

# United Nations Development Programme

Regional Bureau for Latin America and the Caribbean



## Interoffice Memorandum

To: Ad Melkert  
Associate Administrator  
United Nations Development Programme

Date: 19 June, 2009

From: Niky Fabiancic  
Deputy Director, RBLAC

Extension: 5402

Subject: **Request for DEX authorization for Regional Project  
"Promoting Climate Change Adaptation, Energy & Environment."  
- Award 00050458 from July 1, 2009 until December 31 2011.**

File:

I am pleased to request your consideration and approval of Direct Execution (DEX) authorization for the Regional project "Promoting Climate Change Adaptation, Energy & Environment", as a follow-up to the Initiation Plan executed in 2008.

### Background and Objective of the Project

UNDP's Climate Change Strategy enhances the original plan outlined in the 2008-2011 UNDP Strategic Plan and is reflected in the Regional Program for Latin America and the Caribbean 2008 - 2011. The UNDP's regional strategy provides the basis for an integrated, UNDP-wide response, as well as a platform for working in full partnership with other UN agencies and other major actors. The strategy builds on the achievements and accumulated experiences of the past, and capitalizes on UNDP's decentralized presence, with climate-change-relevant expertise located in many countries and regions around the world. As such, it will be critical for developing countries to be actively engaged in international climate change negotiations that are to define the post-2012 regime and to be able to assess the implications of the different negotiations on their national sustainable development objectives; this project will utilize a three-pronged approach of assessment, policy setting and financing of solutions.

The rapid increase in national and multilateral investments to address the challenge of climate change could present a new opportunity for developing countries to finance a transition to a more climate-resilient economy and pursue a low carbon path of development. International climate change-related investments could also become increasingly relevant as a mechanism for achieving the Millennium Development Goals, as climate change is mainstreamed into national infrastructure development and investment decisions.

However, the capacity of developing countries to access these global investments is a significant limiting factor to the uptake of this potentially new revenue source for development. The objective of the measures and activities described in this proposal is to provide an integrated approach to addressing this capacity deficit. By effectively targeting and linking national program activities across a spectrum of capacities and carbon market maturities, UNDP's pragmatic approach combines both the "push" of capacity development with the "pull" of stimulating market demand. Enhanced national capacities will be leveraged to achieve the concrete results of increased access to carbon finance revenue streams, decreased emissions of greenhouse gases, and progress towards the Millennium Development Goals.

By putting a price tag on greenhouse gas emissions, the Kyoto Protocol's Clean Development Mechanism can increase the profitability of environment-friendly programs and create financial incentives for direct investment in energy efficiency and renewable/low carbon intensity energy development in low income countries. The real potential of carbon finance, thus, is the role it can play, together with ODA, in removing barriers to direct investment in climate-friendly technologies for greater energy security, access and sustainability.

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This new development paradigm that orients market forces to work towards the achievement of the Millennium Development Goals brought UNDP to the carbon finance market through its MDG Carbon Facility ([www.mdgcarbonfacility.org](http://www.mdgcarbonfacility.org)). This Facility assists developing countries to leverage carbon finance for clean energy development. The capacity development activities of the Carbon-2012 project proposed here will work in concert with the MDG Carbon Facility to entrench expanded capacities of countries through actual CDM programmes, and contribute to the momentum needed for a self-sustaining and expanding national carbon market.

The Regional Project on Climate Change consisting of the three outputs:

- Long-term climate change investment and financial flows assessments and policies strengthened in region to face the challenges of the post-2012 climate change regime in Latin America and the Caribbean,
- Capacities of the public and private sector in selected LAC countries to understand, develop and maintain CDM projects are enhanced through the LCF and Carbon-2012 Projects, and
- Adaptation Program for COs and Governments;

will make it possible for Country Offices to help their respective countries to meet their commitments under the UNFCCC, to improve energy efficiency and utilize renewable energy through projects financed by the GEF and/or through CDM and voluntary carbon markets, to enhance their capacities to engage effectively in negotiations leading to a post-Kyoto greenhouse gases emissions regime, and to assist their country counterparts to better address climate change impacts through access to the Adaptation Fund.

#### **Achievements of the Initiation Plan.**

As part of the initiation phase of the Regional Project on Climate Change, activities have been undertaken in 2008 to set the ground for full implementation from 2009 to 2011. With regards to the Capacity Development of Policy makers the UNDP global component was launched in the LAC Region with nine countries that have submitted endorsement letters and are in the process of identifying key sectors to be assessed. Part of the preparatory work has also been the development of detailed work plans which required coordination at national and international level. Both administrative and substantive elements of the LCF project advanced in 2008, with the recruitment and training of Carbon Finance Officers taking place in each of the four participating countries.

Fund raising efforts attracted from Spain (USD 9.1 million) have been obtained to expand activities of this project through 2010 as well as other longer-term capacity development activities by 2012. Additionally the LCF joint-delivery agreement with UNEP was successfully negotiated and administrative arrangements have been established. The Capacity Building for Environmental Finance counts with the support of participating UNDP Country Offices through their direct financing of a Carbon Finance Officer in each country office.



### Justification of Direct Execution

- The Direct Execution of the project provides an enabling policy and regulatory environment for direct service delivery so that it can meet emerging clients' demands for services and support in a wider range of circumstances. Combined with country office capacities, the Direct Execution has enabled the project seek and secure new business opportunities providing an effective mechanism to meet national demands and donor needs for quick response and implementation.
- National/local authorities of countries in which the project is currently implementing its activities on Climate Change, lack the capacities to carry out the project while UNDP is well placed to fulfill that role while remaining impartial and neutral in politically sensitive situations.
- There is no other organization in the Latin American Region and within the United Nations Systems that has the operational and technical capacity to successfully execute the project and guarantee its expected results and impact.
- The UNDP is the only organism with presence in all the countries where the project will be executed. The intergovernmental institutions in LAC related with the project have limited capacity for the project execution
- UNDP Regional Centre based in Panama is the executing entity and implementing agency for the Regional Project on Climate Change, The Regional Bureau is also working on workflows and responsibilities to ensure a closer monitoring of its regional project. The budget revisions will be prepared by the Regional Centre but reviewed by RBLAC before approval. Activities of the Regional project under the Energy & Environment Cluster are regularly reviewed and assessed with the Regional E&E Team Leader.

Consequently, RBLAC would appreciate your authorization under the DEX modality for the regional project on "Promoting Climate Change Adaptation, Energy & Environment.", as it is imperative that UNDP/RBLAC continues assuming overall management responsibility and accountability for the project execution.

Attached documentation:

- Project Document including Annual Work Plans 2009, 2010 and 2011, Risk Log and Annual Progress Report 2008
- PAC minutes

Approved: \_\_\_\_\_

Ad Melkert  
Associate Administrator

Date \_\_\_\_\_

1/7/09

Cleared by OSG: \_\_\_\_\_

Deese Sandoval

Date \_\_\_\_\_

29 June 2009