of each workstream will be supported by a technical anchor which could be provided by UNDP or another relevant partner. The reference group will help in promoting dialogue and articulation of issues and solutions around climate finance and planning innovations and possible technical assistance and knowledge management based on inputs of policy makers or practitioners in that area. The TORs for six reference groups are included in the Annex 2.

Inception period and start-up phase

The inception phase for CFN covered a six-month period from March 2019 and was followed by a one year start-up phase during which pilot activities across six workstreams were to be implemented and tested. Building on CPGD and GCCF programme achievements, the CFN inception period was designed to explore and ratify its concept and results framework, validate the proposed six workstreams and explore the interest of governments across GCCF countries to be part of the CFN.

The governments included under the CFN have affirmed their commitment and participation in the Climate Finance Network, which reflects the strategic importance of climate finance reforms for CPGD countries and the Government of Sweden programme.

A critical component during the inception period has been the **country consultations** which proved that the impetus for climate change reforms in the region is accelerating. **Ministries of Finance have expressed strong demand for deepening climate finance reforms and the need for adopting innovative solutions for climate change**. This exhibits the ownership of climate finance reforms and a continued commitment to work on climate change integration in the country systems. The consultations with the Ministry of Planning and climate relevant ministries such as Ministries of Environment, Agriculture and Energy have affirmed the importance of climate change mainstreaming and the potential that CFN has to create an impact across climate relevant sectors, leading to an increase in climate smart investments.

There is an increased interest in mobilising public-private, domestic and international climate finance; innovative solutions for CC mainstreaming; learning opportunities and technical assistance that is high quality, robust and deployable; and participation in south-south exchanges and regional dialogues.

Countries endorsed the six workstreams and expressed interest in different workstreams which mirror their national priorities and achievements in climate finance reforms. These workstreams will be further consulted upon in the context of the COVID-19 response and recovery.

This varied interest will expand mutual learning opportunities within the region. The scope and type of requested support has helped to more clearly frame the workstreams' terms of reference. Climate Change aligned budgeting and planning, tax and innovative financing instruments and direct access to international finance workstreams have generated a solid demand from network countries.

Country demand for CFN represents a strong basis for the programme to become a leading knowledge platform for climate finance reforms at the regional and country levels through its seven-year programme, tentatively starting from 1st January 2022.

During the inception period, exploratory meetings took place with key partners for discussion on the structure of the network, the six workstreams and discuss synergies and potential joint activities when the CFN starts. The meetings took place with the World Bank, NDC Partnership, UNFCCC, UNWOMEN, Coalition of Finance Ministers for climate action. The partners have validated the CFN approach and provided valuable feedback that has been integrated in the programme.

Given travel restrictions prevailing during the COVID-19 phase, for the Gender and Social Inclusion (GSI) workstream, a virtual exploratory meeting was co-hosted with UN Women on 19 March 2020 which was followed up by the constitution of a Reference Group for Gender and Social Inclusion workstream.

CFN as a multi-donor partnership

The CFN will be supported by FCDO with the potential for other development partners to join. The CFN will help in extended learning and knowledge exchange across the countries included in the network. The synergies between the DFID (now FCDO) supported CPGD programme and Government of Sweden's GCCF programme have already demonstrated an impact during joint organisation of regional dialogues where a number of countries were able to learn and share innovations on climate finance reforms. The CFN will run in parallel and in close partnership with the Government of Sweden supported Governance of Climate Change Finance for Gender Equality (GCCF) project during the year 2022. The ambition for other development partners later on to join the CFN resonates with the programme's focus on expanding partnerships and harmonising approaches to climate change finance. Ultimately the CFN aims to support the replication of integrated approaches to climate finance management in other regions. Development partners in this respect will be key to CFN expansion and advocacy.

The Pacific portion of the CFN, in coordination with the UNDP team in Bangkok Regional Hub will be implemented by the UNDP Governance for Resilient Development in the Pacific (Gov4Res) Project, which is the second phase of the Pacific Risk Resilience Programme (PRRP). Gov4Res is funded by the Australian Department of Foreign Affairs and Trade (DFAT), the New Zealand Ministry of Foreign Affairs and Trade (MFAT), the Korea International Cooperation Agency (KOICA), SIDA and has a small portion of funding from DFID. Gov4Res has identified CFN as one of the key partners to jointly engage in activities that would actively support countries in developing and advancing gender-sensitive climate finance reforms. Gov4Res is focusing on gender sensitive climate change reforms in planning and budgeting systems, including with local government, climate accountability from a gender lens and regional networks and policies. The US$19 million programme will be supporting Pacific countries until December 2025. Partnering with the Gov4Res on activities such as regional dialogues, workstream specific trainings and knowledge products will deepen CFN learning and replication of climate finance innovations across the region while extending the pool of donors for the programme.

III. Results and Partnerships

Expected Results

To successfully achieve the outcome stated in the theory of change, four outputs are instrumental in driving the programme forward:

Output 1: Enabling frameworks, systems & tools introduced, strengthened and replicated for accessing and managing accountable climate finance.

CPGD and GCCF programmes laid down a strong basis for the continuation and strengthening of climate finance reforms which are a medium-long term agenda in most countries. The impact that the programme has already had on budget formulation is an indication of its potential to create change across climate relevant sectors. The acceptance of the need to integrate climate change into country public financial management and governance systems by Ministries of Finance and Planning marks a significant change in approach.

Despite these advances, there remains a need to institutionalise the tools, processes and policies at national and sub-national levels to increase access to, and management of, equitable climate finance. While countries look to expand green infrastructure, there is growing recognition that government budgets and local capital will be insufficient to finance the scale of infrastructure required. The CFN will help countries with mobilisation of resources through direct access to international finance and innovative sources of finance. CFN will continue to provide climate responsive technical and advisory support on integrating tools, processes and policies at national and sub-national levels.

As countries begin to localise the SDGs and prepare national action plans to implement the NDCs, the programme offers the opportunity to support countries in taking a more integrated approach, including to promote responses that address the increased impacts of climate change on vulnerable populations including women and the poor. The NDCs have encourage governments to take low emissions development strategies (LEDS) to a higher level by initiating economy-wide programmes. The challenges faced by countries as they try to achieve the NDCs has forced many of them to explore carbon pricing as a mechanism to meet targets. Well-designed carbon prices protect the environment, drive investments in clean technologies, and raise revenue. However, it is equally important to consider how those prices will impact different segments of society and to ensure that they are designed in a way that they do not enhance or entrench systemic inequalities.

The programme will **invest in 20 in-country technical support initiatives** which will focus on system enhancement, systemic and process changes and development of tools that will provide an enabling framework and help in introduction and replication of climate finance reforms across network countries. In-country technical support could be requested in relation to any of the six workstreams. The technical support, for example, could range from assistance in integrating climate change into the planning and budgeting systems, support in the issuance of Green Sukuks or other innovative financing instruments, or the application of research and evidence for sectoral planning and budgeting. This technical support can be adapted to strengthen national systems to address the socio-economic the impacts of COVID19. The need for improved data and the need to look at loss and damages was highlighted in the COP 26. The programme will explore opportunities to work with the UNFCCC and other partners to make available and consolidate the data that can help countries in need assessment and in aligning their development plans and financing options.

The programme will engage with Ministries of Finance and Planning, and selected sector Ministries **by providing technical support for 25 budget submissions that integrate climate change and take into account the differential impacts on men, women and vulnerable groups including the poor.**

The programme will strategically engage with selected ministries with portfolios that have the most relevance to climate adaptation and mitigation. Integrating investment appraisal tools into the budget system, including as part of guidance submissions and budget circulars, will be an important part of this activity. The programme will continue to assess the current level of integration of climate change in the domestic budget process using the CCBII tool. This tool has been revised to include indicators around gender and human rights dimensions.

Box 4: Case study: Technical Support and Collaboration leads to integration of climate in the budget of Odisha and Chhattisgarh

The CPGD programme support to the Government of Odhisa led to the integration of climate change in Odisha's 2018-19 budget for the first time and then resulted in replication of reforms in Chattisgarh.

The CPGD helped Odhisa in a detailed Climate Change Impact Analysis (CCIA), which is one of the tools designed to catalogue, identify, and project risks or impacts of climate change in national and local economies and across sectors relevant to development planning, wherever CC has been identified to have important implications. The analysis helped the Government of Odisha identify what sectors and schemes to focus on in order to improve climate resilience and mitigation outcomes. It also assisted the government in deciding whether programmes needed redesigning or additional funding to accommodate changes that will better deliver climate benefits and safeguard projects from the impacts of climate change.

The support also resulted in strong political ownership, with the Chief Minister of Odisha launching a budget coding report on World Environment Day. This exercise helped in introducing climate budgeting into the water resource department budget planning process, all in an effort to integrate climate planning into department budgets.

The government of Odisha presented the successes of the CCIA at the Government of Bihar arranged 'East India Climate Conclave' in Patna in July 2018. The conclave was attended by representatives from several state governments of India, including Odisha and Chhattisgarh. The benefits of conducting similar undertakings in other states were discussed, and the idea was well received by the Government of Chhattisgarh, which subsequently requested a similar CCIA exercise for three pilot departments in Chhattisgarh: Water Resource, Agriculture and Forest.

A CCIA of climate relevance was conducted for the top 10 budgetary schemes to help identify the most climate sensitive schemes of the three Chhattisgarh state departments. It noted a number of areas where further work is required to ensure that climate change is well integrated into planning and budgeting at the scheme level and recommended preparing guidelines for line departments that are interested in responding to climate change.

The analysis led to a decision by Chhattisgarh's water resource department to include the recommendations in the departmental budget for 2019-20. Accordingly, a separate budget head has been created for funding climate sensitive programmes of the department. A total of US$5.5 million of new funds were identified and approved for implementation over the following five years.

These efforts helped establish relationships with development agencies working in Chhattisgarh, such as the United Nations Children's Fund (UNICEF). UNICEF's role of advising the state government on developing their Sustainable Development Goals (SDG) roadmap benefited from formal and informal discussions with those who completed the CCIA. Their technical input, reports and knowledge products highlighting the various climate actions that may be initiated in the state helped shape the SDG roadmap developed for Chhattisgarh, thereby generating greater traction for policy recommendations.

In order to respond to climate finance demands across the region and to capitalise on the availability of international and domestic finance, CFN will support governments to **develop 6 programme proposals** to access international resources through various financial mechanisms such as GCF, GEF, and the private sector.

This will involve mobilising additional resources to strengthen and sustain their institutional capacity on climate finance. The proposals will support countries towards implementation of NDCs and SDGs and will be particularly responsive to gender and human rights.

Achieving the SDGs requires financing and investments from the private sector, philanthropy and other sources of innovation. This includes harnessing the power of disruptive technologies, developing new business models as well establishing new partnership structures to bring together governments, the private sector, development banks, and civil society. In that regard, innovative financing approaches are required to drive countries' climate actions. The programme will **support 8 financing instruments/ proposals to leverage innovative finance,** ranging from green/Islamic bonds and thematic bonds (SDG/blue, sustainability), blended finance mechanisms, impact investing, green banking to microfinance, which will be particularly important in the wake of COVID-19. The CFN will improve access to know-how on the part of policymakers, bankers, companies and entrepreneurs and share experiences across countries to facilitate learning. An area for increased engagement could be around greening the economic stimulus packages that governments have rolled out during the pandemic. It is important to continue to lobby governments to build back better and greener.

The programme will **invest in 16 accountability and transparency tools/products** to access and manage climate finance that will have a positive impact on gender equality, poverty and human rights. The programme will work with accountability actors such as parliaments, State Audit Institutions, civil society and the media to develop tools that will ensure that public debates on budget reflect the issues of climate change, gender and human rights. In respect to parliament, the tools will ensure more effective budget scrutiny from a climate change lens. The CFN will work with relevant parliamentary committees, such as the budget committee, and will engage with elected representatives and secretariat staff as appropriate. The programme will continue to invest in Citizens Climate Budgets as they have proven to be an excellent tool in creating dialogue on accountable management of climate finance between the government and citizens. The CFN will also continue to support countries to implement gender responsive climate budget tagging to track climate related expenditures.

The programme will support countries **on 3 products/ instruments/initiatives to take forward work on green and climate taxonomies and in greening of the financial systems**. Under the Green Taxonomy line of work, this will include but will not limited to national processes related to the development of compatible classification systems and establishment of lists of environmentally sustainable economic activities. This will also include support to countries in greening their financial systems which will mean working with the banking sector for promoting green finance and also using insurance as risk transfer mechanism in the context of climate change.

The programme will support **2 countries to implement broad-based dialogue on options for imposition introduction of carbon tax and/or removal of fossil fuel subsidies while integrating mitigation efforts into sector budgets that take into account the differential impact on men, women and vulnerable groups.** The programme will also focus on the revenue side, particularly on mobilising resources and incentivising mitigation actions through carbon pricing mechanisms. The CFN will aim to provide evidence and policy advice to governments to reduce carbon emissions using the appropriate carbon tax structure, assess viability and political appetite. As part of its work on budget reform, the programme will also improve alignment of expenditures to mitigation in the context of NDC targets. As a result, the programme will contribute to the reduction in carbon emissions, support achievement of NDC targets and provide options for generating additional resources for government to be used for enhanced climate action. In addition, lessons learned from this activity will translate into knowledge sharing across the region on carbon pricing measures, leveraging capital markets and utilisation and alignment of domestic resources.

Output 2: Governments and other country partners have enhanced capacities for effective governance of climate finance.

The CFN will support governments in developing their capacities around six thematic areas by developing a Knowledge Management Portal, training modules, guidance and communication materials, and knowledge products all geared towards capturing key innovations from Output 1 with the aim of accelerating learning and replication at a lower cost.

The programme will develop 16 guidance notes/knowledge products (six regional and 10 country-focused) for government, accountability actors and other stakeholders including the private sector. These knowledge products will include evidence, methodologies and guidance across the six workstreams and will support implementation of reforms under Output 1. They will be created as a result of key learnings from south-south exchanges and regional dialogues.

The CFN will also partner with WB, ADB, PIFS, UNWOMEN, UNFCCC and others on development of knowledge products that capitalise on their respective expertise. Regional knowledge products will have common approaches on issues that can be adapted by different countries, such as Climate Change Budget Analysis and policy options for green economic recovery after COVID19. Country knowledge products will focus on supporting institutions/organizations on specific climate related issues, such as Handbooks for Parliamentarians to more effectively scrutinize the budget from climate change lens. Knowledge products will also include policy briefs which have demonstrated their value during the CPGD and GCCF supported programmes in providing evidence and advice to governments to make more informed decision about climate finance. The policy briefs will support the governments in making policy choices for pursuing their SDG and NDC targets, in reducing national emissions, adapting to the impacts of climate change and incentivising private investment. Policy briefs will cover a wide range of recommendations and useful analysis to governments; including working with Country Revenue Authorities and Ministries of Finance to invest in analysing and improving responsiveness of tax system to address mitigation, suggestions for sectoral Ministries in more integrated climate planning and budgeting, improving guidelines and methods for coding and tracking and evidence and policy recommendations on integrating gender and social inclusion in climate change policies, planning and budgeting and in accessing international resources. The programme in the process of development and implementation of accountability tools shall also focus at the sub national level and engage with the civil society organisations to ensure that the disproportionate impact on women and people with disabilities at the grass root level are captured. The CFN will further strengthen the whole of government and society approach so as to ensure that the climate change investments embody the concept of adaptive social protection. The CSOs and other non-state actors should be engaged for an independent analysis of public and private sector investments on climate change.

The programme will provide 15 training sessions (5 online and 10 offline) for at least 500

government staff and other stakeholder across CFN countries to assist with implementing and expanding climate finance reforms, including to build on momentum in the wake of COVID-19. Training sessions for government functionaries and other stakeholders will include relevant guidelines and tools like the CCBA and gender and poverty integration in climate governance finance. Training will vary depending on need and could include sessions for the Ministry of Finance and Planning, sector ministries and Accountant Generals. For the private sector, training could include boot camps on green bonds or other innovative sources of finance. Training will be provided in partnership with national, regional and international organisations, such as the National Institute of Public Administration, National Institute of Public Finance and Policy (NIPFP) in India and the Economic and Finance Institute (EFI) in Cambodia.

In-country training could be delivered in conjunction with regional and international partners like the ICCAD, National University of Singapore, Georgia State University – all of which have experience in delivering training sessions on public finance. Partnerships with these institutes should ultimately lead to integration of climate finance into the curriculum. CFN could also deliver training in partnership with the United Nations Institute for Training and Research (UNITAR) which provides support to governmental, non-governmental and international organisations through customisable learning solutions. Strengthening the capacity of government and other stakeholders through online courses will help to accelerate reforms at the country and regional level.

Online modules/courses will be an important factor for programme sustainability due to high government turnover in network countries. New stakeholders will be brought up to speed faster while the cost will be reduced.

The programme will also support 5 pilots at the sub national level either with the local governments or with the civil society to strengthen adaptation and mitigation. This will include but not limited to research that provides evidence for scaling the interventions for more informed climate sensitive development plans and budgeting or opportunities for innovative finance for instance helping municipal governments in issuance of municipal bonds or other instruments. This could also include actions to support community in adaptative and mitigation actions that demonstrate the value of climate investments. Among the 5 pilots, one or two will specifically target women's empowerment in adaptation and mitigation by integrating adaptive social protection allowing government's to assess the benefits of various models and provided context specific interventions in the future.

A Knowledge Management Portal will be established to ensure that innovation on climate finance is captured and integrated and knowledge codified to support acceleration of climate budget reforms in the region. The CFN portal will be developed in two phases. During the inception phase, the portal will be used to establish an online presence and feature basic content. The primary beneficiaries of the portal will be governments from network countries. The portal will feature key innovations and reforms from other relevant organisations' initiatives as well as the latest developments.

During the programme implementation phase, the portal will strengthen capacity by providing a platform for countries and other partners that enables efficient collaboration and allows for cross-functional and cross-workstream collaboration. The second phase will see the establishment of an improved knowledge management platform scaled to create a single space to include experience sharing, messaging, tools and files – with users able to add meaningful content. The goal is for the portal to be curated and moderated by CFN members, championing each of the workstreams.

Output 3: Regional institutions and knowledge exchange across the region to contribute to an inclusive and integrated approach for climate change finance.

Based on the experience of the CPGD Programme and GCCF programme, there is a willingness and desire from governments to take part in climate finance events where they can learn from each other. This was demonstrated clearly at the Regional Dialogue on Climate Resilient Growth and Development in March 2019, in which more than 10 countries from Asia Pacific region took part.

The programme will continue to deepen and increase the capacity of countries to manage climate finance more coherently and equitably by providing practical learning through south-south exchanges, as well as regional and workstream-based dialogues. The learning that takes place during these initiatives will be translated into knowledge products and training modules (Output 2).

The CFN will **invest in 16 south-south exchanges**, which will ensure that our core partners can access know-how and experiences from other countries to replicate reforms at a lower cost and with higher impacts in their own countries. To maximise the impact of this activity, we will ensure that government staff and/or technical staff who attend south-south exchanges transfer their knowledge to other civil servants or organisations. These exchanges could be complemented with more technical in-country support for stronger impacts.

The programme will aim to **strengthen the capacity of 5 regional institutions to support climate related budget reforms.** Several trainings will be undertaken in partnership with institutions and forums such as ADB, ASEAN and PIFS with the objective of building capacities amongst regional institutions and forums beyond the life of the project. By partnering with relevant regional organisations and networks, CFN will be in position to advocate and influence the integration of climate finance into other programmes/frameworks.

The CFN will **organise 4 regional dialogues** where key stakeholders will be given a platform to learn from each other and exchange innovative practices on climate finance related reforms specifically looking at the link between international and domestic finance in the context of SDGs. These annual dialogues will also explore innovations that took place in each workstream and encourage countries to replicate these reforms.

Regional dialogues will be complemented by **10 specific and smaller workstream meetings** that will involve a more practical exchange of knowledge about specific tools, methods and innovations on climate finance. Some workstream specific meetings could be combined for higher impacts and increased learning. These meetings could be jointly organised with relevant partner institutions which would contribute to sustainability beyond the programme.

Output 4: International policy processes to give increasing priority to strengthen and support domestic budget and country systems that enable delivery of gender responsive climate change investments.

To reinforce the potential for regional and country level investments in climate responsive budgeting reforms, the programme will undertake targeted advocacy to key international policy processes. Building further understanding of the CFN approach at an international level will help strengthen political commitment to reform across countries.

The CFN will continue to strengthen national reporting to the UNFCCC by promoting the inclusion of domestic budget data sets in national communications and biennial update reports. National datasets for tracking climate finance flows will feed into global tracking of progress on the implementation of the Paris Agreement particularly through the Global Stocktake starting in 2023 which is set to lead to a third revision of the NDCs by 2025.

Also linked to the UNFCCC, the CFN will engage with the GCF Secretariat to promote the role of domestic budgets as a key national mechanism through which climate finance can be channeled. This includes strengthening national systems and institutions to enhance direct access to climate finance. It also includes informing national GCF Country Programme documents which capture the government's strategy towards climate threats and highlight climate projects the government intends to submit to the GCF over a number of years.

In relation to other international policy processes, the CFN will influence the gender equality agenda to take climate change into account by extending its engagement with the UN Commission on the Status of Women (UNCSW). E.g., t**wo side events were expected to be organised alongside UNCSW in 2020**, where lessons and best practices on integrating climate and gender into budget processes were to be shared with key policy makers from around the world. This was postponed because of the COVID-19. Beyond these UN processes, the CFN will engage with other networks and coalitions advocating for a larger role from Ministries of Finance in combatting climate change. Such outreach will include joint development and presentation of knowledge products and guidance. Key networks will include the Coalition of Finance Ministers for Climate Action, OECD Green Budget Partnership, Network for Greening the Financial System and NDC Partnership. In respect to this international outreach, the CFN will aim to **work with at least 6 institutions, international networks and coalitions to integrate climate finance reforms and methodologies that will have positive impact on gender equality, poverty and human rights**.

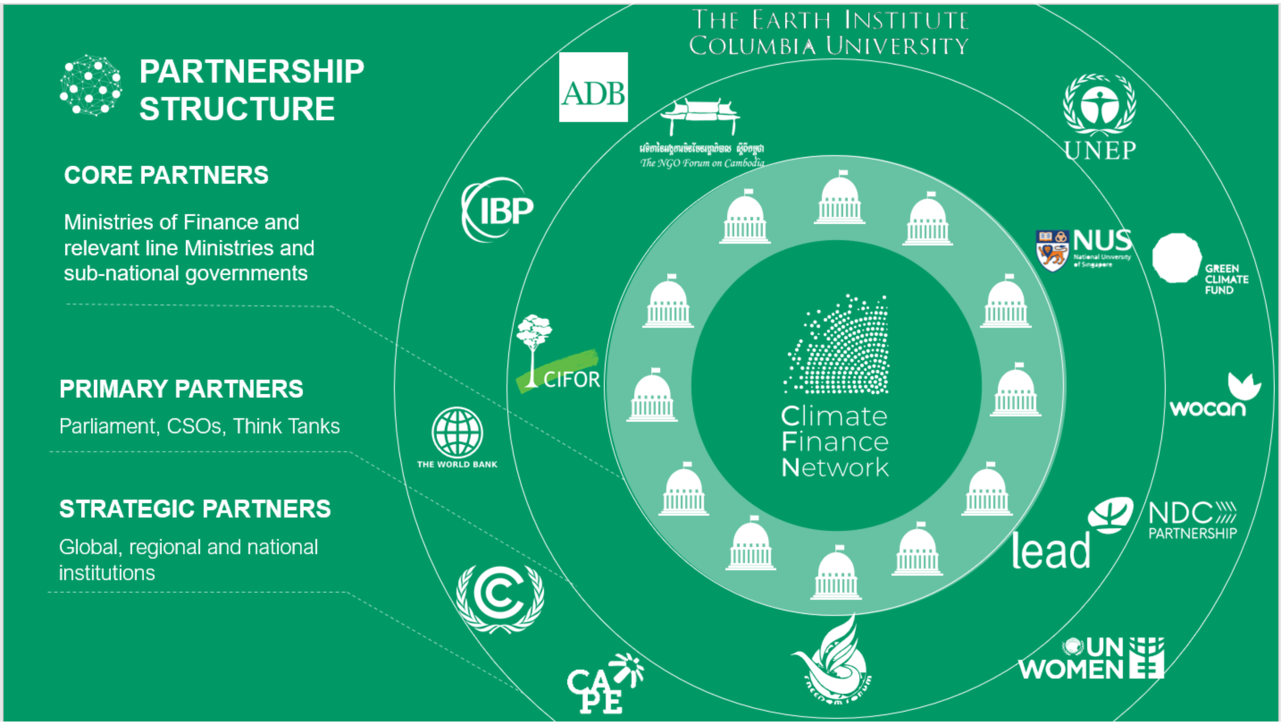
To capitalise on this international outreach and working with development partners, the CFN will support **5 countries from other regions to replicate climate finance innovations** as developed through the CFN under Output 1. The replication of these approaches across different regions will work to reinforce global momentum around CFN approaches but also allow Asia Pacific partners to access innovations and reform experiences from other countries beyond the region.

Partnerships

Forging and facilitating partnerships lies at the core of the CFN approach. All partners will be seen as playing both a role in the implementation of innovations as well as in the sharing of climate finance knowledge and promoting advocacy and replication. **The CFN has been designed on an understanding that there are a range of climate finance entities, resources, related networks and programmes from which countries across the region can benefit**. The CFN will facilitate country engagements with strategic partners to strengthen their capacity to integrate climate finance reforms into country systems. The CFN will also work to ensure that these different networks and initiatives have access to the innovations promoted through CFN country technical assistance.

During the inception phase and implementation of CPGD and GCCF programmes, the team strategically identified and experimented with how to facilitate partnerships between national and sub-national governments, and non-governmental actors such as development partners, NGOs, and the private sector. The CFN will have a constellation of partners who will support the overall objective of the network.

These partners can be broadly divided into three categories: core partners, primary partners and strategic partners.



Core partners

These partners will be governments led by Ministries of Finance. This group could also include other climate relevant ministries and Ministries of Planning. The core partners **will lead the formulation and implementation** of reforms in-country and be engaged in knowledge sharing in the CFN, both as contributors and recipients through south-south exchanges.

Primary partners

Primary partners will be involved in knowledge sharing and technical assistance in the CFN, both as contributors and recipients with other countries in the region. These partners will be parliaments, civil society organisations, domestic and regional research institutes, private sector entities and media organisations. Together with core partners, they will be clients of the CFN for one or more components of the programme. They will be recipients of technical assistance, capacity development, research support and capacity building. National research entities could be included in this and could contribute to evidence building. Examples of some key country level research/ capacity development institutes in this regard include:

Economics and Finance Institute (EFI) in Cambodia – A public sector institute that provides training to public officials in different aspects of financial management. The GCCF SIDA project partnered with EFI in 2019 to provide training to public officials on climate change budgeting and planning with a gender lens. The objective of the partnership has been to strengthen the capacity of EFI by providing technical expertise and at the same time strengthening the capacity of government functionaries to implement reforms.

Center for International Forestry Research (CIFOR) in Indonesia – A non-profit, scientific institution that conducts research on the most pressing challenges of forest and landscape management around the world. CIFOR conducts innovative research, develops partner capacity, and actively engages in dialogue with all stakeholders to inform policies and practices that affect forests and people. During the GCCF implementation, CIFOR has been a partner which has both contributed and gained in implementation of reforms.

- **The Energy and Research Institute-** TERI is an independent organization based in India that provides research, policy and technical assistance in the areas of energy, environment, climate change and sustainability. It aims to promote efficient use of resources and enhanced access to sustainable resources.

Strategic partners

These partners will be regional and international institutions that will work with core and primary partners in providing support and guidance in strengthening climate change response. Their support is expected to extend beyond life of the programme. These partners will advocate and deliver support in line with the CFN approach to build on country systems for planning and budgeting as well as integrating climate change, gender, poverty reduction and human rights. The CFN will work to connect these strategic partners with core and primary partners in a 'two-way' relationship, where Ministries of Finance are able to inform and guide the work of regional and international institutions as well as receive support from them. Strategic partners can be categorised into two groups:

a) Multilateral and bilateral development partners and global/regional entities providing lead and support on climate finance agenda

b) Networks and intergovernmental bodies with climate finance policy mandates

a) Partners providing support on climate finance management – These strategic partners will play multiple roles including sharing knowledge and global/regional best practice, providing events and platforms for showcasing CFN's work, extending the CFN's technical assistance facility through co-financing, and engaging in advocacy with government around specific issues. Some examples of strategic partnerships include:

The World Bank with its strong PFM can particularly be instrumental in relation to public finance management and macroeconomic modelling workstreams. During CPGD and GCCF implementation, the development of Climate Public Expenditure and Institutional Review (CPEIR) methodology was based on the World Bank's Public Expenditures Review exercise. The WB also runs an Open Learning Campus with modules on Climate Change and Development and Result Based Climate Finance which could provide important learning and feedback for CFN countries.

Asia Development Bank is strongly committed to climate change and has launched its 2030 strategy which focuses on tackling climate change, building climate and disaster resilience and enhancing environmental sustainability. ADB is committing US$80 billion in climate finance cumulatively between 2019-2030. In this regard, ADB could provide CFN with useful mechanisms and tools for modelling climate impacts on economic growth (Workstream 6) which will involve climate change budgeting and planning (Workstream 1).

UNFCCC is a key actor globally to help in greenhouse gas stabilisation. The Standing committee on Finance (SCF) provides data on climate finance. The 2018 Biennial Assessment and Overview of Climate Finance Flows (2018 BA) will present estimates of global climate finance flows including flows from developed to developing countries, domestic climate finance, and south-south cooperation, as well as other climate-related flows and sub-flows that constitute total global climate finance flows for the period 2015/2016. The UNFCCC is also encouraging use of modified forms of financing frameworks for NAP preparation through its regional trainings on the NAP process. The CFN will engage and support the UNFCCC in disseminating this approach through knowledge products, the knowledge portal and network meetings.

The International Monetary Fund (IMF) is a multi- member organization that promotes international financial stability and monetary cooperation. It is strongly committed to green finance and is getting increasingly engaged in greening the public financial management systems. The CFN during the inception phase has started to collaborate with IMF to provide more integrated positioning and support to the country governments on climate finance.

The International Renewable Energy Agency (IRENA) is an intergovernmental organisation that supports countries in their transition to a sustainable energy future, and serves as the principal platform for international cooperation, a centre of excellence, and a repository of policy, technology, resource and financial knowledge on renewable energy[26]. IRENA currently collaborates with UNDP globally around mitigation support.

The NDC Partnership is a global coalition of over 150 countries and institutions collaborating to drive transformational climate action while enhancing sustainable development. They work with governments to provide support in mobilising resources and expertise to support and accelerate NDC implementation.

WOCAN (Women Organizing for Change in Agriculture and Natural Resource Management) supports women's empowerment and gender equality through their policies, financial allocations and plans. As the CFN is focusing on equitable climate finance management that includes women, poor and marginalised groups, the partnership with WOCAN will focus on infusing gender and social dimensions into planning and budgeting processes for climate change.

International Budget Partnership (IBP) collaborates with civil society around the world to use budget analysis and advocacy as a tool to improve effective governance and reduce poverty. CFN has partnered with IBP on development of the Citizens Climate Budget in Nepal and Cambodia and plan to partner with them further around activities to improve climate finance accountability.

Global Centre for Adaptation is an international organization that aims to partner with private and public sector to strengthen climate resilience through providing adaptation solutions. It fosters innovation that provides evidence and support for policy actions and implementation of these solutions by different tiers of the governments and other stakeholders.

The Adaptation Fund finances climate change adaptation and resilience activities in developing countries that are vulnerable to the adverse effects of climate change and are Parties to the Kyoto Protocol[27]. The CFN will explore partnership with the Adaptation Fund to facilitate access to finance for the CFN countries on adaptation and strengthening resilience.

b) Networks and intergovernmental bodies with climate finance policy mandates – These will bring specialised knowledge to the CFN and will likely also form a part of the workstream reference groups. Networks will also provide sustainable platforms for CFN initiatives to be showcased and adopted. The strategic partners under this category will have substantial technical expertise in areas related to CFN engagement. In many cases, these organisations will ensure that the knowledge generated and shared through the CFN is sustained beyond the life of the programme. Examples of partners include:

Coalition of Finance Ministers for Climate Action have a crucial role to play in accelerating the global shift to a low-carbon, climate-resilient growth model. This coalition will help our CFN countries mobilise and align the finance needed to implement their national climate action plans and establish best practices such as climate budgeting, innovative green investment and procurement. The

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[26] https://www.irena.org/aboutirena
[27] https://www.adaptation-fund.org

coalition will also assist with factoring climate risks and vulnerabilities into members' economic planning.

Network for Greening the Financial System (NGFS) which has been set up to help strengthen the role of the financial system to manage risks and to mobilise capital for green and low-carbon investments. Leveraging the CFN's work with Ministries of Finance in conjunction with the NGFS will result in greater transparency on climate finance flows, financial disclosure within private investor networks and the broader conduct of monetary policy through engagement with central banks. The CFN will work with NGFS and wider private sector stakeholders interested in improving their risk reporting including the taskforce on Climate-related Disclosures (TCFD)'s Learning hub.

OECD (Paris Collaborative) on Green Budgeting is the first cross-country and cross-sectoral initiative to support governments in their efforts to "green" their fiscal policies and embed environmental sustainability commitments and green growth within budget and policy frameworks. OECD can partner with CFN on advancing climate budget reforms and sharing of existing best practices to advance the reform agenda.

The Pacific Islands Forum Secretariat (PIFS) is the Pacific region's premier political and economic policy organisations with membership of 18 countries. One component of PIFS work focuses on resilience, climate change and disaster risk management. The Forum Secretariat's role in climate change and disaster risk management is specifically related to coordination, high level political advocacy and provision of policy support to Forum Island Countries to improve their access to, and management of, climate change and disaster risk finance. The Government of Sweden's programme has already engaged with PIFS on various initiatives related to advancing climate finance effectiveness, and climate budget reforms (in collaboration with the Gov4Res project) and will deepen that partnership through CFN.

PIFS Technical Working Group Technical Working Group on Public Financial Management and Climate Change Finance who undertake coordinate development partners and international financial institutions, undertake research (including on climate finance effectiveness in the Pacific), and provide briefings to the Forum Economic Ministers Meeting (FEMM).

Public Expenditure Management Network in Asia (PEMNA) is a peer-learning network of public financial management (PFM) officials and experts in the Asia-Pacific region. The CFN will look to both invite PEMNA to join its different workstreams as well as seek opportunities to present at PEMNA event and support PEMNA knowledge management activities.

Pacific Association of Supreme Audit Institutions (PASAI) is the official association of supreme audit institutions in the Pacific region. PASAI is one of the regional working groups belonging to the International Organisation of Supreme Audit Institutions (INTOSAI). It promotes transparent, accountable, effective, and efficient use of public sector resources in the Pacific. It contributes to that goal by helping its member SAIs improve the quality of public sector auditing in the Pacific to uniformly high standards. The best practices of PASAI can be integrated into CFN learning around the region, improving transparency and accountability of climate finance reforms.

These partners in varying degree will also form part of the Technical Assistance Pool. A more detailed mapping of potential partners can be found in Annex 4.

Technical Assistance Pool (TAP)

The added value of the CFN will be establishment of a **Technical Assistance Pool (TAP).** The TAP will ensure that the countries also get support in effective replication of reforms that they want to implement as a result of learning and knowledge exchange. It will be resourced through hiring highly qualified service providers and technical experts. TAP will provide a quick response mechanism to respond to country demands and will ensure that professional, flexible and rapidly deployable technical assistance is available to support core and primary partners of the CFN. These experts will also be used to provide facilitation as part of south-south cooperation – helping to both tailor south-south cooperation as well as ensure knowledge is generated and fed into knowledge products and guidance. TAP will draw on the expertise of regional and international institutions as well as the network of experts across UNDP itself including those working in the Pacific Risk Resilience Project (PRRP) Governance for Resilient Development in the Pacific Project (Gov4Res) and SDG Finance Sector Hub in UNDP. TAP will link also to the sustainability strategy for building capacities and nurturing common methodological approaches across partners in the region and beyond.

There will be three levels of technical assistance:

1. Technical assistance provided as part of south-south cooperation facilitated by the CFN between two country governments
2. Technical assistance provided directly to country partners procured by the CFN from a partner or from individual experts
3. Technical assistance provided by CFN partners, where the CFN plays the role of a 'connector' between country demand and a partner that has the ability to supply TA at no costs to the CFN.

The distinction between these three levels will also determine the institutional modalities that the CFN will need to have in place with different partners before the implementation phase commences. The structure of the TAP will be designed in a manner that is cost effective and a balanced combination across different areas of support and between regional and local expertise. The programme management team will ensure strong oversight. It will be a diverse and gender-balanced team designed to adapt to the programme's changing technical assistance needs as they evolve.

Box 3: TAP selection criteria

TAP will use four criteria to select team members based on the 'hard' technical skills and 'soft' strategic skills necessary to provide technical assistance to country governments.

Strategic leadership: the ability to understand country government's objectives as well as engage and influence government thinking.

Tacit knowledge and networks: direct experience of the country's political realities (at federal, state, and local levels) and the ability to negotiate competing reform interests.

Technical expertise and challenge: breadth and depth of technical expertise in the relevant workstream area.

Inclusive team composition: multi-national, cross-functional, gender-balanced team.

TAP experts will be either placed on a roster or engaged on framework contracts – which will be activated with call-downs whenever a specific TA request is finalised. This will mean identifying specific individuals across workstreams, agreeing to fees, and an estimate of the time (per year) available to provide 'flexible' support.

Once interventions have been identified, our programme management team will work with the government to specify technical assistance needs – producing a project concept note and terms of reference. This will be followed by a decision on sourcing expertise – choosing between the core team, the technical expert pool or, in some cases, going to the market. Once a decision has been taken by the team on the most suitable sourcing channel, they will work with the relevant internal teams on procuring and on-boarding experts. The ToR will define the thematic focus, the problem, the size of the individual grant, the evaluation criteria, and the duration of the decision-making process.

Sustainability strategy

In order to ensure sustainability of climate finance reforms, the institutional capacity of target countries will be strengthened focusing on systems reform and working with national training institutions.

Embedding climate change within Government systems

All programme activities will be integrated through government institutions, systems and frameworks thereby helping to create an enabling environment to deliver more resilient development and ensure sustainability of the initiatives. Embedding reforms into planning and budgeting processes will allow for continued use by local, national governments and the private sector.

Collaborate with national training institutions

The partnership approach for capacity building will not end with the programme but will continue through on-going training from regional agencies/partners who will be instrumental in programme implementation. For example, in Cambodia, training modules on integrating gender and climate change into budget submissions are being developed with the National Economy and Finance Institute (EFI) which already provides ongoing PFM training for all line ministries. The programme’s modules are being integrated into national training initiatives to ensure sustainable delivery. Similarly, all guidelines and resources will be shared with regional and national stakeholders for scaling up.

Replicating methodologies across international and regional partners

The CFN aims to provide different networks and initiatives access to the innovations promoted through targeted country technical assistance and vice versa. This strategy will enable continuation of reforms even after the programme ends. For example, working with the Coalition of Finance Ministers for Climate Action the programme will aim to replicate and strengthen coherence around approaches to climate budget reform. Similarly, working with UNWOMEN the Climate Change Benefit Analysis (CCBA) tool will be replicated across UNWOMEN’s programming.

Knowledge management

The Knowledge Management Portal will provide instant access to knowledge and innovative products, significantly reducing search time while increasing knowledge retention and long-term sustainability. This will ensure a multiplier effect as other networks continue operating beyond the CFN and it will allow information to reach a wider audience of stakeholders.

Technical expertise

CFN will also use the presence and technical expertise of the country offices of partners and UNDP to create more impact on the ground and link it with ongoing climate finance reforms in the region. The links to Country Offices will be used to support the regional knowledge platform and to create an impetus for knowledge exchange and sharing. To the extent possible, the programme will use synergies with the relevant ongoing development partner programmes on the ground across public finance, climate change, gender and social inclusion and accountability.

IV. Project Management

Cost efficiency and effectiveness

1. The programme will strengthen its cost efficiency and effectiveness in a variety of ways:
2. The project will be supported through the UNDP corporate architecture to ensure the team is kept informed of global best practices. UNDP standards in procurement and implementation ensure effectiveness and quality because of quick, transparent and responsive processes. The project will continue to leverage other UNDP programmes and will continue to both inform and learn from these initiatives.
3. UNDP country offices have strong partnerships with respective governments and have developed strategic relationships with Ministries of Finance and Planning through support of SDG financing, climate finance and other governance reform projects. This will provide a big advantage to the CFN in terms of understanding systems, building alliances with governments and implementing project activities.
4. CFN will use ongoing projects as vehicles for implementation. CFN will draw linkages with other programmes to deepen the sustainability of reforms.
5. A portfolio approach will be adopted for implementation which will reduce risks and transaction costs, as well as create opportunities for further reform.
6. CFN will aim to cost-share activities with key international and regional institutions such as UNFCCC, GCF and NDC Support Programme specifically around regional dialogues, workstream meetings and/or development of joint knowledge products.
7. Transaction costs for country reforms will be reduced by sharing methodologies across countries and promoting south-south cooperation.
8. By building upon the already established relationships and successes of the GCCF and CPGD programmes, start-up costs will be reduced and overall effectiveness enhanced.

Project Management

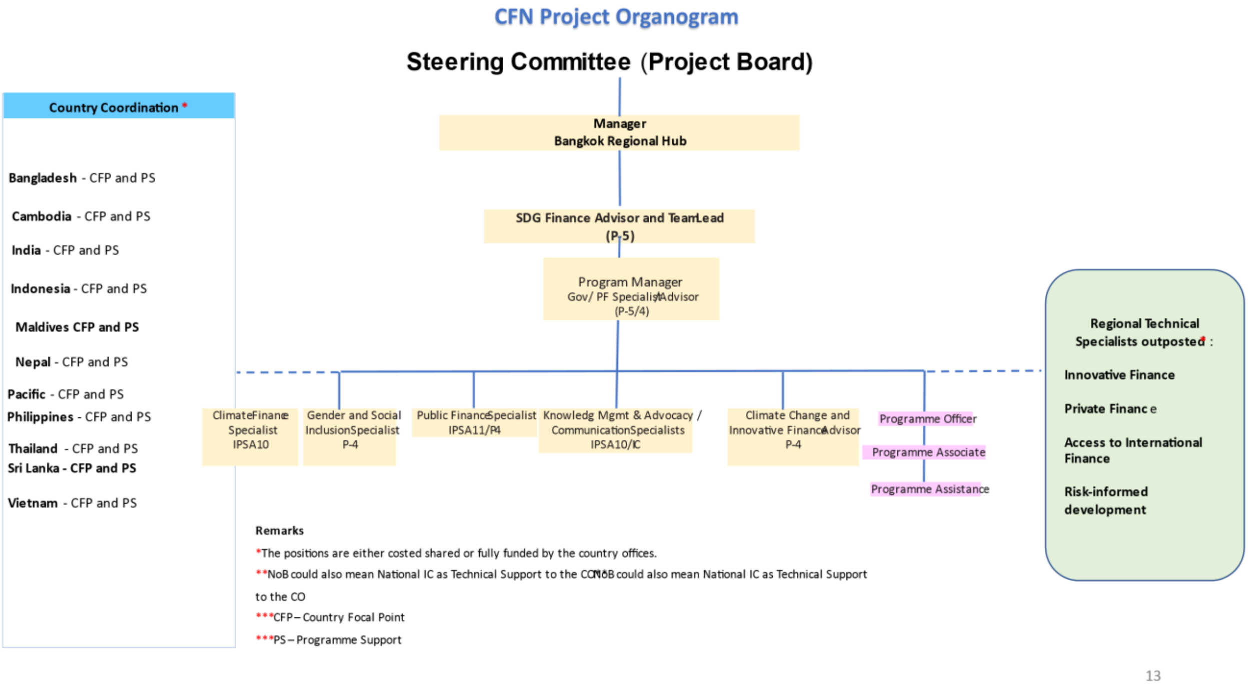
Regional team

The CFN will be managed by UNDP under the leadership of the regional SDG Finance Advisor and Team Lead who will provide strategic leadership and oversight and will supported by a regional project manager and team of technical experts. The Regional Project Manager (RPM) will lead on project management and will be responsible for guidance for achieving project objectives as well as managing and promoting coordination across teams in different countries. The RPM will also work with technical service providers and other team members to prepare workplans and reports for the CFN.

The regional project will be based in Bangkok housed within the SDG Finance Unit which will provide opportunities for synergies and for leveraging the work being done across the SDG Finance portfolio, which includes taxation, promotion of SDG and climate responsive investment, risk finance and insurance, and support to integrated national financing frameworks amongst others. The CFN will also draw on the service offers of New York based Finance Sector Hub and UNDP's Global Policy Network, in particular, the Nature, Climate Energy (NCE) team, to maximize synergies and optimize benefits for value for money as this advisory support will be provided without additional financial encumbrance.

The regional project team, though based primarily in Bangkok, will have some decentralized presence in the region under the overall management of the team based in Bangkok. The project team will work across the portfolio of countries to provide top quality advice and advocacy to senior government officials to ensure buy-in and national ownership. The team will work with focal points at country level in ways that maximise potential for country impact and south-south learning and peer-to-peer support. In particular , to achieve gender results, the Gender and Social Inclusion specialist of the project, will work in close coordination with the regional gender team in BRH , whose sub-regional gender specialist are positioned in the identified CFN Countries.

The overall Project Assurance role will be carried out by UNDP BRH's RPM under the overall direction of the Hub Manager. The UNDP BRH's RPM, through the Regional Programme Management Unit (RPMU) will carry out objective and independent programme oversight and monitoring functions to ensure compliance.



Country Implementation

The regional team will work with national coordinators in UNDP Country Offices. These coordinators will play a pivotal role in ensuring the programme's interventions are aligned with other government reform efforts and partner programmes in order to avoid overlaps and maximising synergies. Here, the CFN will continue with the current innovative approach of embedding project teams in existing projects in UNDP's Country Office portfolios to leverage synergies, minimize fragmentation and add value. i.e., working through UNDP Country Offices allows the project to draw on the relationships UNDP has already established and nurtured with national governments, especially with ministries such as finance and planning. As a multi-disciplinary team, regional advisors will work with the national coordinators to identify appropriate interventions for each country whilst making sure top quality technical advice is provided to governments. For example, it is proposed that in Bangladesh CFN activities are implemented as part of the Inclusive Budgeting for Climate Resilience Programme (IBFCR) with the Ministry of Finance. As such, activities will fall under the workplan and governance arrangements for IBFCR and the national coordinator will facilitate this. They will be responsible for dialogue with the government on technical support required, liaising with technical service providers and UNDP in respect to implementation, and quality assuring deliverables at the country level. Similarly, the Pacific portion of the project will be delivered through the UNDP Multi-country Office, by the Gov4Res Project team in coordination with the UNDP project team in Bangkok Regional Hub. Funding to the Pacific will be core funded to the Gov4Res project, and as such will be able to be allocated to any Pacific country. Decisions on which countries to engage will be made in consultation with the UNDP Regional team and FCDO. A portfolio approach to programme will be adopted, where countries engage on the basis of relevance and interest, some extensively (e.g. Solomon Islands), and some with light engagement, for instance attending regional forums.

Technical Assistance Pool (TAP)

TAP will provide on-demand technical assistance for the workstreams at country and regional levels– and will have a range of partners to ensure that top level expertise is available within a short timeframe. TAP will be constituted through partnerships with technical institutions (think tanks, academia, research entities), service providers and individual consultants to ensure access to the required expertise and to provide links with wider regional and international networks. TAP requests could come from regional dialogues, south-south exchange or/any other relevant knowledge sharing activities. Technical anchors for each workstream will be established from these different institutions based on their competence, experience and achievements.

Reference groups for workstreams

These groups will include key partners and clients for a particular thematic area. Reference groups will consist of individuals from key government institutions, the private sector, development partners and CSOs who bring unique knowledge and skills on climate change financing. These informal groups will have an advisory and outreach function. The role of reference groups is more precisely defined in Annex2.

The associated Direct Project Costing (DPC) that will be incurred by UNDP in providing project management and technical project implementation support is effectively indicated in the Multi-Year Work Plan. The following principles will be followed for reporting and budgeting for the programme:

- The CFN will have separate reporting format for FCDO and any other partners (e.g., potentially the Government of Sweden and others) with the budget clearly delineating expenditures by different development partners with respect to the different outputs and programme management costs. In the case of an additional partner contributing financially to the programme, the budgetary allocations shall be spread on the same basis.
- Joint annual progress reports on activities and expenditures shall be submitted to partners.
- There will be one results and resources framework with clear sequencing of activities based on contractual arrangements with the development partners.
- There will be annual project meetings for the review of the programme progress.

V. Results Framework[28]

Indicators and Results

Impact: Governments in Asia and the Pacific mobilise and manage increased climate finance to effectively combat climate change whilst promoting gender equality, human rights and poverty reduction leading to implementation of the 2030 Agenda.

Outcome: Domestic budgetary systems, institutions and other sources of finance enable effective delivery of gender responsive climate change related investments with positive impacts on poverty reduction and human rights.

Outcome and output indicators as stated in the Regional Programme Results and Resources Framework, including baseline and targets:

Outcome indicators	Baseline	Targets
UNDP Regional Programme Indicator *Indicator 1.1.1*: Number of countries that have development plans and budgets that integrate inter-governmentally agreed frameworks across the whole-of-government: *(IRRF **1.1.1**)* (a) 2030 Agenda for Sustainable Development (b) Paris Agreement *Baseline (2020): (a) 22; (b) 7* *Target (2025): (a) 24; (b) 12*	7	12
FCDO ICF Outcome indicator **Outcome 1**: Climate Resilience is integrated into National and Subnational Plans and Policies at Govt. wide level and in key sectors.		77[29]

[28]UNDP publishes its project information n (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

[29] CFN contribution through i) 20 in-country technical support initiatives focused on system enhancement, systemic and process change
ii) 25 budget submissions
iii) 6 programme proposals to access international resources
iv) 8 financing instruments/ proposals to leverage innovative finance, ranging from green/Islamic bonds and thematic bonds (SDG/blue, sustainability), blended finance mechanisms, impact investing, green banking to microfinance, which will be particularly important in the wake of COVID-19,
v) 16 accountability and transparency tools/products to access and manage climate finance that will have a positive impact on gender equality, poverty and human rights
vi) 2 countries to implement broad-based dialogue on options for imposition of carbon tax and/or removal of fossil fuel subsidies while integrating mitigation efforts into sector budgets that take into account the differential impact on men, women and vulnerable groups

Outcome indicators	Baseline	Targets
Increase the percentage/amount of public and private climate change investment that is leveraged in ways to help achieve the SDGs and respond to gender and human rights. • Public financing • Innovative financing instruments • Vertical Funds • Private sector		£1 billion
Governments and other stakeholders implementing measures to strengthen climate actions for SDGs.	-	80 decision making tools/reforms/ governance systems and budget submissions
# of other regional partners/partnerships adapting knowledge management and capacity development for managing climate finance more effectively to achieve the SDGs without direct project support.	-	5 regional partners/ partnerships
CCBII scores of programme countries.	-	Climate change budget integration index scores of XXX (2028)

EXPECTED RESULTS	OUTPUT INDICATORS	BASELINE		TARGETS (by frequency of data collection)								DATA COLLECTION METHODS & RISKS
		Value	Year	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	Year 2028	Cumulated target by 2028	
Output 1 *Enabling* frameworks, systems & tools introduced, strengthened and replicated for accessing and managing accountable climate finance.	1.1 Number of system enhancement, decision-making tools developed for climate finance. .	0	2021	2	4	4	4	3	2	1	20	Climate Change Financing Frameworks, Budget documents/, Budget Call Circulars, Sector Ministry Proposals, Private Sector investment through corporate reports / Regulations for public and private sectors / Planning templates,etc
	1.2 Number of budget submissions that have integrated climate change	0	2021	2	3	5	4	5	4	2	25	CCBII reports, Budget submission documents,

EXPECTED RESULTS	OUTPUT INDICATORS	BASELINE		TARGETS (by frequency of data collection)								DATA COLLECTION METHODS & RISKS
		Value	Year	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	Year 2028	Cumulated target by 2028	
	and takes into account differential impact on men, women and vulnerable groups including the poor											Research Reports, Tax policy, Green bonds, green finance, etc,
	1.3 Number of investment proposals developed for governments to strengthen and sustain their institutional capacity on directly accessing international climate finance that will have a positive impact for gender equality, poverty and human rights.	0	2021	0	1	2	0	1	2	0	6	Proposals developed
	1.4 Number of financing instruments[30] / proposals for leveraging innovative sources of finance developed and implemented.	0	2021	0	1	2	2	0	2		8 (with at least half piloted within project time-frame)	Research Reports, Green bonds, green finance, etc,
	1.5 Number of initiatives on green taxonomy and/or strategies for greening the financial systems (banking, micro credit, insurance, investments)	0	2021	0	1	0	1	0	1	0	3	Green Taxonomy Guidelines, Guidance on regulations for greening the financial systems
	1.6 Number of interventions enhancing accountability for accessing and managing climate finance.	0	2021	1	3	4	0	3	3	2	16	Guidance for Parliaments, media, civil society, coding and tracking tools

[30] The CFN will be working on green bonds, blended finance, green finance, etc).

EXPECTED RESULTS	OUTPUT INDICATORS	BASELINE		TARGETS (by frequency of data collection)								DATA COLLECTION METHODS & RISKS
		Value	Year	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	Year 2028	Cumulated target by 2028	
	1.6 Number of carbon tax and/or integrating mitigation efforts into sector budgets rolled out	0	2021	0	1	0	0	0	1	0	2	Policy option paper on carbon tax, technical report, roadmap, sectoral budget proposals and PFMIS reports
	1.7 Amount of resources leveraged directly by the project (including new resources and aligning spending and investment) (linked to RPD and SP indicators)											
Output 2 Governments and other country partners have enhanced capacities for effective governance of climate finance	2.1 Number of knowledge products/guidelines/policy briefs on inclusive climate finance reforms and investment developed.	0	2021	1	3	2	4	3	2	1	16	Guidance notes, policy briefs and knowledge products on methodologies around climate finance (e.g Gender and climate coding, Citizen Climate Budgets, guidance notes/handbooks for parliamentarians and journalists, collaborative research, private sector studies)
	2.2 % of trained officials /stakeholders who find the training on climate finance useful for having a positive impact for gender equality, poverty and human rights	0	2021	80% of 100 participants	80% of 50 participants	80% of 100 participants	80% of 100 participants	80% of 50 participants	80% of 50 participants	80% of 50 participants	500	70% of total number of 500 trained government officials/relevant stakeholders find online and offline training to be useful

EXPECTED RESULTS	OUTPUT INDICATORS	BASELINE		TARGETS (by frequency of data collection)								DATA COLLECTION METHODS & RISKS
		Value	Year	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	Year 2028	Cumulated target by 2028	
												Training reports, evaluations
	2.3: Number of replicable and scalable pilots with local governments/ civil society on strengthening local climate resilience and mitigation, with inclusion of 1-2 specific women empowerment pilots	0	2021	1	2	0	1	1	0	0	5	
	2.3 Number of users accessing knowledge management Portal on gender responsive climate finance reforms and investment.	0	2021	100	50	100	100	50	50	50	500	One Knowledge Management Portal and ongoing portal management, including gender integration in climate finance
Output 3 Regional institutions and knowledge exchange across the region to contribute to an inclusive and integrated approach for climate change finance.	3.1 Number of south-south knowledge exchange events conducted, with 50% dedicated gender related knowledge exchanges	0	2021	1	3	4	3	3	2	1	16	Workshop reports, technical tools/products
	3.2 Increased capacity of regional institutions such as WOCAN, ASEAN, PIFS, that are supporting countries in Asia Pacific on gender responsive climate change budgeting.	0	2021	0	1	1	0	1	1	1	5	Training reports, research and think pieces
	3.3 Number of government staff/relevant stakeholders find regional	0	2021	50	250	200		200	200	100	1000	70% of total number of 1000 trained government

EXPECTED RESULTS	OUTPUT INDICATORS	BASELINE		TARGETS (by frequency of data collection)								DATA COLLECTION METHODS & RISKS
		Value	Year	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	Year 2028	Cumulated target by 2028	
	knowledge exchange events to be useful.											officials/relevant stakeholders find regional dialogues and workstream meetings to be useful Participants list, reports, evaluations
	3.4 Number of joint products developed or initiatives designed through SSC.	0	2021		1			1			2	
Output 4: International policy processes to give increasing priority to strengthen and support domestic budget and country systems that enable delivery of gender responsive climate change investments.	4.1 Number of UN Commission on the Status of Women facilitated discussions on gender responsive climate change investments amongst policy makers.	0	2019	0	1	0	1	0	0	0	2	CSW reports
	4.2 Number of integrated budgeting approaches replicated by Ministries of Finance in countries from Asia-Pacific and other regions.	0	2021	0	1	0	1	1	1	1	5	Looking at the sister programme in Africa, and Latin America
	4.3 Number of institutions, international networks/coalitions that take actions for rinclusive climate finance.	0	2021	1	1	1	0	2	0	1	6	CPEIR update, coding and tracking systems, CSW reports

Multi-Year Work Plan (UNDP)

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount
Output 1: Data-driven policy research to inform decision-making *Gender marker:*	1. Activity								
	1.2 Activity								
	1.3 Activity								
	MONITORING								
	Sub-Total for Output 1								
Output 2: *Gender marker:*	2.1								
	2.2								
	2.3 Activity								
	MONITORING								
	Sub-Total for Output 2								
Evaluation *(as relevant)*	EVALUATION								
General Management Support									

TOTAL			

What is leveraging?

The term leveraging can be used to mean a number of different things, including both financial and non-financial leverage. It can mean making new resources available for investment or spending that will advance the SDGs, whether these are mobilised directly through a project or unlocked subsequently as a result of the project. It can mean influencing the spending and investment patterns of other actors so that existing resources are re-aligned toward the SDGs. Or it can mean delivering financial resources more effectively, generating additional SDG-impact from existing spending and investment. The types of leverage covered within this initiative are outlined in Table 1.

Table 1: Types of leverage

<table>
<tr><th colspan="3">Types of leverage</th><th>Examples related to public and private finance</th></tr>
<tr><td rowspan="3">Financial leverage</td><td rowspan="2">Generating new resources</td><td>Directly (within or alongside the project)</td><td>Public finance: technical assistance in tax auditing that boosts public revenues, for example
Private finance: policy advice to government for the issuance of a bond that mobilises private capital</td></tr>
<tr><td>Indirectly (as a result of the project)</td><td>Public finance: support for development of a new policy that, once implemented, results in greater domestic revenue mobilisation
Private finance: support for improvements to the business environment that result in greater investment</td></tr>
<tr><td colspan="2">Realigning spending and investment</td><td>Public finance: policy advice that results in greater prioritisation of public spending toward SDG areas
Private finance: support to firms for impact measurement that results in adoption of more SDG-friendly business models</td></tr>
<tr><td>Non-financial leverage</td><td colspan="2">Delivering existing spending and investment more effectively</td><td>Public finance: creation of a results framework that supports more effective public spending
Private finance: technical assistance in the design of more energy efficient buildings that results in reduced emissions</td></tr>
</table>

VI. Monitoring and evaluation

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

Monitoring activity	Purpose	Frequency	Expected action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against results indicators in the RRF will be collected and analysed and progress reports developed for the donor with evidence sources maintained.	Every six months	Slower than expected progress will be addressed by project management.	Technical service providers	
Monitor and manage risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Annually	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	Technical service providers	
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	Every six months	Relevant lessons are captured by the project team and used to inform management decisions.	Technical service providers	
Data Collection and Feedback generation	Once a year the project will consolidate all tools, products, SOPs and other documents and solicit feedback from government and other actors for adaptive management. During this time, successes will be mapped, particularly around areas of gender equality, poverty and human rights.	Annual	Stakeholder and beneficiary feedback, generating Communications materials	Technical service providers	
Annual project quality assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision-making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	Technical service providers	
Review and make course corrections	Internal review of data and evidence from all monitoring actions to inform decision-making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.	Technical service providers	
Project report	A progress report will be presented to the PSC and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Every six months and at the end of the project (final report)		Technical service providers	
Project review (Project Advisory Committee meeting)	The project's governance mechanism will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the PSC shall	Annually	Any quality concerns or slower than expected progress should be discussed by the project steering committee and management actions	Technical service providers	

Monitoring activity	Purpose	Frequency	Expected action	Partners (if joint)	Cost (if any)
	hold an end-of-project review to capture lessons learned and discuss opportunities for scaling up.		to address the issues identified.		
Mid-term Evaluation	As per UNDP guidelines a mandatory MTE is required	June 2024			
End of Project evaluation	As per UNDP guidelines a mandatory End of Project evaluation is required	Dec 2027			

Evaluation Plan

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Mid-term Evaluation	n/a					
Terminal Evaluation						

VII. Budget

Climate Change Finance Network - Budget Summary by Output **(Budget Note Reference 1.)**

Output ID	Output Description	Budget Amount									
		Jan - Dec 2022	Jan - Dec 2023	Jan - Dec 2024	Jan - Dec 2025	Jan - Dec 2026	Jan - Dec 2027	Jan - Dec 2028	Total 7 Year Budget 2022 - 2028		%
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	USD	GBP	
1	Systems, planning and budgeting tools, and policy options for accessing and managing accountable climate finance developed and enhanced that will have a positive impact for gender equality, poverty and human rights.	625,465	1,219,245	1,149,649	1,114,751	1,058,316	1,035,573	1,011,680	7,214,680	5,245,072	26%
2	Capacity development delivered to governments to enhance climate finance technical capacities that will have a positive impact for gender equality, poverty and human rights.	445,169	950,669	937,809	928,271	807,089	844,215	795,168	5,708,391	4,150,001	21%
3	Regional institutions and knowledge exchange across the region contributed to an inclusive and integrated	493,235	689,527	1,005,144	700,504	969,326	776,404	833,916	5,468,055	3,975,276	20%

Output ID	Output Description	Budget Amount									
		Jan - Dec 2022	Jan - Dec 2023	Jan - Dec 2024	Jan - Dec 2025	Jan - Dec 2026	Jan - Dec 2027	Jan - Dec 2028	Total 7 Year Budget 2022 - 2028		%
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	USD	GBP	
	approach for climate change finance that will have a positive impact for gender equality, poverty and human rights.										
4	International policy processes give increasing priority to strengthen and support domestic budget and country systems that enable delivery of gender responsive climate change investments that will have positive impacts for gender equality, poverty and human rights.	348,924	476,828	600,964	535,878	448,622	529,876	444,454	3,385,546	2,461,292	12 %
PMS	Programme Management Support	101,751	970,045	1,031,812	973,314	980,443	969,223	957,486	5,984,073	4,350,421	22 %
Total Budget Amount		**2,014,545**	**4,306,314**	**4,725,378**	**4,252,720**	**4,263,796**	**4,155,290**	**4,042,703**	**27,760,745**	**20,182,062**	**100 %**

Climate Change Finance Network: Budget Summary by Workstream

(Budget Note Ref. No.2)

#	WORKSTREAM	Budget Amount									
		Jan - Dec 2022	Jan - Dec 2023	Jan - Dec 2024	Jan - Dec 2025	Jan - Dec 2026	Jan - Dec 2027	Jan - Dec 2028	Total 7 Year Budget 2022 - 2028		%
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	USD	GBP	
1	Climate Change aligned budgeting and planning	435,345	1,050,749	1,205,168	1,035,674	900,111	804,921	731,235	**6,163,203**	**4,480,649**	22%
2	Direct access to international climate change finance	291,405	453,616	458,152	462,734	467,361	472,034	476,755	**3,082,057**	**2,240,655**	11%
3	Tax and Innovative climate change finance	420,449	642,143	575,440	571,231	475,261	462,923	438,151	**3,585,598**	**2,606,730**	13%
4	Gender and social inclusion and climate change finance	310,111	516,221	514,897	542,563	446,968	484,865	444,793	**3,260,419**	**2,370,324**	12%
5	Transparency and accountability of climate change finance	371,289	392,178	620,242	379,463	757,171	674,427	748,446	**3,943,216**	**2,866,718**	14%
6	Modelling climate impacts on economic	84,193	281,361	319,668	287,742	236,480	286,897	245,838	**1,742,180**	**1,266,565**	6%

	growth										
	Programme Manageme nt Support	101,7 51	970,0 45	1,031 ,812	973,3 14	980,4 43	969,2 23	957,4 86	**5,984, 073**	**4,350, 421**	22 %
Total Budget Amount		**2,014 ,545**	**4,306 ,314**	**4,725 ,378**	**4,252 ,720**	**4,263 ,796**	**4,155 ,290**	**4,042 ,703**	**27,76 0,745**	**20,18 2,062**	**10 0%**

VIII. Governance and Management Arrangements

The project will be implemented following UNDP's the Direct Implementation Modality (DIM). The Implementing Partner for the project is the UNDP Bangkok Regional Hub (BRH). The Project will be managed at the regional level with regional and country-level implementation.

The regional platform provides greater space for government and CSO to work more closely on sensitive issues that may be challenging to full explore at the national level and facilitates cross-country coordination and learning. The direct implementing modality (DIM) of the regional programme under UNDP Bangkok Regional Hub (BRH) also allows UNDP greater flexibility to work directly with CSOs and the private sector.

The current UNDP Asia Pacific Regional Programme Document's Advisory Board will serve as the highest level Board and provides strategic direction and executive management decisions and meets once a year. A project specific **Steering Committee** (**Project Board)** will be set up at regional level to provide overall oversight to the planning, implementation and reporting of the project. This board meets at least once a year and can be called upon any time to meet on a needs basis. It will be chaired by UNDP and include UNDP Bangkok Regional Hub (BRH), target UNDP Country Offices as well as relevant donor representatives as needed. In addition, the Country Offices will convene other partners, including donors and beneficiaries of the project specific to the country for technical consultation and reporting on the project as needed.

Project Steering Committee (PSC): The Climate Finance Network will have a Project Steering Committee (PSC) which will act as a Project Board and will be responsible for providing guidance and decisions on issues concerning project issues and risks. Approval of any significant project revisions and approval of the Annual Workplan Plan (AWP) is also a key role of the PSC. The terms of reference of the PSC can be found in Annex 9. Project Board decisions should be made in accordance with standards that ensure management for development results, best value money, fairness, integrity, transparency and effective international competition.

The PSC will consist of an Executive Chair (UNDP Manager, Bangkok Regional Hub), Senior Beneficiaries (One senior representative from government and one senior representative from a UNDP Country Office in one of the target countries), and Senior Suppliers (FCDO) with the overall responsibility for providing strategic guidance and oversight for the implementation of the project. Reviews by the PSC will be made at designated decision points.

Specific responsibilities of the Project Board include:

- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints;

- Address project issues as raised by the project manager;
- Provide guidance on project risks, and agree on possible countermeasures and management actions to address specific risks;
- Agree on project manager's tolerances as required;
- Review the project progress, and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
- Appraise the annual project implementation report, including the quality assessment rating report; make recommendations for the work-plan;
- Provide ad hoc direction and advice for exceptional situations when the project manager's tolerances are exceeded; and
- Assess and decide how to proceed on project changes through appropriate revisions.

The Project will be Managed by a **Project Manager** based in BRH, under the supervision of the **regional SDG Finance Advisor and Team Lead** especially on substantive issues, who will manage day-to-day activities of the project and coordinate closely with the participating Country Offices.

To elaborate, at the regional level, The Bangkok based Project Manager will provide project implementation support and will coordinate activities between both countries and at Bangkok level and will report to the Steering Committee and be responsible for quality assurance of the implementation of the project's technical components. Substantive progress reports and financial reports will be consolidated at the regional level to ensure that a single window of communication is maintained throughout the duration of the project.

The day-to-day management of the project, including work and budget planning, will be carried out by the **Project Staff** within each country hired under this project in line with the agreed workplan and budget.

Day-to-day project oversight will be carried out at the country level by the UNDP Country Office teams. The overall Project Assurance role will be carried out by UNDP BRH's Programme Coordinator under the overall direction of the Hub Manager. The UNDP BRH's Programme Coordinator, through the Regional Programme Management Unit (RPMU) will carry out objective and independent programme oversight and monitoring functions and supports the Project Coordinator to ensure compliance. In addition to meeting the donor monitoring and evaluations requirement, an annual report will be produced to showcase progress made and a final project report will be produced followed by an independent evaluation of the project.

IX. Legal context

Legal context standard clauses

This project forms part of an overall programmatic framework under which several separate associated country level activities will be implemented. When assistance and support services are provided from this project to the associated country level activities, this document shall be the "Project Document" instrument referred to in: (i) the respective signed SBAAs for the specific countries; or (ii) in the Supplemental Provisions attached to the Project Document in cases where the recipient country has not signed an SBAA with UNDP, attached hereto and forming an integral part hereof. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by United Nations Development Programme ("Implementing Partner") in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply**.**

X. risk management

Risk management standard clauses

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)

2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the [project funds][1] [UNDP funds received pursuant to the Project Document][2] are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

3. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

5. In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse ("SEA") and sexual harassment ("SH") allegations in accordance with its regulations, rules, policies and procedures.

6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:

    a. Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:

        i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
        ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.

b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.

c. In the performance of the activities under this Project, UNDP as the Implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Project, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or address SEA and SH.

d. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.

e. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.

f. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.

g. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

Option 1: UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

I. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.

j. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

k. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled “Risk Management” are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled “Risk Management Standard Clauses” are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.

[1] To be used where UNDP is the Implementing Partner

XI. List of Annexes (separate document)

Key Annexes:

ANNEX 1: CONSOLIDATED WORKPLAN (18 MONTHS)

ANNEX 2: CFN BUDGET NOTES

ANNEX 3: RISK ANALYSIS

ANNEX 4: TOR OF THE PROJECT STEERING COMMITTEE

Detailed Annexes:

ANNEX 1: TORS FOR WORKSTREAMS

ANNEX 2: TORS FOR REFERENCE GROUPS

ANNEX 3: TOR FOR PROJECT KEY PERSONNEL

ANNEX 4: COMMUNICATION STRATEGY

ANNEX 5: POTENTIAL PARTNERS