



SYNERGIES

between climate finance mechanisms

SYNERGIES BETWEEN CLIMATE FINANCE MECHANISMS

SYNTHESIS REPORT

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This report was commissioned by the Climate Investment Funds (CIF) and the Green Climate Fund (GCF), analyzing projects funded by the CIF and GCF, as well as interactions and synergies with the Global Environment Facility (GEF) and the Adaptation Fund (AF), to the extent possible.

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EXECUTIVE SUMMARY

This synthesis report summarizes the findings of a multilevel analysis of synergies and complementarities between funding streams from different multilateral climate finance mechanisms, including the Green Climate Fund (GCF) and the Climate Investment Funds (CIFs), as well as interactions and synergies with the Global Environment Facility (GEF) and the Adaptation Fund (AF), to the extent possible. It is based on four case studies, a portfolio analysis and additional stakeholder interviews. These describe mechanisms and situations where synergies between climate finance mechanisms and the initiatives they have funded arise. The synthesis report presents drivers of and challenges to such synergies and indicates areas for optimization. The case studies document different types of synergies in the renewable energy sector development in Kazakhstan, adaptation and resilience work in Cambodia and Namibia, and sustainable energy in Mongolia. An additional fifth case study on a project between GCF and CTF was considered for the study, but the project was recently cancelled for reasons not linked to the research subject, and the study was therefore not included in this synthesis report. In addition to the case studies, several studies of the GEF Independent Evaluation Office (GEF IEO), the CIF Evaluation and Learning initiative and the GCF Independent Evaluation Unit (IEU) as well as interviews with stakeholders provided input to this study. The research for this work was conducted between March and November 2018.

Since the conclusion of this research multiple initiatives for increased engagement and coordination among the climate funds have been underway, and they are not reflected in this analysis. Future learning efforts among climate funds will seek to consider lessons from those ongoing initiatives to inform how to support country-driven synergies between climate finance mechanisms.

Whenever synergies are at play, the whole becomes more than the sum of its parts. Synergies between different climate funding flows mean that by using financing from different mechanisms, interventions can be more impactful (better results), more efficient (better cost effectiveness), or they can exceed certain size thresholds that are necessary to achieve results at scale and that would not be reached without the confluence of different funding streams as each would be financially too limited. A review of the funding portfolios of AF, CIF, GCF and GEF conducted for this study found that GEF, as the oldest mechanism, has the largest portfolio and, unsurprisingly, most CIF projects and all GCF projects save one are taking place in countries and thematic areas that have already benefitted from GEF funding on a smaller scale. This convergence of funds is the precondition for synergies, and it indicates that the potential for synergies is large.

The analysis of the case studies shows that synergies arose when:

- Projects built on each other, such as through scaling up and replication;
- Funding from different mechanisms was combined, either within one project or in separate, thematically or geographically complementary initiatives; and
- Cross-learning between parallel or consecutive initiatives was taking place.
- Cross-learning to accelerate and improve impact; and
- Sharing implementation structures.

Synergies do not arise by accident. They must be planned and actively managed. The study demonstrates the importance of a number of drivers and success factors for synergies:

These synergies are not mutually exclusive but typically reinforce each other. Specifically, sequential projects¹ that build on each other over time can continuously improve and be implemented in larger volumes or geographic areas, and thus achieve better results at lower specific costs and larger scales. Parallel funding from multiple climate finance mechanisms can be synergistic with respect to the type of funding available from different funds (e.g. grants and loans of different levels of concessionality), and the different funds can fund different project components (e.g. technical assistance combined with financial risk mitigation). They can share implementation mechanisms and even project documents. Many of these synergies are supported by cross-learning between projects, stakeholders and climate funds.

The following situations for synergies have been identified:

- Scaling up or replication of pilots;
- Keeping up momentum for and providing continuity of climate action;
- Combining qualitatively complementary resources to reach scale;
- Combining qualitatively complementary resources to improve effectiveness or efficiency;
- Blending funds to overcome thresholds;
- Strong country coordination supports synergies between funding streams. Country coordination mechanisms have been identified in all cases, even though their effectiveness varies. In cases such as Cambodia, national climate change committees have played an important role in facilitating the cooperation between focal points of the different climate finance mechanisms. An important pathway is national policy planning processes, including for joint climate-related strategy documents (e.g. nationally determined contributions (NDCs) or national adaptation plans (NAPs)). Country coordination is also fostering cooperation between national (and international) entities who might implement related projects side by side;
- Country investment planning (as piloted by CIF) has supported synergies between projects that are included in the plan even if they are implemented by different entities. In the case studies, investment planning proved useful not only for structuring national climate initiatives and shaping synergies between different multilateral development banks (MDBs) and funding streams. It also provided certainty of funding for the country and entities, and it worked particularly well when supported with some funding and monitoring policies; and
- Strong engagement of organizations that serve as champions was a crucial component to leverage synergies. This can include national direct access entities (DAEs) but also international entities, and their local counterparts. These organizations have a strong intrinsic motivation to create synergistic project portfolios and manage various funding streams. Their role as local knowledge hubs allows them to be intellectual leaders and change agents

1 In accordance to section 2.1 of this study, sequential projects may continue further development with the same, similar or different support instrument; scale up; and/or replicate projects or certain components in other geographical locations.

of (sectoral) development. Engaged in several funding streams, they can generate efficiency gains, engage individuals with longstanding experience and strong motivation, and foster knowledge management and exchange of lessons learned on all levels. For some MDBs, such as the European Bank for Reconstruction and Development (EBRD), internal mandates to scale up climate funding have incentivized synergies.

Still, leveraging synergies is often not easy. The main challenges that impede or disrupt the desired collaboration, continuity and rapid progress in climate action are:

Challenges related to institutional capacities and in-country coordination:

- Limited time, staff and capacities on all levels can limit the ability to coordinate between projects. Several evaluations (e.g. of the CIF programmatic approach, conducted by ICF International, and of the GCF Readiness and Preparatory Support Programme, conducted by the IEU) document this. The Asian Development Bank (ADB) describes a situation where the Ministry of Environment in Cambodia was overburdened with United Nations Framework Convention on Climate Change (UNFCCC) responsibilities, other donor-funded programmes and setting up a national climate change strategy. In other cases, delays, smaller-than expected project outcomes or difficulties in coordinating initiatives indicate that capacities might have been a bottleneck in leveraging synergies;
- Fragmented responsibilities between the focal points for the various funds, MDBs and the UNFCCC have led to challenges in coordinating projects and entities, missing links between the funds, and lack of coordination of long-term pipeline development. Again, both, the CIF programmatic approach evaluation and the IEU evaluation of the GCF Readiness and Preparatory Support Programme document examples and find that explicit coordination between climate agencies at the national level is not widespread; and

- A lack of systematic and publicly accessible knowledge management makes it more difficult for other project stakeholders to understand good practices, build on the successes of projects, and scale them up or repeat them in other contexts, including with funding from other funds. And even where entities might be motivated and potentially well placed to implement follow-up initiatives, they might have access to specific funds only and might need to go through another agency to work synergistically with funding from different sources.

Structural and administrative challenges:

- Stakeholders find differences in processes and procedures between the climate funds that make it difficult to blend or even combine funds. Issues that have been brought to the attention of the team are safeguard policies and templates, diverging and uncertain approval procedures and timelines. This is true between the funds but also within them. Shifting the funding policies of the funds can lead to a shortfall of funding for follow-up initiatives or long-term programmes when no alternative funding source is available, as observed in one case study. Between the funds there might be too little shared understanding of approval processes and policies;
- Time gaps of typically one to two years typically arise between finishing a project and the implementation start of its follow-up project. This is caused by lengthy approval procedures or the fact that some funds require terminal evaluations before follow-up funding can be requested. This is a natural disruption of a successful project and its scale up; and
- Missed opportunities for exchange of knowledge, know-how and experience between entities (and even within them) can hamper efficient and rapid project development. Still, some encouraging examples exist where this exchange took place on the ground (e.g. in Namibia, knowledge was exchanged between several initiatives that dealt with climate-resilient agriculture) or where structures are set

up (e.g. the centralized web-based platforms such as the United Nations Development Programme (UNDP) Adaptation Learning Mechanism or the GCF Direct Climate Action Platform) to facilitate learning from each other.

In order to maximize synergies, countries, agencies and the funds all can contribute. The study leads to the following main avenues to explore:

- The funds are providing different types of resources, which is a good opportunity for complementarity. The funds are different in scale and scope (including geographic scope and accredited agencies) as well as the level of concessionality of funds. This is well recognized in theory. The possibility to blend and combine different types of financing from different climate funds should be explored further and communicated to implementing entities and country counterparts. Funds should also explore options to keeping up momentum by ensuring continuity of funding in order to avoid gaps of years between two consecutive projects. The secretariats are already in an ongoing discussion process about these opportunities. They can enhance the process and support the maximization of synergies by a detailed analysis that makes project cycles, approval processes and policies as well as the transferability of projects between the funds transparent to the funds and their governance structures, to the entities, and to the countries;
- The study has highlighted the crucial role of in-country coordination. The funds can help create conditions that enable governments to effectively coordinate climate initiatives. Beyond the focal point support programmes that are currently implemented by each fund, it would be helpful to support country structures that support the integration of climate concerns into development policies, and the development of NDCs and NAPs into project pipelines. The CIF investment plans can provide an example of a model for the operationalization of country-driven national policy plans noting, for example, the roles that multiple stakeholders play in the process, and the success factors identified in the CIF programmatic approach

evaluation. Yet, inter-ministerial coordination and comprehensive scope would be ideal for fast and effective climate action. Strengthening country investment planning and promoting inter-ministerial committees as the best practice way to coordinate the national response to climate change, if possible, through a mechanism that is shared between the climate funds might be an avenue to consider; and

- A culture of cooperation and cross-learning between the organizations that are implementing climate finance should be strengthened and fostered. Possible measures are information and training on best practice approaches to leverage synergies, asking for more concrete cooperation strategies in the project development stage, or increasing the sharing of delivery mechanisms. Support for a clear discussion of comparative advantages can directly lead to a collaboration between agencies that have complementary skills. On all levels, ensure that technical knowledge, know-how and lessons learned are systematically gathered, recorded and actively shared.

An important contributing factor will be strong collaboration and regular exchange between staff of the funds' secretariats and stronger alignment of high-level decisions, including by the boards, trust fund committees and councils of the funds, that acknowledge and foster synergies, alignment and cooperation.

INTRODUCTION

THE PURPOSE OF THIS STUDY

This report, jointly commissioned by the Climate Investment Funds (CIF) and the Green Climate Fund (GCF), is the result of a multilevel analysis of activities supported by the CIF and GCF, as well as interactions and synergies with the Global Environment Facility and the Adaptation Fund, to the extent possible. Four case studies document different types of synergies in renewable energy development in Kazakhstan, adaptation and resilience work in Cambodia and Namibia, and sustainable energy in Mongolia. The report explores factors that favored or hindered synergies and suggests areas for optimization.

The existence of different climate funds has led to calls for streamlined funding. There are other voices emphasizing that the availability of multiple funds and options is preferable, including from the perspective of developing countries. In any case, it is in the common interest of the international community that synergies are optimally leveraged to maximize effectiveness and increase efficiency.

The study draws on the practical experience of AF, CIF (through the Clean Technology Fund (CTF), Scaling Up Renewable Energy Program (SREP), Pilot Program for Climate Resilience (PPCR), and

Forest Investment Program (FIP)),² GCF and GEF and investigates various aspects of synergy and complementarity among these funds. The focus of the study is descriptive and based on evidence from the ground; the study does not make an explicit attempt to prescribe the roles of the different multilateral climate funds in the future international climate finance architecture. Key questions formulated in the terms of reference are:

- 1 To what extent have the key multilateral climate funds collaborated on the ground at the project level?
- 2 What financing instruments has each of the funds provided to the projects that utilized multiple sources of funds, and what is the rationale behind the blending of the financing instruments?
- 3 What key drivers for the successful blending of different sources of climate finance for the project can we identify? What was the role of the country (government focal points, etc.) and the implementing entities at the project level as well as the institutional level? Did the blending happen due to strategic planning or was it largely opportunistic?
- 4 Where and why were opportunities missed for blending resources from different sources of climate finance (i.e. AF, CIF, GCF and GEF) from

2 CIF consists of two funds, CTF and the Strategic Climate Fund, which is made up of three targeted programmes: SREP, PPCR and FIP.

the perspectives of the countries, implementing entities and funds? Why? How can barriers be overcome in order to maximize the efficiency and impact of the multilateral climate funds?

THE METHODOLOGY

In order to answer these questions, the study took a bottom-up approach that included the following main steps:

- In the inception report and initial stakeholder consultations, a number of hypotheses on possible types of synergies were formulated, serving as a baseline for all further analysis;
- Interviews were held with GCF stakeholders at the GCF Board meeting in July 2018, with CIF and GEF stakeholders in Washington, D.C. in March 2018, and with CIF-PPCR stakeholders in May 2018 at the Manila CIF-PPCR Pilot Country meeting that resulted in a comprehensive picture of their experiences with the confluence of climate funds;
- A systematic review of the climate finance portfolio was carried out to identify how often confluence between the key multilateral climate funds (AF, CIF, GCF and GEF) has occurred in the past. The purpose was to provide a quantitative basis for the discussion and to identify potential cases for the case studies. The database used for this review contains 1,552 projects (AF: 57; CIF: 271; GCF: 74; and GEF: 1,150). The cut-off for this analysis was the approved portfolio of the funds as of July 2018. The confluence of funding streams was analysed on the basis of the key specifications available for each project through the respective funds' internally or externally available databases (country, project title, size of the project, theme and, in most cases, project descriptions). Where confluence was identified, it was validated with information from the funds' or projects' websites, and, where needed, from project documents or fund managers;
- Five case studies to illustrate synergies and complementarities of climate-funded initiatives as well as drivers and challenges

were elaborated specifically for this study. The studies cover agricultural adaptation in Cambodia, renewable energy in Kazakhstan, climate mitigation in Mongolia, and community-based adaptation in Namibia. A fifth case study on a project between GCF and CTF was considered for the study, but the project was recently cancelled for reasons not linked to the research subject, and the study was therefore not included in this synthesis report. All studies have been fact-checked by selected experts for the respective cases. For these, interviews were conducted in person or by phone with key stakeholders and staff within the funds, MDBs and other implementing agencies, national focal points, and other international experts; and

- A synthesis of all findings, including recommendations, was compiled to create this report.

The report also draws on other material, for example, a pre-existing case study of CIF-FIP in Mexico and the recent IEU evaluation of the GCF Readiness and Preparatory Support Programme and the ICF International evaluation of the CIF Programmatic Approach. The research for this report was carried out between April and November 2018.

It is important to note that this report does not constitute an evaluation of the performance or results of synergies in climate finance. Rather, the purpose of this study is to highlight how synergies can arise and what factors favor or hinder them. Case studies and interview partners were selected with purposive sampling. They were targeted towards highlighting evidence for what can be achieved in positive and synergistic situations. They do not discuss aspects of the projects that might have been highlighted in evaluations, such as from an accountability perspective, strength-of-evidence assessments or quantitative success measures.

The timeline of the interviews conducted for this report does not permit reflection on the increased engagement and coordination among the climate funds since July 2018. Further analysis will be done to further reflect these experiences and progress. For example, the GCF-GEF coordinated engagement initiative that is being carried out at different levels,

including (i) nationally as proposals are required to define complementarity among relevant projects supported by different Funds; (ii) among Secretariats during proposal reviews; and (iii) through events and messaging in international fora; and the AF-GCF facilitated the creation of a Community of Practice for Direct Access Entities (CPDAE) that aims to build additional capacity of the community's members to efficiently access, receive and utilize Direct Access project funding from AF and GCF.

CONVERGENCE OF FUNDING FLOWS

A confluence of funding flows, that is, flows from different climate funds, is a precondition for synergies. Confluence does not mean duplication of flows, duplication of activities or double dipping. Rather, where projects coincided temporally, stakeholders did not report on inefficient duplications in the interviews done for this study.³ Yet, confluence of flows is not an exception, and it happens regularly that more than one fund is supporting climate action in the same field in a country. Stakeholders have noted it as beneficial where synergies can be leveraged. The analysis done for this study described to what degree the funds are already active in the same countries and thematic areas, and some numbers have been provided to illustrate this magnitude and prevalence.

As climate finance from GEF has been available since 1994 and almost all countries have benefitted from it, it is not surprising that almost all countries that are currently utilizing funding from CIF and/or GCF have received some form of funding from GEF.⁴ Looking at GCF, for example, all 74 projects build on earlier projects from CIF or GEF that were addressing the same theme in the same country.⁵

The GEF portfolio contains the highest number of projects but also the lowest average size for projects, highlighting the opportunity to upscale

climate action through CIF and/or GCF. Nearly all 257 national projects funded by CIF (except for five projects – 4 CIF-PPCR projects and 1 CIF-FIP project) take place in countries and on themes where there was or is also funding from GEF.

Seven of the CIF CTF countries and one non-CIF CTF country are also benefitting from GCF funding for thematically overlapping national mitigation projects. In four countries, both funds invested in renewable energy projects; in two countries in energy efficiency projects, and in one country in green energy in general. One CTF project takes place in a country where SCCF funding could also have been available. The CIF-CTF portfolio analysis, therefore, highlights the complementarities between the funds, which can be helpful in fueling low carbon development to the major emitting countries.

Several geographic trends can be identified. For example, CIF-CTF countries in Asia had not received funding for national GCF projects in mitigation until the cut-off date of July 2018. On the other hand, countries that do not have access to GCF, such as Ukraine and Turkey, are benefitting at a significant scale from CIF-CTF resources. This highlights one important dimension of complementarity between the funds: together they can provide access to many more countries than any fund could do by itself.

About a dozen or so smaller (CIF-SREP-eligible) countries have had more than four climate mitigation projects funded by the CIF-SREP, GCF or GEF. But, generally, smaller countries have far fewer confluences, specifically with GCF funding for national projects. In almost all these countries, with the sole exception of Mongolia, SREP is currently still the most significant source of climate mitigation funding. Many SREP countries are eligible for some of the large global or regional private sector programmes of GCF, though. In addition, in the SREP countries, 31 national, 16 regional and 4 global projects funded by the GEF Trust Fund and one national project each funded by the LDCF (Maldives) and the SCCF (Honduras) could have synergies with the respective SREP projects.

Overall, fewer instances of convergence of funding were found in adaptation than in mitigation. This

3 This statement does not replace an evaluation.

4 The cut-off was July 2018.

5 Only one country in a regional GCF project was found to have no convergence with other funds.

is partially because explicit multilateral climate funding for adaptation started later than for mitigation. However, the picture is somewhat unclear as, recently, funding mitigation and adaptation often are combined in the same project. In fact, in accordance with paragraph 37 of the governing instrument, GCF has an integrated approach to funding mitigation and adaptation which allows for cross-cutting projects and programmes. There are numerous cases where the funds have supported projects that have mitigation as well as adaptation components. In other cases, the funds have supported projects that utilize renewable energy technologies for adaptation purposes, examples of which are found in the CIF-PPCR Tajikistan and AF Namibia project portfolios.

In adaptation and forestry, significant funds are still devoted to capacity-building, although more recently large amounts of investment capital can be leveraged from GCF and CIF-PPCR.

From the perspective of the GCF, 34 national GCF projects and three regional GCF projects converge in different ways with 22 national and three regional projects of the PPCR and 4 national FIP projects. Further, 51 national, 27 regional and 8 global projects of the GEF Trust Fund might converge with funding flows from the adaptation angle of the GCF; more likely convergences were identified with 38 national and 1 regional project of the LDCF; and 11 national and 3 regional projects of the SCCF. In PPCR-eligible countries, typically, the funding stream from CIF-PPCR is still larger than from GCF. Most CIF-PPCR countries have also benefitted from Least Developed Countries Fund projects. In 12 countries CIF-PPCR projects have been funded by three or more multilateral funds.⁶ Most countries that benefit from GCF funding for adaptation also benefit from at least one AF project. In the 17 PPCR countries, synergies are possible with 9 national and 2 regional GCF and 8 national Adaptation Fund projects. In addition, 56 national, 36 regional and 3 global projects were funded by the GEF Trust Fund, 42 national and one regional project by the LDCF, as well as 3 national, 5 regional and 1 global project funded by the SCCF.

The convergence between CIF-FIP and GCF up to the timeframe of this study is low. Only two GCF projects were linkable to CIF-FIP projects. Overall, only in four CIF-FIP countries have national projects been financed by more than two funds (Ecuador, Ghana, the Lao People's Democratic Republic and Peru).⁷ Synergies are possible with one regional project of the GCF in Guatemala, seven national and one regional (Ecuador) project of the Adaptation Fund, 22 national, 12 regional and four different global projects of the GEF Trust Fund, and one national (Mexico) and regional (Peru) each of the SCCF.

Analysis of potential funding convergence for regional and global projects as funds are approved for many countries, and it is unclear how much funding goes to each country, so that potential synergies might be identified here which overestimate the actual opportunities. However, the increasing number of global and regional projects, specifically also with GCF, and their increasing size, highlights their expected benefits, in particular, also for private sector investment activity: regional and global investment facilities allow for higher flexibility to invest in appropriate opportunities. In technical assistance, they allow for joint capacity-building and knowledge transfer between different countries.

7 The analysis for the forestry sector did not include several important forestry initiatives, including the Forest Carbon Partnership Facility.

6 Details can be found in the portfolio synthesis report.

SYNERGY MECHANISMS

Whenever synergies are at play, the whole becomes more than the sum of its parts. Synergies between different climate funding flows mean that by using flows from different mechanisms, interventions can be more impactful or more efficient, or they can exceed certain thresholds, which would not be feasible without the confluence of different funding streams.

Quantitatively, parallel financing of projects can generate a larger stream of funding from the multilateral level into a country. Thus, having more than one fund governed in a demand-driven manner can ensure that funding is available even beyond the scale of each fund. However, synergy is a qualitative concept – synergies can lead to higher efficiency, or higher effectiveness compared to parallel financing of projects. This implies that rather than parallel financing, these funding flows are complementary, for example, in terms of the type of funding (grant versus loan), its purpose, its timing or its geographic scope. It also implies that there is a mechanism or driver that manages this complementarity, that is, it makes sure that overlaps are minimized, and the funds complement each other in the most efficient manner.

Specifically, synergistic funding between climate finance mechanisms takes place when funding streams complement each other in a way that would not have been possible without several mechanisms. Synergies can take place in the form of blended projects and projects that build on

each other consecutively (like in energy efficient buildings in Mongolia or adaptation projects in Zambia), or through a cross-learning between projects – even across countries. They can take place in implementation on the local level but also through enhanced efficiency in the approval process. Last but not least, synergies can arise from a situation where combining funding from different mechanisms is necessary because of limitations in each of the mechanisms, for example: funding is limited in scale, potentially temporarily, or funding is limited in type by the financial mechanism or by the technical ability of the agency (e.g. grant financing versus different levels of concessional loan and finance facilitation instruments).

In short, flows can converge on several levels and synergies can take on different forms. In the following, a typology of synergy mechanisms is presented that focuses on the fundamental mechanisms that create synergies before the typical, more complex, synergistic situations that were found in this study will be described.

SYNERGY AND COMPLEMENTARITY MECHANISMS

Transformational impact can be achieved through larger but also smarter projects and programmes. The analysis illustrated several instances of and how funding flow combinations in complementary initiatives became larger and – through exploiting

synergies – smarter, more efficient and, ultimately, more impactful. Depending on the situation and objective, the combination of initiatives can be very simple and connect two or more initiatives through one specific mechanism. Or – and this is the typical case – it connects different initiatives, by applying a number of mechanisms. This can happen both in sequential initiatives and in initiatives that are implemented in parallel.

Generally, there are three major differences between the climate funds, which make them complementary and can be exploited for synergies, and where important functions of climate funding can only be achieved through combining funds from different sources:

- The mere scale of climate funding that can be increased by pooling funding flows from different funds; in several cases, no individual fund is able to reach this scale by itself;
- There are qualitative differences between the funds in terms of diverging levels of concessionality – there are situations where a necessary combination cannot be provided by any one fund; and
- The funds are accessed by different entities and therefore project opportunities and priorities will be different in terms of access channels and local partners, where it will be beneficial to include multiple partners and channels to exploit complementarity.

Other differences that are less systematic relate to the timing of the availability of the funds, the predictability and context of investment plans (specifically in the case of CIF) and the stakeholders involved in the approval processes (including the country focal points, which might differ between the funds; but also the entities that have access to the respective funds).

The case studies led to the following classification of fundamental mechanisms to combine initiatives:

- **Sequential funding – initiatives A and B follow on each other and build on each other:**

→ **Continuous further development (with the same or a similar support instrument):**

initiative B follows initiative A and uses the same or a similar support instrument (e.g. one grant-funded technical assistance is followed by another). Funding volumes can but do not have to increase;

→ **Scale up:** initiative A is followed by initiative B, and B has the aim to scale up activities

and the results of initiative A. Support instruments (i.e. funding instruments like grants or loans) are the same or similar. Funding volumes typically increase from A to B;

→ **Continuous further development (with different support instrument):** initiative A is followed by initiative B with the aim to drive a desired development further but uses another support instrument (e.g. a grant followed by a loan programme); and

→ **Geographical replication:** initiative B uses components, for instance, a new approach or technology, of a preceding initiative A. Components are replicated in different locations (e.g. in the same or a different country). Funding volumes typically increase. Support instruments are the same or similar, although it is typical that instruments are more refined, less concessional, and integrated in a more comprehensive programme in the follow-up initiative B.

- **Parallel funding – different funding flows are combined and implemented at the same time:**

→ **Co-financing of support instruments in one initiative:** the initiative combines instruments with a similar purpose, for instance, investment instruments with loan and risk mitigation mechanisms. Funding flows can be combined from different funds to reach scale; and

→ Combination of different complementary funding instruments from different funds in one initiative: the initiative combines

complementary components, for instance, grant-funded technical assistance with investment funding through loans and more refined financial instruments, such as risk guarantees.

- **Parallel and sequential combination:**

- **Cross-learning between separate initiatives:** thematically similar initiatives that are implemented independently from each other have established mechanisms for mutual exchange. This happens when the initiatives overlap in time and/or if they are implemented consecutively. Support instruments may be similar or differ between mechanisms; and

- **Sharing of implementation arrangements:** in this case, different implementing agencies that use different funds for a similar purpose form a partnership. In this partnership, partners are using the same processes but implement their projects independently from each other (for instance in different regions).

These situations of funding convergences are summarized in table 1. The table also illustrates that a number of these situations can also be achieved through funding from one mechanism alone. For example, both CIF and GCF can provide grants as well as loans, and the different types of funds can serve complementary purposes. In fact, most of the time this will be preferred by all stakeholders as it is the easier solution. Yet, in some cases, there is a need to combine resources from more than one climate fund, or the combination provides sufficient benefits to outweigh the added costs that arise from having to go through different approval cycles and monitoring processes.

TYPES OF SYNERGIES

The convergence of funding streams from different funds can lead to synergies. Generally, three types of synergies can be conceived:

- Better quality results;
- Larger projects, in situations where funding thresholds need to be exceeded, for example, to capture the attention of specific stakeholder groups or justify innovative behavior; and
- More efficient delivery.

There are many ways that blending funds can lead to synergies that facilitate better quality results with the same resource inputs. In the case studies, we found that using grants and loans and drawing on the approval cycles of several funds has helped improve the integrated approach that projects could take. For example, in Namibia, the community-based approach was already established when climate funding was made available to utilize it for climate-related purposes.

There are cases in which a certain threshold needs to be exceeded in order for a project to warrant certain changes. For example, a project may require a certain volume of funding to incentivize other financiers to adopt the proposed business model. If the market was more limited, the product risk would be much higher for these financiers and they would not support the project. In this type of synergy, achieving the scale needed would only be possible by blending finance from multiple climate funds.

Last but not least, projects can become more cost effective if they learn from the experiences that other funds have made. Such learning reduces transaction costs and is possible on the level of project design (to apply best practice in the intervention and avoid costly repeat mistakes), project approval processes (to understand review processes, templates and policies), and for stakeholder processes. It also includes the utilization of implementation structures that have been built by other projects.

Table 1 summarizes the potential combinations of funding flows, and the potential synergies in the three dimensions of “becoming better”, “becoming bigger” and “becoming more cost-effective”.

Table 1:
OVERVIEW OF SYNERGY TYPES AND EFFECTS

| SYNERGY TYPE | EXPLANATION | BENEFITS FROM DIFFERENT FUNDS? | SYNERGISTIC EFFECT: BETTER RESULTS? | SYNERGISTIC EFFECT: VOLUME THRESHOLDS? | SYNERGISTIC EFFECT: MORE COST EFFECTIVE? |
|------------------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------|
| SEQUENTIAL FUNDING | | | | | |
| Scale-up | The same intervention is done on a much larger scale | Funding from multiple sources is helpful to achieve scale and funding flexibility | Potentially | Yes | Yes, through learning effects and savings in project development |
| Replication | The same intervention is done in a different thematic or geographic context | Funding from multiple sources is helpful to achieve scale and funding flexibility | Potentially | Yes | Yes, through learning effects and savings in project development |
| Improvement of intervention | The intervention is done in a better way | Funding from multiple sources is helpful to achieve funding flexibility | Yes, through learning effects | Potentially | Yes, through learning effects and savings in project development |
| Enhanced maturity of sector | Building on a successful intervention, a new intervention develops the sector further | Funding from multiple sources is helpful to achieve scale and funding flexibility | Yes, through learning effects and continued development as well as higher flexibility of fund instruments (non-grant) | Yes, as typically higher levels of funding and non-grant instruments are required | Yes, through learning effects and savings in project development |
| PARALLEL FUNDING | | | | | |
| Co-financing | Different funds finance the same initiative | Funding from multiple sources is helpful to achieve scale | Yes, if threshold effects cannot be overcome without multiple sources | Yes, as typically higher levels of funding and non-grant instruments are required | Not necessarily |
| Complementary financing | Different complementary funds serve different purposes in one initiative | Funding from multiple sources is needed to achieve scale and funding flexibility | Yes, as different types of funding are used to serve different but complementary purposes | Yes, when higher levels of funding and non-grant instruments are required | Not necessarily |
| Implementation synergy | The same implementation structure is used by funding streams from different funds | Funding from multiple sources can be channeled efficiently | Yes, if synergies can be leveraged, for example, through reporting or stakeholder participation | Typically yes | Yes, through saving setup costs |

SOME TYPICAL SYNERGISTIC SITUATIONS

These synergy mechanisms can be found in typical synergistic situations, some of which are described in this section. Usually, these situations draw on one or two synergy mechanisms while others can be exploited at the same time. For example, it is possible that a scale-up initiative of a loan mechanism is supported also by a technical assistance component that constitutes a further development towards maturity, so that the overall package becomes smarter (“better”). These stereotypical situations are presented first in the abstract, but they are illustrated well by the case studies that support this study. The following situations for synergies have been identified:

- Scaling up or replication of pilots;
- Keeping up momentum and providing continuity of climate action;
- Using implementation structures jointly;
- Combining qualitatively complementary resources to reach scale;
- Combining qualitatively complementary resources to improve effectiveness or efficiency;
- Blending funds to overcome thresholds; and
- Cross-learning to accelerate and improve impact.

REPLICATION AND UPSCALING OF PILOTS

The possibility to significantly scale up and geographically expand new approaches with the support from another fund allows for continuity and better access to climate funding within a country, and – thanks to sheer size – it can lead to critical improvements in project design and delivery and thus more significant impact. The first projects funded with grants from GEF were focusing on pilots and demonstrations. Later, CIF and GCF offered larger funds to projects that were able to build on these experiences and replicate similar approaches on a larger scale. Often, this scaling up can go hand in hand with a wider geographical coverage. In line with this, the absorptive capacity of countries has grown. Furthermore, some AF projects that proved to be highly satisfactory in their terminal evaluation were leveraged and scaled up with GCF resources like FP007 in Maldives; FP018 in Pakistan; FP056 in Colombia, among others.

Having multiple sources of funding has been shown as beneficial in many cases where no single fund was able to cover all regions.

The EBRD Mongolia Sustainable Energy Finance Facility (MonSEFF) initiative is the national arm of the EBRD family of Sustainable Energy Finance Facilities, funded by various climate finance mechanisms. In Mongolia, MonSEFF has served to establish relationships with local banks through

which local businesses can receive growth and investment capital for sustainable energy. This mechanism is scaled up using funds from a global EBRD-GCF project and through a successor to MonSEFF, the Mongolia Green Economy Finance Facility. With this modality, EBRD can combine funds from different climate funding mechanisms into a one-stop shop for local banks, helping them to become accustomed to funding climate action while continuously expanding the facility in scale, scope and impact.

Another interesting example in this respect is Zambia. Through the CIF-PPCR and support from the Strategic Program for Climate Resilience (SPCR) – the country planning process for scheduling the adaptation-related funds of the CIF-PPCR, the Ministry of Finance and later the Ministry of Planning in Zambia developed an approach for the adaptation of rural infrastructure to climate change, including irrigation trenches and transport infrastructure.⁸ This was successful and thus the Ministry of Planning rolled out the approach with CIF-PPCR financing in two regions, one financed through the African Development Bank and one financed through the World Bank. The Ministry of Planning is working to replicate and scale-up the approach through a subsequent World Bank project that includes an active application for GCF co-financing. The funding volume needs to continue to increase as the areas become increasingly remote, but the hope is that learning makes the implementation more efficient.

CONTINUITY OF CLIMATE ACTION

The possibility to sequence funds from different sources can help to keep up momentum and long-term continuity of a desired development.

This avoids stop-and-go situations where long-term impacts are either delayed or never reached. The frequently observed approach is the use of different funds for specific purposes that support continuous development towards market maturity: in new markets, for instance, grants are used to initiate climate action through technical assistance

and first investments in pilot projects. As the market matures, other climate finance mechanisms can come in and finance investments at less and less concessional terms. Although funding volumes are typically increasing over time to reach larger-scale deployment, the main effect is not the scale but the continuation of a desired development.

The possibility to combine funding from several funds to finance a series of complementary measures helps to maintain the momentum of desired developments. Frequently, such developments are challenged by funding gaps and can lead to interruptions. The case of Kazakhstan shows how the strategic use of various sources for technical assistance funding, including from CIF-CTF, EBRD, and – later – GCF facilitated a constant regulatory framework development for renewables. Flexibility within the funds is an important factor that makes combining of funds easier. In Kazakhstan in 2017, flexibility to reallocate money between CIF-CTF programmes/projects helped EBRD avoid a potential funding interruption between the CIF-CTF-funded renewable energy facility and the GCF-funded successor facility and to link both funding programmes.

SHARING OF IMPLEMENTATION STRUCTURES

By sharing implementation structures, projects from different funding mechanisms can build on stakeholder relationships and implementation experiences, saving transaction costs and start-up time. A new initiative can be docked to an existing implementation structure and procedure of another programme, for example, by using the same steering committee or applying the partner's disbursement mechanism. An important co-benefit is that life is made easier for project applicants as they must only deal with one set of rules instead of several. Also, coordination of efforts is eased in such a cooperation, for instance, by agreeing on a geographical distribution of responsibilities. While procedures are shared, implementation responsibility remains with the respective implementing agencies. Other co-benefits of this approach are larger funding flows and improved communication between agencies. This can enhance impact and increase efficiency further.

⁸ See <https://www.climateinvestmentfunds.org/sites/cif_enc/files/ppcr_8_spcr_zambia_0.pdf>.

The case studies provide several examples for this: the non-governmental organization- (NGO) and community-oriented implementation structure built up by the GEF Small Grants Programme (SGP) is often used for continued funding streams, including from bilateral donors. The case studies for Namibia and Cambodia both document such cases. In Namibia, the Environmental Investment Fund (EIF) has entered into a partnership agreement with UNDP by embedding it into its operations, co-financing projects and acquiring complementary grant funding. In Cambodia, a joint venture was formed between SGP and the Cambodia Community Based Adaptation Programme funded by Sweden and Australia. The Cambodia Community Based Adaptation Programme was docked to the SGP implementation structure, used GEF processes, that is the National Steering Committee for project reviews and approvals, as well as the SGP disbursement mechanism. A particular advantage of this structure is the stakeholder consultation through representation on the SGP committees. Using the same structure also allows for administrative efficiency as administrative challenges were solved at the time. This applies not only to the actual management of project processes, staffing and budgeting but also to outreach and name recognition as well as resonance with the local community, ensuring a flow of SGP project applications and implementation-ready opportunities. Synergy is enhanced here through a continuous funding flow, avoiding a stop-and-go cycle of application for funding, implementation, evaluation and reapplication.

QUALITATIVE COMPLEMENTARITY TO REACH SCALE

The concessionality levels of climate funds vary between the oldest fund, that is, GEF, and the newer mechanisms, that is, CIF and GCF. This can be used to fund complementary components, for example, technical assistance enabling investments with grants, and financial instrument-supported investments with loan or risk mitigation mechanisms. These different characteristics allow the combination of funding flows to be more than the sum of its parts.

In this sense, co-financing with different climate funds fills the gap of missing local or commercial financing in a cost-effective manner. In many countries, local financing for climate technologies is simply not available. For example, EBRD used CIF-CTF funding for its “Renewable Energy Finance Facility” in Kazakhstan (KAZREFF) under which a number of solar power plants were developed. Despite slow renewable energy market development, in 2015 and 2016, the pipeline was soon oversubscribed so that EBRD applied to GCF for further funding, which was ultimately approved in the form of the KAZREF project in 2017. CIF-CTF was also able to flexibly reassign funds from a waste project to the expansion of the renewable energy financing facility, which grew to USD 65.5 million. Ultimately, the KAZREF project is expected to make available USD 413 million, including from EBRD, GCF and private investor loans, as well as 137 million of equity funding.

The engagement of climate funds in lending money to projects has increased the interest of private sector investors in Kazakh renewable power projects. Looking at the ownership of the renewable energy facilities in Kazakhstan, a trend to diversification is apparent: starting from de facto state ownership, more and more private and international investors are active. The first example of private sector involvement involves two solar power plants in Burnoye. They are owned by the joint venture of Kazakhstan’s Samruk Kazyna Invest LLP (the investment arm of the Kazakh Wealth Fund) and the United Green Energy Limited, a privately owned investment group from the United Kingdom of Great Britain and Northern Ireland. The 40 MW solar power plant project in Kazakhstan – repaying since January 2019 - is the first project owned by a purely private investor. EBRD and the project developer have recently announced intentions to invest in another solar power plant using their own and GCF funds.⁹

The Kazakhstan projects also illustrate how blending of local and hard currency from different funding sources can hedge against currency risks

9 See <<https://www.ebrd.com/news/2019/ebrd-steps-up-support-for-renewable-energy-production-in-kazakhstan-.html>>.

and provide risk mitigation for investors: EBRD core lending is in local currency. Yet, equipment or certain services for the project can only be purchased in hard currencies. International investors require a way to match the project risk with currency risk, and the CIF-CTF and/or GCF loans in hard currency enable EBRD to provide a solution to developers.¹⁰

BLENDING FUNDS FOR SCALE AND ATTRACTIVE INVESTMENT CONDITIONS

Large-scale funding with refined financial structures can only be achieved by blending different funding streams as funding from each fund is limited. Blending can be necessary to reach scale, or to limit exposure and share risks between the funds, for example, when investments are lumpy or when projects can only become effective if certain volume thresholds are reached. In cases where the exposure limits of individual funds are exceeded, scale can only be achieved through blending of different climate funding streams. This can be necessary, for example, when different financing instruments (e.g. loans with different contingency levels or loans with a guarantee facility) are needed to create acceptable conditions for investors. In addition to this, blending is beneficial for the funds as it limits exposure to this project and risks are shared between them.

Blending different funding streams into one project thus allows for scale and sophistication. It also allows, in this particular case and at this scale, to provide a financial facility with multiple financial products for the local investors, including, for example, loans with longer-than-market tenors and a guarantee facility for specific business cases and backing this up with callable capital.

10 Interested readers may also refer to the BloombergNEF Study, “The Clean Technology Fund and Concessional Finance: Lessons Learned and Strategies Moving Forward”, published in February 2019, which suggests that early support from CIF-CTF through EBRD and the International Finance Corporation helped create an enabling policy framework for renewable energy (including establishment of feed-in tariffs), overcome the persistent financing barriers, and jump-start the market. Subsequently, GCF provided funding to scale up the market.

QUALITATIVE COMPLEMENTARITY FOR BETTER IMPACT

Smart combination and interplay of technical assistance and financing of projects ensures sustainable framework improvement and increases trust in a technology in a target country through actual hardware investments. The combination of various components – potentially funded through different sources – often results in smarter and thus potentially more impactful overall programmes. A frequently observed approach is to finance capacity-building through grants and provide loans in parallel so that the investment is leveraged more effectively and increases sustainability. Although this approach is typically built into projects using CIF or GCF funding, examples were identified where various funds were combined in one initiative. In some cases, climate funds were used to complement existing traditional development project portfolios with climate-specific components.

Careful mid- to long-term country programming (e.g. through national coordination mechanisms or investment plans) of complementary projects – potentially using different funds – facilitates the implementation of smart and modular initiatives that are complementing each other with regard to their objectives. Through this, the entirety of initiatives is likely to have a stronger overall impact and efficiency. A typical situation is when early market development, for example, in renewable energy or energy efficiency, as well as demonstration plants is funded using grant financing from GEF. With the GEF grant, a demonstration project and the necessary capacity is built, including the development of policy frameworks and technical training. When the enabling environment is mature enough, other climate finance mechanisms can come in and finance investments. In Kazakhstan, for example, different climate finance mechanisms funded a combination of technical assistance and financing for renewable power projects. This interplay was crucial for the early wind and solar market development. When EBRD entered the market in 2008 it did so on the heels of a UNDP/GEF technical assistance project and with the clear intention to both advance the legal and regulatory framework and finance projects. Using CIF-CTF-funded support

through EBRD and the International Finance Corporation, favourable regulatory framework conditions were put in place and EBRD could immediately offer financing to early wind and solar projects with funding support from CIF-CTF.

CROSS-LEARNING

Cross-learning takes place during implementation at the local level but also at the agency level. If mechanisms and structures are in place at the local level that facilitate and encourage exchange of know-how and lessons learned, climate initiatives are likely to yield better results – potentially leading to higher impact – with given resources. Pilot projects are playing an important role in creating learning opportunities and can trigger experience-based developments, for example, in policies or investments. A positive side effect of cross-learning is, of course, that capacities are built up in multilateral banks and other implementing agencies or access entities, which can create additional synergies between these institutions.

Examples can be found in various case studies. For example, in Mongolia, the expertise of EBRD and XacBank was very helpful for the design of the CIF-SREP investment plan, even though neither of these two agencies plays a major role in implementing the CIF-SREP funds. Yet, the experience from the first (EBRD-financed) on-grid wind farm led to a restart of technical assistance for developing an improved compensation scheme and the focus of the CIF-SREP itself on a different, less grid-connected area. In Namibia, knowledge was exchanged between stakeholders of several initiatives that dealt with climate-resilient agriculture.

On the level of implementing entities, experience with approval processes of one fund can be used when applying for funding from another source. This can ultimately enhance efficiency in the approval process and smarter project proposals.

OVERVIEW OF TYPICAL SYNERGISTIC SITUATIONS

Table 2 summarizes the different synergistic situations that have been highlighted in the case studies. It demonstrates that not all projects are equally suited to leverage all kinds of synergies – for example, some synergistic situations can only arise for sequential projects, others for projects and funding flows that are implemented in parallel. In terms of the scale, some synergies are suited for a sequential growth in scale, others for large-scale implementation from the start. For some synergies, it is necessary to have funds of different levels of concessionality, for others, it is necessary to have funds of the same kind of concessionality (but maybe different scales) and yet others are indifferent with respect to the types of funds. Some synergies allow for larger volume, higher cost effectiveness and better results (“bigger, cheaper and better”) than funding flows that are not synergistic. Others affect only one of the three dimensions of scale, transaction costs or outcome quality.

Table 2:
OVERVIEW OF TYPICAL SYNERGISTIC SITUATIONS

| SYNERGISTIC SITUATION | ETIMING OF INITIATIVES | SCALE | CONCESSIONALITY OF DIFFERENT FUNDING FLOWS | MAIN SYNERGISTIC EFFECT(S) |
|----------------------------------------------------------------------|-------------------------------|-------------------|---------------------------------------------------|---------------------------------------------------------|
| Replication and upscaling of pilots | Sequential | Growing | Any | Larger volume, higher cost effectiveness |
| Continuity of climate action | Sequential | Any | Any | Better impact, higher cost effectiveness |
| Sharing of implementation structures | Sequential, parallel | Any | Same | better impact, higher cost effectiveness |
| Qualitative complementarity to reach scale | Parallel (or sequential) | Growing | Different | Better impact, larger volume, higher cost effectiveness |
| Blending funds for scale and attractive investment conditions | Parallel | Large (threshold) | Different | Better impact, larger volume |
| Qualitative complementarity for better impact | Parallel | Growing | Different | Better impact, larger volume |
| Cross-learning | Parallel, sequential | Any | Any | Better impact, larger volume, higher cost effectiveness |

DRIVERS OF SYNERGIES

The intention of the selection of the case studies was to understand the factors that contribute to situations in which synergies can be leveraged. The analysis highlights the actors and conditions that have been found in cases that maximize synergies. These are found on three levels: within the countries, within the agencies and on the level of the climate finance mechanisms.

GOVERNMENT FOCAL POINTS AND CLIMATE CHANGE COMMISSIONS

Synergies can help put ambitious national goals into reach and provide continuity in pursuing the relevant issues. A good match with the country context and the country's development direction are key to this ambition. Specifically, the country government ministries that serve as explicit focal points to the climate finance mechanisms or UNFCCC can play a crucial role.

Mainstreaming of project planning into national frameworks is an important element of any climate initiative. Generally, countries that have committed to and embarked on a consistent sustainable and resilient growth track, with a consistent policy push, are in a better position to leverage climate finance flows from different sources in a synergistic manner. In such a situation, policies are more likely to be consistently ingrained in national policy documents, including general development plans, but specifically also National Communications to the UNFCCC, NDCs, NAPs and other climate-specific documents.

But national planning documents – especially those related to climate change (e.g. NDCs or NAPs) – are not only informed by and developed further with the help of climate initiatives. Once in place, they become an important instrument to inform the determination of overall funding requirements and can lead to a planned sequencing of climate-financed interventions. This can enable national policymakers to understand how to make best use of the different climate finance mechanisms in order to cover the funding needs, for example, by theme, on a timeline or by geography. Thus, on the one hand, findings by climate initiatives can inform national (climate) planning. On the other hand, resulting (climate) plans serve as important guideline not only for climate funding.

Cambodia is a good example where climate-funded initiatives align with planning documents, such as the intended nationally determined contribution and national adaptation programme of action (NAPA). Furthermore, Cambodia succeeded in establishing a clear “assignment” of NAPA-themes to specific funds. For instance, infrastructure, in rural, coastal and urban environments, is funded by CIF and GCF. Projects funded by AF, GEF-SGP and the Least Developed Countries Fund address adaptation to climate change by rural communities, especially in the area of smallholder agriculture with a strong focus on water management. This thematic division of responsibilities clearly correlates with the priorities of Cambodia's NAPA of 2006. Furthermore, 9 of the 13 priorities expressed in Cambodia's

intended nationally determined contribution of 2015 can be related to past or ongoing climate-funded initiatives.

It is evident that national coordination and alignment with the national priorities is favourable for exploiting the synergies discussed above. In most countries, this coordination is the responsibility of the governments' focal points for the UNFCCC or the different climate finance mechanisms. These are not necessarily the same. But where they are, these individuals are in a natural position to coordinate the various funding streams and identify and plan for synergies on the country, agency, and climate funding mechanism. Therefore, ease of coordination can be gained when national focal points are in the same Ministry and even individual.

Many countries included in this study have established inter-ministerial committees that are tasked with coordinating the national response to climate change, or committees that include other stakeholders as well and support coordination of climate action. These committees often have better capacity to plan synergistic interventions. They also have influence across government departments, development partners and national DAEs so that effective coordination and implementation is also ensured. The case studies discuss the setups in Cambodia, Kazakhstan and Namibia. In Cambodia, all climate initiatives are officially coordinated by the National Council for Sustainable Development, the successor of the previous National Climate Change Committee. The Government of Kazakhstan was overseeing the growth of the renewable power sector and related climate funding through a working group on renewable energy. This allowed the government to stay informed about all activities and engage with the process. The effectiveness of this working group was further enhanced as it allowed its members to align positions between agencies in certain cases before approaching a ministry. In Namibia, on the other hand, standard procedures, such as the endorsement process through the designated national authority, ensure that proposed initiatives are relevant with regard to national policies or programming and checked for potential duplication or synergies. Furthermore, in some cases parallel projects are

using the same steering committee, or regional platforms – established by the respective ministries – are enhancing collaboration between various stakeholders from different initiatives.

In special cases, it is possible to use the same (governmental) structure to implement more than one initiative, leading to enhanced efficiency. For example, in Namibia, two projects worked with a joint steering committee, which included the relevant stakeholders from a ministry. This was further facilitated by the fact that both were implemented through the same agency, EIF. This model could be utilized in other contexts as well. It certainly enhanced efficiency and improved the project by facilitating information flow and enhancing the relevance of the steering committee.

Clever and strategic programming by small teams from the lead ministry can help funding from more than one source converge and facilitate nationwide roll-out of measures without overburdening absorptive capacity. The case of Zambia mentioned above was considerably and strategically orchestrated by a small team from the Ministry of Planning. This team realized that the adaptation funding that Zambia can expect from each fund is small. But, by utilizing all funding streams in a staggered and targeted manner, the whole country can be climate-proofed with a speed that does not overburden the local absorptive capacity yet ensures a continuity in implementation and funding flows. A prerequisite for this, however, is that the focal points and coordinating committees have enough resources and capacity at their disposal to effectively coordinate the various projects and funding streams.

The CIF Programmatic Approach Evaluation further notes that in the case of SPCRs, pilot countries ought to have “focal points and coordinating mechanisms with sufficient political authority to bring the sector ministries together, both in planning and in implementation, as well as to convene multi-sector forums and facilitate engagement of subnational government entities and groups outside of government. The location of the country coordinating mechanism was a supportive but not sufficient factor to promote

effective mainstreaming”¹¹ It also notes that the programmatic approach was better sustained where dedicated support and resources for country coordination mechanisms were provided, and where monitoring on the level of the country programme was implemented.

NATIONAL ORGANIZATIONS AND INSTITUTIONS, INCLUDING DIRECT ACCESS ENTITIES

The case studies also demonstrate that national DAEs can play an important role in harmonizing and coordinating funding flows from different directions so that synergies on the ground can arise.¹²

While the roles of DAEs vary greatly, examples of successful such entities exist in the private and public sectors. EIF in Namibia or XacBank in Mongolia are local entities with good capacity and integrity that can provide similar continuity as the focal points, combined with consistent access to the relevant local stakeholders. In addition, these organizations have more flexibility to specialize in project management and possibilities to provide professional investment opportunities than their government coordinators. They are highly motivated as GCF funding is an important part of their overall deal flow. They can focus on a smaller subset of issues in low greenhouse gas emission or climate resilient development and thus be much more targeted and surgical in their alignment of funding flows. How well they determine their success, which aligns their incentives with the need for efficient coordination.

In Namibia, the task of EIF is to acquire and channel funds to support environmental initiatives. EIF – as delivery partner of the national designated authority and accredited entity to the GCF – is well-positioned to bundle community engagement, experience in the field and expertise in the mechanics of climate finance. Technical expertise and experience are further enhanced by the fact that senior staff frequently have long-standing

experience in relevant areas, such as community-based natural resources management, climate financing and monitoring and evaluation (M&E) gathered in agencies such as the UNDP, NGOs or research institutions. With EIF, Namibia has established an institution that was able to attract a growing number of funds with increasing volumes and that combines funds from different sources, including GEF, GCF and others.

XacBank in Mongolia was one of the first private sector institutions to be accredited by GCF, and it demonstrates how shared delivery mechanisms can reduce costs and increase efficiency. XacBank has systematically developed a profile that includes climate-friendly investments, especially in energy efficiency and renewable energies. The starting point was a collaboration with EBRD from 2014. XacBank was one of the Partner Banks through which small business received financing for sustainable energy projects. Through its good relationship with EBRD and local market expertise, XacBank helped guide the design of the CIF-SREP investment plan towards the technically more difficult areas of the Western Energy System. Similarly, XacBank serves as an advisor to ADB in terms of the fundability of energy efficiency measures in the building sector. Thus, climate funding from different sources and cooperation among MDBs as well as UNDP facilitated the growth of XacBank, which became an important and dedicated private player in climate financing.

Similarly, in some cases, delivery mechanisms can be shared. Through coordination by the focal point, SGP in Cambodia now also implements funds from climate donors other than GEF, including Australia and Sweden. In Namibia, EIF is host to SGP with the mutually agreed aim to secure sustainability of the SGP initiative even beyond GEF funding. The practical advantages of sharing infrastructure, (knowledge and staff) resources and expertise are other positive effects.

The case studies give rise to the hypothesis that national entities can play a particularly important role in small countries, which might not warrant the in-depth engagement of a large international organization. Countries such as Mongolia or Namibia might not provide a large enough deal

11 Evaluation of the Climate Investment Funds' Programmatic Approach, ICF, 2019, p. 20, 36.

12 For information on the role of international agencies, see the next chapter.

flow to multilateral agencies to have dedicated country climate change specialists, or to manage the intricate needs assessment and stakeholder involvement processes that might be helpful for leveraging synergies. Local entities will know the local environment much better and be more “plugged in” to the implementation level. Also, their governments will be faced with much larger challenges in the coordination function than governments of larger countries with more staff, and the DAEs might be able to take on some of that challenge.

National private sector banks and investors can also foster synergies. Different instances can be observed in Kazakhstan and Mongolia. In Mongolia, a private sector bank is an integral part of climate funding. Mongolia’s XacBank is not only funding initiatives around energy efficient buildings based on GCF and GEF funds but also in cooperation with ADB and UNDP. As already mentioned above, good collaboration with EBRD and local market competence put XacBank in a position to help in guiding the design of the CIF-SREP investment plan. Today XacBank in Mongolia plays a key role as the only bank in Mongolia with a green banking department and a specific profile in the relevant sectors. Besides the collaboration with XacBank, EBRD was also working together with Mongolia’s largest commercial bank, Khan Bank, under its MonSEFF initiative. In Kazakhstan, private sector investment was leveraged only after framework conditions became sufficiently attractive for investment and some projects were financed together with public owners. Today, the EBRD renewable power project pipeline is well established and private investors seem to be keen to invest in such projects in the country. Ideally, this situation will sooner or later attract the interest of local or international commercial banks.

On the other hand, of course, the national DAEs have some limitations. For example, for reasons of size or staff capacity, they might not be able to develop and implement large scale or innovative projects. In addition, DAEs are typically focusing on specific themes and not covering all important areas of climate action. For example, EIF in Namibia only focuses on community-based adaptation and renewable energy deployment. Last but not least,

national DAEs might not be as connected to the global community of climate action to always trace and implement best practices, including but not limited to project management, monitoring and evaluations.

INDIVIDUALS

Often synergies can be traced back to individuals. On the national level in several countries, there now is a tier of very well networked and motivated professionals. They have collected a large amount of experience on how to structure climate finance projects and how to make use of different funding streams. Such individuals are well placed to develop into local champions who understand not only the local opportunities but also the global offer of climate finance, and they can mix and match the funding components to make ends meet in a very efficient way.

The case studies and most of the synergistic cases that have been identified in the climate finance portfolios feature a number of such local champions, including, but not limited to, staff in Kazakhstan or Namibia. In several cases, these individuals have moved between agencies which allows them to understand the different organizational perspectives and interests that govern the climate finance project cycle and climate financing needs. In Kazakhstan, for instance, one individual has been identified who has entered the field of renewables as manager of one of the early climate-funded projects in the country, and afterwards moved into a public institution and helped shape the framework for renewables. With their specific mix of technical and non-technical qualifications, they can constitute very important drivers for synergies, including by the exploitation of funding gaps and creative opportunities.

Of course, the fact that individuals are moving from one institution to another entails the risk that they are taking knowledge and know-how with them. Therefore, local institutions should have knowledge management mechanisms in place with which relevant expertise can be transferred into the institution which the individual might leave at some point in time.

DEVELOPMENT PARTNERS AND AGENCIES, INCLUDING INTERGOVERNMENTAL ORGANIZATIONS, CREATING SYNERGIES ON THE LOCAL LEVEL

Agencies with access to different funds can use know-how gained in one fund and transfer it to another and vice versa. Multilateral climate finance goes through accredited entities (GCF), implementing agencies (GEF) or MDBs (CIF). Several of these agencies qualify for climate funding from more than one mechanism. For example, the World Bank, Inter-American Development Bank, ADB, African Development Bank and EBRD can all receive funding from AF, CIF, GCF and GEF. For them, developing and implementing climate finance constitutes a significant learning investment at first. It requires processes and policies that are sometimes not part of their designated national authority. Policies and approval steps in the respective climate finance body are not always easy for them, even if they often are compensated for that with fee payments. Synergies arise, when a second and third project is developed and implemented at lower cost than the first, through internal learning or process adjustments.

For doing that, most of the agencies have created specialized teams that support programme staff in managing the climate change funds' project cycles. Then, the same climate finance specialists support the project pipelines for all climate funds and make the project cycles more manageable for their colleagues at the agencies. In addition to transferring lessons related to project cycles and approval procedures, these specialized units can also advise on the likelihood of approval and thematic funding requirements with the various funds (e.g. the need to demonstrate global benefits with GEF).

As the international agencies (e.g. MDBs) have a mandate for general development aid, climate funds can leverage "normal" official development assistance resources as co-financing for climate action. This is one way to enhance synergies with "mainstream" national development initiatives. For example, in Namibia, the community-based natural resources management programme was provided with climate funding from different funds, allowing for a mainstreaming of these resources.

In Cambodia, a pre-existing infrastructure programme included adaptation funds from the ADB PPCR resources, which not only led to the creation of more resilient infrastructure but also allowed ADB to build internal capacity with agricultural and infrastructure ministries. While all international development partners are participating in donor coordination efforts, some are tasked with a coordinating role for official development assistance over a long time frame. Specifically, UNDP is often supporting a country's climate focal points in formulating their national communications and project formulations, and it has access to several climate funds. This is a strategic position that allows UNDP to actively leverage synergies to some degree. In Cambodia, UNDP has assumed this role as an implementing agency of the Cambodia Climate Change Alliance. Among other tasks, this initiative has specifically supported the National Climate Change Committee by establishing a donor coordination mechanism, building capacity in climate change financing, and supporting the accreditation process of entities to access AF and GCF.

Explicit upfront coordination of country engagement portfolios between agencies, specifically between the MDBs, has been successfully piloted by CIF. The CIF investment plans represent a systematic approach to coordinating and active leveraging of synergies between the climate-financed interventions of MDBs in CIF countries. The design of the investment plans was supported by joint analysis and stocktaking of investment needs and identification of investment opportunities in close cooperation with the country governments and participating MDBs. Funding envelopes had been identified at the outset of the process, and the MDBs and their technical staffs were involved in this process. Both factors supported the creation of a consistent plan containing complementary and synergistic project ideas that were already very specific. They included a plan for who will do what, the associated funding envelopes for the climate funding, and the opportunities for blending CIF funds with other MDB projects and initiatives. In providing this type of explicit programme planning platform, the investment plan process provides an example for shaping synergies between different MDBs and (climate and non-climate) funding streams, and

potentially for national investment plans based on NDCs¹³

The benefits of having consistent country investment planning comes out clearly in the activities around the CIF-SREP investment plan in Mongolia. The preparatory research for the investment plan pointed to the imperfections in the policy regime and helped direct CIF-SREP funding to areas of need in a way that avoided the crowding out of the private sector activity. The initial investment by EBRD into the first independent power producer, the Salkhit wind farm, provided an important learning opportunity and basis for building a structured investment programme around it. This example also highlights the need for the right combination between grants funding and concessional loan funding – technical assistance funded from grants remains a necessary component for the green transition.

DEVELOPMENT PARTNERS AND AGENCIES, INCLUDING INTERNATIONAL ACCESS ENTITIES, CREATING SYNERGIES ACROSS COUNTRIES AND WITHIN THE ORGANIZATIONS

Within international entities, important synergies can be created by the development of international best practice approaches and replicating them in many countries. In a number of situations, the same approaches for climate mitigation or adaptation are best practice in many countries. Knowledge and capacity management on the level of the agencies can provide a roll-out mechanism that ensures that this good practice is implemented in a fair and ubiquitous manner. A good example is standardization for energy efficiency. UNDP, for example, has helped a large number of countries introduce minimum energy performance standards for appliances with GEF support. Here, the agencies can help reach economies of scale and scope using one or multiple sources of climate finance.

13 For a detailed assessment of the GCF country support and Readiness and Preparatory Support Programme, please refer to the recent evaluation of that programme by the GCF IEU, as discussed at the twenty-second meeting of the Board.

Where the international implementing entities have formed specialized climate finance teams, these teams can also transfer lessons learned on best practices for climate action from one country to another. A very illustrative example from the case studies is the EBRD Sustainable Energy Financing Facilities – a multi-country programme that draws on resources from multiple climate finance funding streams. It is working with the same approaches in both Kazakhstan and Mongolia (among other countries), where it supports private investors in financing wind power plants with loans and equity, learning with respect to financial risk management and country policy environments across countries.

With intelligent internal management of the resources, including fees that are associated with the administration of climate finance projects, and efficient knowledge management, agencies can leverage significant synergies in project development, allowing them to design more and better based projects, pooling funding from different sources.

Even without cross-country replication, large international organizations can leverage synergies by pooling funds from multiple climate finance flows and combining them with other funding flows, for example, sectoral technical assistance facilities.

CROSS-CUTTING DRIVERS

Generally, more synergies can be leveraged if there is a long-term plan that allows bringing international funding availability in line with national needs. The role of the right point in time cannot be underestimated: funding needs to be available when the policymaking windows are opened. While it is very hard to conceptualize their influence as it plays out differently in each context, it is likely that countries are more able to exploit longer-term planning cycles. This was one of the major benefits of the CIF investment plans when they could be aligned with national planning cycles, for example, with the five-year plans that are used in many countries.

In addition, many other soft factors on the country level are favourable for the leveraging of synergies,

including skills; transparency; sufficient knowledge of opportunities to leverage synergies; sufficient staff time or capacity; access to synergistic opportunities; and having decisionmakers who are able to take synergistic action. And, last but not least, the right incentive structure can motivate stakeholders to collaborate and co-create in synergistic manners.

In the case studies conducted for this evaluation, it seemed easier to leverage strong synergies in countries where there is a clear leader among the DAEs or MDBs. Operational synergies are easier to create if an entity can interact efficiently and effectively with the local stakeholders and serve as a central information and contract hub for the national counterparts as well as for the different funding mechanisms. Long-standing cooperation – not only in climate initiatives but also in traditional development support – has often led to a high level of trust. Where the CIF investment planning model explicitly designates a lead MDB and lead focal point agency, a line of responsibility is established between the two entities. This can be central for synergies, particularly if the “de facto lead agency” is open for collaboration and division of work with other entities that can access or implement climate funding.

In Kazakhstan, for instance, EBRD has built and maintained a clear line of reporting and established a trusting relationship with the Government of Kazakhstan over the last 10 years. Through this close collaboration and with the support of the investment plan, EBRD, together with the Government, was able to gradually build up a framework for large-scale renewable power. The fact that EBRD is also active as a direct investor in Kazakhstan has certainly increased trust in the bank, but it also strengthened the function of EBRD as a role model for investors in the new technologies.

EBRD engagement in Kazakhstan also provides a good example of how to successfully implement pilots that later lead to a scale up of funds for renewable power projects. Patience, a long-term push and a strong commitment to implement actual power supply projects first leads to some pilot projects and, ultimately, facilitates deployment of a new technology at a larger scale. In a first

phase from 2008 to 2013, with its own funding and CIF-CTF funding, EBRD focused on supporting the establishment of a sound legal and regulatory framework for renewable power, similar to the Law on Supporting the Use of Renewable Power and the introduction of a fixed feed-in tariff into the latter. Once the feed-in tariff was introduced in 2013, EBRD, together with CIF-CTF, co-financed a pipeline of first mover wind and solar projects. Moreover, although projects were canceled despite this financing commitment or suffered delays, EBRD continued to do both, liaising with investors and maintaining a project pipeline as well as supporting the government to fine-tune framework conditions. Ultimately, a first solar power plant (50 MW) could be realized. This project can be regarded as a starting signal. It entailed that investors’ interest – including private investors – grew and further financing was committed to projects. Some of these projects have already been commissioned and are under development or construction. This dynamic was supported by an increase in CIF-CTF funding from about USD 42 million to about USD 66 million. CIF-CTF funding was superseded by USD 106 million in funding from GCF in 2017. These funds will be used to finance a well-filled renewable power project pipeline but also to support distribution network modernization.

Cambodia has a similar set-up: ADB is clearly the lead agency for adaptation in the context of rural, coastal and urban infrastructure as well as mainly commercial and trade-oriented agriculture using funding from CIF, GCF and others. It is noteworthy here that ADB has integrated its climate initiatives into more comprehensive non-climate investment programmes (e.g. the integration of a climate-proofing programme of agricultural infrastructure into the Climate Resilient Rice Commercialization Sector Development Program).

In Namibia, EIF has become an essential instrument to the government. Many EIF senior staff have long-standing experience in climate finance projects from previous positions in agencies, such as UNDP, NGOs or research institutions. This knowledge as well as the relationships with decisionmakers and stakeholders were consequently very useful to access other climate funds and implement follow-up activities more efficiently, and they made EIF into a central player in climate financing in Namibia.

Collaboration between agencies of different comparative advantages can make projects more cost-effective through leveraging synergies between the agencies, irrespective of the source of funding. For example, UNDP has a traditional strength in capacity-building and technical assistance but not in investment funding or infrastructure finance. To make up for that shortcoming in Latin America, it has signed a memorandum of understanding with the Development Bank of Latin America, a Latin American infrastructure investment bank. UNDP, which has access to GEF funds but not the significant scale investment funds from climate finance mechanisms, is using GEF funding to support the city of Montevideo in developing a mobility strategy. The Development Bank of Latin America is applying for GCF funding for the implementation of the investments associated to this initiative. Such collaboration has also been observed between GCF DAEs and international entities that were contributing climate finance from other funds.

CHALLENGES TO SYNERGIES

Often, of course, synergies cannot be leveraged, and there are several reasons for this. Hosier (2010) describes several reasons why synergistic use of climate financing might be necessary or appropriate: limited funding availability from each of the mechanisms; fragmented governance and decision-making structures between them; and different paces of decision-making. But the author also points out that the mechanisms are associated with different transaction costs, and, specifically, that the transaction costs of the GCF and GEF are high compared to CIF-CTF, but that CIF-CTF is only available for a limited set of countries.

Generally, leveraging synergies means extra effort because working through additional process cycles, documentation and approval, requirements, coordinating timelines, and stakeholders and approaches with each other is necessary. Specifically, the following extra effort for combining funding streams from multiple climate finance mechanisms has been highlighted:

- Increased transaction costs through multiple approval processes with the funding mechanisms;
- Sometimes, increased transaction costs or ill-aligned incentives when different in-country focal points and in-country decision-making processes need to be included;

- In some cases where multiple agencies or funds are involved, different processes internal to the approval processes of the respective agencies. This might include changes to the country programming of the agencies, requiring renegotiations of funding strategies agreed upon between the countries and the agencies; and
- In the worst case, differences between the approval processes of the funds' board/trust fund committee/council, country focal points or agency-internal processes require compromises in project designs to satisfy funding requirements.

These differences constitute additional work and costs, which put additional strain on the existing staff resources. Even more importantly, they also create disincentives to looking for synergies.

A general lack of interlinkages between the funds, including a lack of coordination on a high level (i.e. an agreement on who funds what and on the comparative advantages of the funds) and a lack of coordination on long-term pipeline development are the most important factors that limit synergies and economies of scale and scope. On a positive note, it should be mentioned that CIF and GCF have taken on a joint effort some time ago to identify ways that GCF funding could be used for unfunded CIF investment plans. While both funds have recognized opportunities for synergies

and are driving the issue forward, the process to move GCF funds towards CIF investment plans has exposed some procedural difficulties. These are mainly related to project selection procedures and reluctance within recipient countries and MDBs due to remaining uncertainties.

IN-COUNTRY COORDINATION

For the coordination within a country, many local constraints apply and limit the ability to work towards synergies. For example, where the focal point responsibility for climate funding rests with the ministries for the environment, these ministries are often small and often have limited staff capacity as well as limited convening power within their governments.¹⁴ The IEU evaluation of the GCF Readiness and Preparatory Support Programme identifies this as a significant challenge for GCF projects as well as for the Readiness and Preparatory Support Programme itself. The split responsibilities and the empowerment of ministries for environment, which – in the assessment of the evaluators – often have too little political clout. In addition, it has been observed that this even leads to tensions within a government over the availability and use of climate funds. Similarly, the CIF evaluation of programmatic approaches finds that “CIF government focal points are sometimes over-burdened civil servants with limited capacity, incentives and convening power”.¹⁵

In addition, the country focal points are not necessarily the same for each fund, which makes coordinating the portfolio and leveraging synergies even more difficult. Table 3 lists the situation for the case study countries. Other evidence is provided by

the case studies in the IEU evaluation of the GCF Readiness and Preparatory Support Programme.¹⁶

The climate funds – AF, CIF, GCF and GEF¹⁷ – are supporting these ministries with capacity-building and other means.¹⁸ Yet most climate finance readiness programmes are focusing on providing planning and pipeline development resources only for the respective climate finance mechanism. An exceptional example is Zambia, where the CIF-PPCR readiness activities have led to the creation of a platform for collaborative discussions across ministries and projects as well as to additional funding engagement by GCF, UNDP and the World Bank, and to the collaboration across ministries and projects.

But if governments do not have enough resources available, this constitutes a significant risk to the effectiveness and continuity of national climate action through inaction or duplication rather than synergy between different projects. A frequent constraint are limited time or staff capacities, on all levels and especially during early stages of climate funding. This was, for instance, the case in Cambodia. ADB (2017) describes a situation at the start of SPCR planning where the Ministry of Environment was overburdened with UNFCCC-related responsibilities (national communications and NAPA), the implementation of GEF- and other donor-funded programmes as well as setting up the climate change strategy and action plan. Although other country case studies are not providing detailed evidence of such situations, frequent delays, smaller-than-expected project outcomes or difficulties in coordinating initiatives might indicate that capacities could have been insufficient, although this is hardly the only factor.

14 For more detail on this, please refer to the IEU evaluation of the GCF Readiness and Preparatory Support Programme available at <https://ieu.greenclimate.fund/documents/977793/1471976/RPSP_Main_Report.pdf/d0ff7ad0-fce3-45e4-19c4-fd36c2758e64>.

15 See page 44. Although the statement continues to say that this is specifically limiting their ability to facilitate cross-cutting learning programmes.

16 For more detail on this, please refer to the IEU evaluation of the GCF Readiness and Preparatory Support Programme available at <https://ieu.greenclimate.fund/documents/977793/1471976/RPSP_Main_Report.pdf/d0ff7ad0-fce3-45e4-19c4-fd36c2758e64>.

17 For a more detailed assessment, please refer to the IEU evaluation of the GCF Readiness and Preparatory Support Programme available at <https://ieu.greenclimate.fund/documents/977793/1471976/RPSP_Main_Report.pdf/d0ff7ad0-fce3-45e4-19c4-fd36c2758e64>.

18 The synergies between these potential funds have not been the focus of case studies that support this study but should be assessed separately.

In addition, the recent evaluation of the GCF Readiness and Preparatory Support Programme finds that “explicit coordination between climate agencies at the country level is not widespread” (p. 53), and it suggests that country coordination be strengthened not only between government stakeholders but also between agencies. Indeed, the case studies conducted for this evaluation indicate that, in some cases, national or international agencies can carry on momentum as well.

Last but not least, to successfully scale up good practices, good knowledge management is essential for know-how transfer between all stakeholders and for making the larger funding amounts from large mechanisms available. Specifically, the link for scaling up is often a “valley of death”: some projects yield good results in pilot projects but seem to have difficulties documenting these results systematically and making them available for “repeaters” and “up-scalers”. This is one very significant benefit of local institutions as implementors: more often than not they will be self-motivated for driving their “business models” to scale and find innovative ideas for additional funding. But in order to do that, they

would need access to the other mechanisms and larger funding streams, and that funding needs to be available to them. Moreover, potentially – as they are often limited in scale – the support of larger partners might be helpful.

STRUCTURAL AND ADMINISTRATIVE CHALLENGES

Stakeholders in the interviews for this study frequently note a lack of coordination and harmonization of processes and procedures between the different multilateral climate funds. They had specific pointers regarding harmonizing safeguard policies, templates and procedures that were misaligned between the financial mechanisms and that would warrant a separate study. In addition, approval processes are constantly being refined so that it is not necessarily easy to understand the misalignments. For example, while similar requirements exist for safeguards, their presentation and discussion need to be repackaged

Table 3:

OVERVIEW OF FOCAL POINTS OR DESIGNATED AUTHORITIES TO THE CLIMATE FUNDS IN THE FIVE CASE STUDY COUNTRIES*

| COUNTRY | GEF: POLITICAL FOCAL POINT | GEF: OPERATIONAL FOCAL POINT | CIF PROGRAMME FOCAL POINT | ADAPTATION FUND FOCAL POINT | GCF |
|-------------------|-------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------|----------------------------------------------------|
| Cambodia | Ministry of Environment | Ministry of Environment, National Council for Sustainable Development | SREP: Ministry of Mines and Energy PPCR: Ministry of Economy and Finance | Ministry of Environment | Ministry of Environment |
| Kazakhstan | Ministry of Energy | Ministry of Ecology, Geology and Natural Resources | CTF: Ministry of Energy | Ministry of Energy | Ministry of Ecology, Geology and Natural Resources |
| Mongolia | Ministry of Environment and Tourism | Ministry of Environment and Tourism | SREP: Ministry of Energy | Ministry of Environment and Tourism | Ministry of Environment and Tourism |
| Namibia | Ministry of Environment and Tourism | Ministry of Environment and Tourism | - | Ministry of Environment and Tourism | Ministry of Environment and Tourism |

* Updated as of February 2020.

Abbreviations: CIF = Climate Investment Funds, CTF = Clean Technology Fund, FIP = Forest Investment Programme, GEF = Global Environment Facility, SREP = Scaling Up Renewable Energy Program.

Sources: GEF and GCF country webpages.

for different approvals.¹⁹ Some funds and entities have clear (and comparatively tight) deadlines for getting projects approved, some have performance standards (which are less binding), others do not (and can take a comparatively long time for approval). Differences between these standards make it harder to blend funds. Yet it is obvious that, in general, long approval times and uncertain approval policies create disincentives for pooling funds from more than one climate finance mechanism.

While an important synergy mechanism is the scaling up of successful projects in follow-up projects or second phases, typically, a one- to two-year break arises between project phases. Applications for follow-on funding typically cannot be approved on time to ensure continuity on the ground. In some cases, the funding for the second project requires terminal evaluations of the first project, and a funding gap of about a year is typical. Most agencies are not able to retain (project) staff over so long, so that the second project needs to reestablish teams and offices. This leads to a period of at least two years between the initial project and the effectiveness of the upscaling project that is lost for implementation and climate action.

Interruptions can also occur if climate financing falls short of programming. In smaller countries, GEF resources might be insufficient. Shortfalls could in theory be compensated by funding from one of the other mechanisms. However, often that funding is also not available when needed. For example, in Namibia, a phase 2 project could not be implemented due to a GEF funding shortfall and a consecutive policy change. In this case, a real synergy would have been created if another fund could have picked up the results quickly, but that was not possible. In this case, the obvious call is to send proposals from one fund to another that would still have programmable resources. For example, CIF has a number of unfunded investment plans and there was a collaborative attempt between CIF and GCF to fund the investment plans for Madagascar and Uganda from GCF funds. However, prioritization and scheduling challenges with the pipelines

of the agencies, countries and funds prevented this effort from succeeding. In the viewpoint of the study team, this is a systematic challenge.

Keeping up climate action is often hampered by changing priorities or framework conditions on the side of the government. Flexibility within and between the funds can help to keep up the momentum of climate action where implementing entities encounter challenges in their working relationships with countries. In these cases, the fungibility of projects between funds (and agencies) might help keep up the level of climate action. The CIF investment plans helped in this process. In Kazakhstan, CIF-CTF was able to shift funds from another programme where other financing became available to the EBRD oversubscribed renewable project pipeline. In addition, this shift also helped bridge the gap until GCF funding became available. In Cambodia, the World Bank was not in a position to continue with implementation along the lines planned, and ADB took over large parts of the CIF-PPCR projects. In fact, the CIF programmatic approach evaluation identifies “agency”, that is, an active championing of continuity, as one of the key factors for effective programmatic approaches.

Although there is willingness among the agencies to exchange knowledge and experience with other initiatives at the outset of climate projects, actual cooperation is often not taking place on a large enough scale, or only with limited effect. While there are encouraging examples for the exchange of knowledge, know-how and experience between agencies and projects, there is significant further potential for this kind of cooperation. A possible reason for that is that many project teams are too busy with daily business and dealing with internal problems so that supposedly less important connection with other projects receives a lower priority. In Cambodia, for instance, it is stated that the AF project could benefit from another project’s national scale, law enforcement monitoring, or from lessons learned from community protected area management and financing approaches. In Namibia, a long-standing local sector expert acknowledged that there is room for improvement with regards to know-how exchange between initiatives. In the interview, the creation of a national “community of practice” was brought up as an idea that could enhance the flow of know-how between stakeholders using different sources of climate funding but working on similar topics.

19 At least one of the cases was for CIF and GCF approval of a World Bank project. While the CIF Administrative Unit points out that CIF does not have separate safeguard policies, GCF relied on the International Finance Corporation standards initially and then moved to a separate policy. It is conceivable that this issue was just one of poor timing rather than a systematic finding. However, more research should be undertaken on the details of the respective project cycle requirements.

WINDOWS OF OPPORTUNITY FOR PROMOTING SYNERGIES ON THE LEVEL OF THE CLIMATE FUNDS

There is ongoing exchange between the secretariats of the different funds, but high-level decisions are not yet fully aligned. All climate funds have been asked to strengthen their collaboration and there is regular exchange between the staff of the secretariats.²⁰ GCF Board members, CIF Trust Fund Committee members and GEF Council members in several cases are the same persons or close colleagues. Yet it is hard to find evidence that Board decisions (including on policies and funding requirements) take explicit note of the need to align processes and procedures or leverage synergies. The GEF IEO Climate Change Focal Area Study 2017 did not identify systematic collaboration and no explicit reference to coordination with GCF in the GEF-6 projects, rather it noted informal and random indications of potential alignments of projects.²¹ More strategic opportunities for promoting synergies exist, and these will be discussed in the following three sections, focusing on the complementarity between the types of funds, on the alignment of policies, and on in-country coordination.

20 For example: United Nations Framework Convention on Climate Change: Guidance from the Conference of the Parties and Responses by the Global Environment Facility COP1-COP21. Available online at: <https://www.thegef.org/sites/default/files/publications/GEF_UNFCCC%20COP%20Guidance2016_r2.pdf>. Quoted after GEF (2017a), p. 20.

21 GEF (2017a), p. 20.

COMPLEMENTARITY BETWEEN THE FUNDS

The funds are providing different types of resources, which is a good opportunity for complementarity. As described above, the climate finance facilities are different in scale and scope (including geographic scope and accredited agencies) as well as the level of concessionality of funds. This is well recognized in theory. The GEF IEO Climate Change Programme Study 2017 describes GEF funding in comparison to GCF and CIF-CTF funding as grant-dominated and focusing “upstream on the enabling environment to support broader public and private climate investment, including through policy, legal, and regulatory reform and capacity building”. It notes that few CIF-CTF investment plans are addressing regulatory barriers and that CIF-CTF included only 3% grants.²² Stakeholders interviewed for that study highlight that GEF and AF has the “potential to be an incubator for countries to test and refine project concepts prior to seeking large-scale finance through GCF” and point to the examples of Concentrating Solar Power in Morocco, and the Grid Connected Solar Roof Programme in India where CIF-CTF has played an important role in the scale up of GEF initiatives, as well as to the capacity building

22 The study does not discuss the CIF-SREP and other CIF programmes that provider larger grant shares.

through AF funding.²³ In addition, some situations are natural niches of one or the other fund. For instance, in terms of geographies, GCF cannot fund projects in Turkey or Belarus. While Turkey can receive funding from CIF, Belarus is benefitting from GEF only. Or, in terms of the funding rationale, GEF pursues integrated, cross-sectoral programme funding to achieve climate benefits but also to a large share other benefits, such as biodiversity or land.²⁴

The GEF IEO Sixth Overall Performance Study recommends that the comparative advantages of each fund be clearly articulated and promoted. Ultimately, however, beyond raising general awareness for this structural complementarity, an agreement between the funds on how to exploit this in practical and operational terms is missing. The GEF IEO Sixth Overall Performance Study suggests enhanced collaboration with GCF, including systematic participation of GEF in GCF country programming and CIF investment planning processes.²⁵

So, while the funding implies comparative advantages and natural synergies, these are not systematically and intentionally leveraged.²⁶ While the general view of the stakeholders converges towards a general understanding of the complementarity of the funds and the potential synergies, there is no consistent information base for the funds on current opportunities for these synergies (e.g. no systematic review of NDCs or the pipelines of the other funds). In fact, there is not even a common place (for example, a joint project database) where information on past, current and future projects can be easily found.

But as decision-making bodies emphasize the importance of coherence of climate funding, the collaboration intensifies. Already, GCF is collaborating with GEF on developing an initiative to invite countries interested in exploring options for collaborative programming with the two funds in a manner that ultimately maximizes the benefit and impact of those resources.²⁷ The study presented here is jointly commissioned by the CIF Administrative Unit and GCF, and it is another example for an effort for intensified collaboration.

ALIGNMENT OF POLICIES, TEMPLATES AND REVIEWS

Stakeholder discussion for this study highlighted challenges in particular in the area of the administrative processes, including review processes, templates and standing requirements, such as for environmental, social and governance. They have also pointed out that the climate rationales of GCF and GEF are such that GEF funding is taken as co-financing from the GCF perspective, making it hard to formulate a consistent incremental cost rationale justifying the inclusion of both funding sources.

Ill-aligned processes lead to significant delays and difficulties in leveraging synergies between funds. An important gap arises where a requirement for upscaling projects is a concluded terminal evaluation of the precursor project as a precondition to enter the project development phase/project pipeline of the fund. In such cases, typically a gap of two years between the project and its scale up is generated.

While there is value in aligning policies, templates and reviews, some differences might be, to an extent, a reflection of the differing mandates among the Funds. Therefore, some differences in policies, templates and procedures will naturally persist as long as mandates differ among the Funds. Furthermore, uncertainty over review criteria and Board priorities is compounding difficulties for GCF applicants, as here many aspects are still in flux and policies are yet to be defined.

23 GEF IEO Climate Change Programme Study 2017, p. 22; see also the GEF IEO study on Comparative Advantage, Adequacy of Funding / Financing, Health of the Expanded GEF Partnership and Governance Structure 2017 (GEF (2017b)), available at: <<http://www.gefio.org/evaluations/comparative-advantage-adequacy-funding-financing-health-expanded-gef-partnership-and-0>>.

24 GEF IEO Climate Change Programme Study 2017, p. 23.

25 See <<http://www.gefio.org/evaluations/gef-changing-environmental-finance-landscape-ops6>>.

26 See also: Amerasinghe, N., J. Thwaites, G. Larsen, A. Ballestreros. 2017. The Future of the Funds. World Resources Institute.

27 See <https://www.greenclimate.fund/documents/20182/1087995/GCF_B.20_25_-_Decisions_of_the_Board___twentieth_meeting_of_the_Board__1__4_July_2018.pdf/80c9b411-a25d-7106-00d6-5cf2c9d5cb15>.

Climate funds have signaled potential to align indicators and methods in order to enable more consistent design and application of policies for impact, among other benefits. For example, the climate funds initiated a Collaboration Platform on results, indicators and methodologies for measuring Impact. The Platform aims to create a collaboration space for regular exchange of current practices and to better understand each fund's experiences in the areas of results management, performance indicators, and methodologies for measuring impact of the portfolios, as well as operational efficiency.

FOCAL POINT SUPPORT, COUNTRY COORDINATION SUPPORT AND LEARNING MECHANISMS

Each fund currently has its own capacity-building and focal point support facility. For GEF, this facility includes the support for national communications and the Capacity-building Initiative for Transparency. Within these facilities, country focal points are strengthened for compliance with UNFCCC. As part of their participation in the UNFCCC process, Parties to the UNFCCC provide national planning documents for climate action, including the NDCs and NAPs that they prepare with help from GEF funding.²⁸ These documents typically provide important general guidance for climate action that is then funded by all climate finance mechanisms²⁹ but is not necessarily detailed enough to design country investment plans on that basis. GCF funding is available for NAP formulation and capacity-building with GCF focal points. CIF undergoes an explicit country planning process in the form of the investment plan/SPCR, which is supported by a differentiated menu of fundable activities. This process is targeting the formulation of a project pipeline and the use of CIF resources. Examples

28 In the context of so-called enabling activities. More thorough discussions on how the GEF supports the participation of countries in the convention and the relevance of this support can be found in the GEF IEO Climate Change Focal Area Study 2017 that supported the Overall Performance Study 6, page 16 ff.

29 For example, the GEF IEO Climate Change Focal Area Study 2017 (p.18) mentions that 40% of projects under GEF-6 were demonstrating alignment with the (I)NDCs, which is now a part of the project review process in response to the Paris Agreement.

are the CIF-CTF investment plan in Kazakhstan, the SPCR in Cambodia, and the CIF-SREP investment plan in Mongolia. They all have shaped and structured the programming of climate initiatives. The CIF investment planning process is the most operational in that it allows for a clear definition of intervention areas and projects, and it benefits from the inclusion of the agencies early on. Both the CIF and GCF programmes have been evaluated recently.

The exchange of experience and lessons learned through different formats can help to deploy good practices, including in coordination and cooperation with other climate-financed initiatives, and can benefit from coordination and collaboration between the funds. All funds have mechanisms where country stakeholders meet on a regional basis to exchange knowledge. CIF facilitates pilot country meetings with MDBs, and the countries work over several days in workshops with field visits. Delegations from the pilot countries exchange their experiences from working with the funds and MDBs and on adaptation or mitigation issues in their countries. These exchanges help countries learn from each other's experiences, including with climate finance from other funds. Similar opportunities are provided through the GEF Constituency Workshops and Knowledge Days³⁰ and the GCF Readiness and Preparatory Support Programme and structured dialogues. These workshops and meetings are an opportunity for national focal points and other stakeholders to share experience from projects and enhance coordination, among other topics. Yet, even if information and methodologies can be utilized for all climate funding, their learning programmes are focusing on developing projects for the fund that organizes the programme. The GEF as well as the CIF Administrative Unit have provided planning guides for knowledge sharing ("The art of knowledge exchange").³¹ They contain useful tips on how to establish and maintain relationships, ensure that knowledge is documented and disseminated, etc., which are all fundamental ingredients for leveraging

30 See <<https://www.thegef.org/topics/knowledge-learning>>.

31 See <https://www.thegef.org/sites/default/files/publications/GEF_WB_AoKE_English.pdf> and <https://www.climateinvestmentfunds.org/sites/cif_enc/files/knowledge-documents/aoke_cif_guide-full.pdf>.

synergies with partners outside the project. Several examples of centralized knowledge platforms exist.

Even as most countries include similar mitigation options and adaptation challenges in their NDCs, coordinated support that helps them to structure investment programmes around their NDCs is currently a work in progress. The CIF country investment plans (most of which predate the Paris Agreement) serve this purpose for CIF funding. Within the countries, in some cases, annual M&E workshops bring together country stakeholders. However, starting with the new era for climate action introduced by the Paris Agreement, support to countries should go beyond capacity-building as implemented through the GEF Capacity-building Initiative for Transparency and focus on investment plans based on the NDCs and leveraging all resources (including the funds discussed here and additional bilateral funding lines). GCF and GEF are undertaking efforts to understand how project preparation grants and other types of preparatory support can be better aligned between the funds.³² At the GEF Assembly in Viet Nam in 2018, the two bodies also explored options for programming resources from GCF and GEF in a synergistic manner.

32 See the “Seventh Report of the Green Climate Fund to the Conference of the Parties to the UNFCCC”, available at <http://unfccc.int/ttclear/misc_/StaticFiles/gnwoerk_static/tn_meetings/040b34e68de94c2d8eec1d2f973edbc/b6134c5e3af344949dea75f2b4aef804.pdf>.

AVENUES TO EXPLORE

From this discussion, a number of avenues are open for exploration in order to maximize synergies between climate finance mechanisms and converging funding flows.

ON THE COUNTRY LEVEL

The study shows that the most important way to leverage synergies – a way that also has many other beneficial aspects that foster the response to climate change in both adaptation and mitigation – is **strong country coordination**. In the best of worlds, it avails of sufficient staff time, skills and capacities as well as long-term continuity.

Strengthen country investment planning.

Country investment planning can help minimize or completely remove several of the challenges to synergies that have been identified (including longer-term planning and knowledge management). Strengthening it beyond its current levels and broadening its scope beyond individual funding sources would empower countries further. It would enable them to assess, formulate clearly and manage their resource needs; it would also help them safeguard the risks of climate change and might ultimately encourage them to design more ambitious NDCs. This aligns with the recommendations from the recent evaluations of the GCF Readiness and Preparatory Support programme and the CIF programmatic approach. Both these evaluations have valuable

recommendations on the support needed by the countries. However, the focus of country investment planning should be to put the country in the driver's seat to schedule international climate finance resources in line with their NDCs and NAPs, including through allowing for more consistent M&E and measurement, reporting, and verification. Investment plans for individual funds (such as the CIF investment plans and SPCRs) should be derived from these national plans and constitute parts of a larger package to: strengthen investment planning; provide capacity-building to governments and expert advice supporting the investment plan, including by – where necessary – enlisting an internationally specialized and experienced organization that can support governments with skills otherwise unavailable; and support knowledge management and transfer of lessons learned. It is equally important that the organization's track record ensures confidence into its impartiality and technical competence.

Create conditions that enable governments to efficiently coordinate climate initiatives.

Although some governments have introduced mechanisms to coordinate climate initiatives (e.g. inter-ministerial national climate change commissions), there are signs that the mandated entities in some cases might be overburdened with the complex funding environment. Complexity could be reduced by a number of means:

- The study showed that climate initiatives were particularly successful when the government was **working with one strong partner in a comprehensive but clear-cut thematic area**. In the case studies, this role has been assumed by MDBs (e.g. ADB or EBRD) or a DAE (e.g. EIF in Namibia or XacBank in Mongolia). Advantages of this approach are manifold: these partners can provide a one-stop shop and thus reduce coordination effort; they can establish some climate finance expertise; their long-term continuous cooperation enhances trust; and they often have access to co-funding and stakeholders, such as the private sector, among others. This type of cooperation can bring significant relief to ministries, and it allows them to focus on the policy level challenge;
- **Processes, procedures and modalities of the various climate funds are not yet harmonized and could be streamlined further.** The available evaluations consistently quote stakeholder interviews with that perspective. See section 7.3 for more detail;
- **Enabling activities and NAP and NDC support programmes, among others, should include the (sustainable) establishment of donor coordination mechanisms, build capacity in climate change financing, and include modalities that create project pipelines from NDCs that consider international best practice;** and
- **Inter-ministerial committees that are tasked with coordinating the national response to climate change are a best practice way out from the need to include many line ministries and agencies into climate action and climate investments.** This solution can integrate between the focal points of different agencies and climate-related processes, including, but not limited to, the climate funds and the UNFCCC. Civil society organization observers (see video of the twenty-second meeting of

the GCF Board³³) and the IEU (in its evaluation of the Readiness and Preparatory Support Programme³⁴) have highlighted the model of the Country Coordinating Mechanisms as designed by the Global Fund to fight AIDS, Tuberculosis and Malaria.

Actively leverage project-based synergy opportunities during project implementation on the ground.

All project approval processes, including of bilateral donors, require a discussion of other stakeholders that are active in a similar area. Although projects should of course seek complementarity and synergies with other projects already in the design stage, overlaps can happen, and opportunities for synergies are not always leveraged. Lessons learned in other projects and existing resources are not or only insufficiently communicated and considered. Good practice project management includes regular monitoring and course correction. GCF and GEF require midterm project evaluations that provide a well-suited milestone to identify current opportunities for synergies, but this can also be an ongoing effort. The evaluation of the CIF programmatic approach points out in this respect that the programmatic approach worked better in those funds that had included monitoring of their investment plans.

FOR THE AGENCIES, ENTITIES AND MULTILATERAL DEVELOPMENT BANKS

Foster a culture of cooperation by strengthening and incentivizing cooperation between entities/ MDBs/agencies that are implementing climate

finance. There are good examples for fruitful collaboration. Projects demonstrate in the approval process (often in a separate section of the project document) that they know about the other projects, but, as discussed above, there are significant disincentives to leveraging synergies in the project approval process as well as during

33 See <https://www.greenclimate.fund/documents/20182/1424894/GCF_B.22_03_Add.01_-_Report_of_the_independent_evaluation_of_the_Readiness_and_Preparatory_Support_Programme___Addendum_I_Secretariat_management_response.pdf/e10a6068-be04-d539-f285-b3337fd3a382>.

34 IEU (2018).

project implementation. Coordination is always associated with an extra effort and the reward is uncertain. However, cooperation between the climate finance channels and entities can lead to many advantageous side effects. As CIF shows, it limits the “rabbit race” for funding. It allows the country governments to leverage the comparative advantages of the entities and funds. Good cooperation between entities that are focused on technical assistance and development banks can leverage both financial and technical expertise, which leads to faster replication and scale up.

To achieve more cooperation, several measures are conceivable: (i) include information and best practice examples in project planning guides and trainings and communicate them in the fora or meetings held by the funds; (ii) ask for a cooperation strategy in the project development phase that includes concrete measures and budgets; (iii) ensure that these measures are implemented right from the beginning of the projects; (iv) share information on delivery mechanisms, project infrastructure, personnel resources and experts in formalized agency cooperation, which will increase cost efficiency, open more direct communication channels, and might even increase visibility vis à vis policy makers; and (v) an important step is clear discussion of comparative advantages that can directly lead to collaboration with another agency that has complementary skills, for example, technical assistance and financial support. This indicates that it would be possible to formalize agency cooperation, including but not limited to voluntary mechanisms, or formal mechanisms like the CIF investment plans.³⁵

FOR THE FUNDS

Continue and deepen the close collaboration between the secretariats of the funds. A more thorough exchange, including on differences in the funding paradigms and requirements, on approval and review processes, and, ultimately, on the

35 UNDP and the Development Bank of Latin America have established a memorandum of understanding for collaboration in Latin America and to coordinate their GCF and GEF-funded activities; their engagement could be an example for strategic collaboration.

complementarity among the funds can facilitate knowledge management and leverage efficiencies. This process is already ongoing.

Improve information availability on projects and pipelines. Local and international actors can look for synergies and often are asked to provide synergies through co-financing from different sources. Yet information on what other organizations are planning or funding is still not consistently available. For this study alone, a database with over 2,500 projects had to be compiled from four different organizations to understand the possible extent to which synergies can potentially be prevalent. In the course of this analysis, it became clear that often the information is incomplete, particularly with respect to project progress (or cancellation). Monitoring information is often unavailable even though these projects are almost all implemented through public and international organizations. Implementing a joint database across all funds should be feasible in the age of big data and modern information and communication technologies. It would be of enormous benefit to the global climate community, including the funds themselves, the donors, and, of course, also the recipients.

The possibility to combine financing from different climate funds could be explored further, and it could be clearly defined and communicated to implementing agencies and entities. A few examples were found where funds from different sources were combined into one initiative, typically, to bridge gaps between projects in long-term programmes or increase the availability of debt finance. There seems to be room for wider knowledge sharing of this approach.

Explore options that increase continuity of funding. Often there is a gap of one or two years between two consecutive projects. This creates several disadvantages: knowledge may be lost, staff cannot be retained, and the motivation of beneficiaries may suffer due to the interruption. Several options to enhance continuity could be considered: implementing entities could have the opportunity to apply early for possible follow-up projects so that these can be launched with no or few time gaps. Evaluations should then be done earlier in the

project implementation process so that assurance can be given by an independent evaluator that the project is worthy of continuation. Simplified approval processes for scale up and replication of projects with well-tested approaches could speed up funding and actual project implementation. Bridge funding that could keep the momentum of a closed project going could be another option (especially for projects that can yield results only towards the end of a project).

For aligning funds from different mechanisms, more transparency on the project cycles and standards would be helpful. The funds are in an ongoing process of developing and aligning their processes, procedures and policies. This is difficult and lengthy, and most areas of action are not within the mandates of the secretariats, but they are a matter of prioritization along all levels of project design and approval. This includes the boards, which might have to let go of approval conditions that are specific to one fund to the degree possible. However, there are a number of technical aspects of project management (environmental, social and governance; M&E standards; templates; etc.) where joint standards can be helpful. Currently, there is not even complete clarity on how synergies or fungibility of projects and initiatives between funds can be achieved as there is no alignment in project approval steps. On the other hand, the question is whether harmonization will ultimately solve the challenges. Stakeholders to this process point out that it should start at the level of the fundraising of the funds and at the level of country planning. In this area, a need for more research as well as dialogue exists.

Through this study, multiple topics has been identified that could be of high interest for expanding learning and knowledge on national synergies in climate finance through future activities. Some topics these include, but are not limited to: (i) the work done under the AF readiness program to build capacity at different levels including national and National Implementing Entities which helped address some challenges including facilitation of national coordination approaches. This experience was since then piloted with similar approaches by GCF, the Deutsche Gesellschaft für Internationale Zusammenarbeit

(GIZ) among others; (ii) how CIF piloted investment plans have contributed to building synergies among different actors at country level and how it can be replicable or extensible to other funds (iii) the identification of barriers, constraints and opportunities for joint programming or co-financing among these funds; (IV) the different project modalities which can enable synergies and better coordination. For example, the GEF's different project cycles and the GCF's readiness programme as a way to improve country-level coordination and planning, as well as building capacities of executing agencies; and (V) examples of how a country can use the different Funds to support different priorities according to each Funds' comparative strengths.

ALL LEVELS

Ensure that technical knowledge, know-how, and lessons learned at all levels are systematically gathered, recorded, and actively shared. This provides an important basis for scale up and replication, and it has the potential to magnify impact. On the country level, each project should consider defining and implementing a clear knowledge management and dissemination strategy depending on the target group. It should ensure that other initiatives and relevant stakeholders are aware of and can access relevant knowledge products. This requires that suitable knowledge carriers clearly define and play an active role in the project (e.g. universities, universities of applied sciences, regional and/or local training providers, etc.). Furthermore, it is important that there are fora where knowledge can be shared with the relevant target groups. On the level of the climate funds, centralized web-based platforms such as the UNDP Adaptation Learning Mechanism or GCF Direct Climate Action Platform can support the process of sharing knowledge resources, especially internationally. Of course, funds and agencies should seek to implement common solutions rather than distributed ones.

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LIST OF ACRONYMS

| | |
|----------------|-------------------------------------------------------|
| ADB | Asian Development Bank |
| AF | Adaptation Fund |
| CIF | Climate Investment Funds |
| CTF | Clean Technology Fund |
| DAE | direct access entity |
| EBRD | European Bank for Reconstruction and Development |
| EIF | Environmental Investment Fund of Namibia |
| FIP | Forest Investment Programme |
| GCF | Green Climate Fund |
| GEF | Global Environment Facility |
| GEF IEO | GEF Independent Evaluation Office |
| IEU | Independent Evaluation Unit |
| M&E | monitoring and evaluation |
| MDB | multilateral development bank |
| MonSEFF | Mongolia Sustainable Energy Finance Facility |
| NAP | national adaptation plan |
| NAPA | national adaptation programme of action |
| NDC | nationally determined contribution |
| NGO | non-governmental organization |
| PPCR | Pilot Program for Climate Resilience |
| SGP | Small Grants Programme |
| SPCR | Strategic Program for Climate Resilience |
| SREP | Scaling Up Renewable Energy Program |
| UNDP | United Nations Development Programme |
| UNFCCC | United Nations Framework Convention on Climate Change |
| USD | United States dollar |

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