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# CLIMATE CHANGE *at* **UNDP**: Scaling Up to Meet the Challenge



**UNDP** ENVIRONMENT & ENERGY GROUP



“ We have read the science. Global warming is real, and we are a prime cause. We have heard the warnings. Unless we act, now, we face serious consequences. Largely lost in the debate is the good news: We can do something – more easily, and at far less cost, than most of us imagine.

In this, it helps to have a vision of how the future might look if we succeed. That is not merely a cleaner, healthier, more secure world for all. Handled correctly, our fight against global warming could set the stage for an eco-friendly transformation of the global economy – one that spurs growth and development rather than crimps it, as many nations fear.

We have witnessed three economic transformations. First came the Industrial Revolution, then the technology revolution, then our modern era of globalization. We stand at the threshold of another great change: the age of green economics. ”

– UN Secretary General, Ban Ki-moon

“ Climate change will have a more immediate effect on many of the poorest people in the world, including those least able to recover from climate stresses like droughts, floods, and changing conditions for crops and livestock. That is why reducing poverty and promoting human development will urgently require measures both to mitigate and adapt to climate change. We have to adjust development practices to take into account the climate change challenge.

This means giving greater attention to mainstreaming climate change considerations in our own programming, helping strengthen national systems that manage climate variability, and securing financing for both environmentally-friendly investments and supporting the implementation of national adaptation priorities.

Climate change is a central development challenge of this new century. We have no choice but to address it with the urgency it deserves. ”

– UNDP Administrator, Kemal Derviş



# CLIMATE CHANGE *at* **UNDP**: Scaling Up to Meet the Challenge



INTRODUCTION, 07

Climate Change: Context for Action, 08

UNDP and Climate Change: Review of Current Activities, 12

Scaling Up to Successfully Address Climate Change, 16

Strategic Priorities for Scaled Up Action, 18

Operationalizing the Climate Change Strategy, 26

Annex 1: UNDP Climate Change Strategy: Estimated financing  
required for the period June 2008 – December 2012, 32

Acronyms, 36

# INTRODUCTION

**Climate change** is the defining human development issue of our generation. The importance of acting decisively now is highlighted in the UNDP Human Development Report for 2007/2008. The way the world deals with climate change today will have a direct bearing on the human development prospects of a large section of humanity. Failure will consign the poorest 40 percent of the world's population – some 2.6 billion people – to a future of diminished opportunity.

As the United Nations' global development network, UNDP's goal is to align human development and climate change management efforts by promoting mitigation and adaptation activities that do not slow down but rather accelerate socio-economic progress. Much of the thinking to date on how to address climate change has focused on incrementally reducing emissions – such as the commitment to reduce emissions to 5 percent below 1990 levels under the Kyoto Protocol. These incremental improvements are important first steps. But successful climate change management will require a dramatic scaling up of mitigation and adaptation efforts at all levels, enabled by a coordinated mix of policy and financial instruments. It will call for a new development paradigm that mainstreams climate change into strategies and plans, and that links policy setting with the financing of solutions.

This paper presents UNDP's strategy to support the efforts of developing countries and vulnerable groups for scaling up mitigation and adaptation action to successfully meet the climate change challenge and achieve the Millennium Development Goals (MDGs). In close partnership with all concerned UN agencies, and other development partners such as the World Bank and the regional development banks, environmental bodies such as the GEF, as well as NGOs, the private sector and civil society, UNDP will provide the following services to achieve this objective:

- Promote tighter linkages from assessment, upstream policy and institutional change activities to investment and financing of solutions;
- Complement existing policy change and capacity development efforts at the national level by facilitating action at the sub-national levels (provinces, municipalities, communities);
- Balance the emphasis placed on adaptation and mitigation;
- Diversify the funding sources that countries can access and enable them to effectively combine and sequence these different sources;
- Promote public-private partnerships at all administrative levels;
- Mainstream climate change into core development processes.

# 1 Climate Change: Context for Action



The Human Development Report for 2007/2008 estimates that stabilizing greenhouse gas concentrations in the atmosphere at a level that prevents catastrophic climate change will require a 50 percent reduction of greenhouse gas emissions by 2050 from 1990 levels.

## 1.1 The Scope of the Challenge

The Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), released in 2007, states unequivocally that the world is warming and that human activity – rather than just natural variations – is contributing to current levels of warming. The report provides a comprehensive analysis of how climate change is affecting natural and human systems. The impact on subsistence agricultural practices and water resources are of particular concern.

Climate change will exacerbate existing economic, political, and humanitarian stresses. It will compound existing water scarcity problems, increase the number of people suffering water stress, and reduce access to safe drinking water. It will have an impact on rain-fed agriculture, affecting both local cropping patterns and international production and trade. IPCC findings include: 75-250 million people across Africa could face water shortages by 2020; crop yields could increase by 20 percent in East and Southeast Asia, but decrease by up to 30 percent in Central and South Asia; and agriculture fed by rainfall could drop by 50 percent in some African countries by 2020. The loss of biodiversity will have additional negative effects on people's livelihoods.

The UNDP Human Development Report 2007/2008 "Fighting Climate Change: Human Solidarity in a divided world" estimates that stabilizing greenhouse gas concentrations in the atmosphere at a level that prevents catastrophic climate change will require a 50 percent reduction of greenhouse gas emissions by 2050 from 1990 levels. To achieve this global objective, the report recommends that developed countries cut greenhouse gas emissions by at least 80 percent by 2050, with 20–30 percent cuts by 2020. For major emitters in developing countries, it recommends aiming for an emissions trajectory that peaks in 2020, with 20 percent cuts by 2050.

Addressing climate change will require significant efforts. But the benefits of strong, early action considerably outweigh the costs, as demonstrated by a number of recent studies, such as the analysis of investment and financial flows to address climate change prepared by the UNFCCC, the Stern Review, and the World Energy Outlook (WEO) of the International Energy

Agency (IEA). Notably, the Stern Review emphasizes that the failure to invest in activities addressing climate change could cost the global economy up to 20 percent of global GDP – equivalent to the great wars and depressions of the 20th century.

Successful efforts for fighting climate change will require a dramatic increase in support to developing countries for capacity development, technology transfer and investment. Particular attention will need to be given to developing countries, not only because they offer a number of cost-effective opportunities for reducing emissions, but also because they will be particularly vulnerable to climate change impacts. The people most at risk from climate change live in countries that have contributed the least to the atmospheric build-up of carbon dioxide and other greenhouse gases linked to the recent increase in the rate of warming of the planet. Further, those most affected are also least able to cope, making it an issue of inequality, and insecurity.

However, current levels of ODA, while significant, are unlikely to be sufficient. For example, WEO (2006) estimates that the investment required in energy infrastructure alone in developing countries to meet growing energy needs will exceed \$300 billion per year over the period 2001-2030. ODA, at present, provides \$5-7 billion per year for energy-related activities, and is only a small percentage of what is required. The dual challenge is to find ways to attract enough direct investment to meet the growing energy supply infrastructure needs of low income countries to sustain their economic development, and to drive these direct investments towards lower carbon technologies, so that countries are not locked into unsustainable paths for 30 to 50 years.

The rapidly emerging carbon market holds the promise of attracting a much greater volume of resources to address the climate challenge. The UNFCCC estimates that the Clean Development







Mechanism (CDM) could range from \$10 to \$125 billion by 2030, depending on emission reduction targets and the price of carbon credits. At the same time, it is clear that developing countries need support to effectively tap into the carbon market.

While there is an increased recognition that the window of opportunity to modify the energy trajectory of the world to prevent catastrophic climate change might not exceed 10 years, there is also a risk that the urgency to take decisive action on adaptation might be underestimated. A recent report from the Hadley Centre in the United Kingdom warns that the world has at least a 50 percent chance of exceeding the temperature record year of 1998 every year from 2010 to 2014. Beyond 2014, the odds of breaking the temperature record rise even further. Given the foreseeable impact of such an increased likelihood of exceptionally high temperatures on food security and political stability, the window of opportunity to take decisive action on adaptation to climate change might be as narrow as for mitigation efforts, if the MDGs are to be achieved.

A rapid scaling up of decisive action on adaptation will also require a dramatic increase in financing. However, financing remains a major constraint for addressing the adaptation challenge, as with mitigation. The UNDP Human Development Report 2007/2008 estimates that \$86 billion will be required annually for building resilience to climate change

in developing countries by 2015. As of June 2007, pledges to the two special climate change funds established under the UNFCCC to finance adaptation and managed by GEF totaled only \$227 million. If the level of resource replenishment for the two UNFCCC funds continues at the present rate, funding will be insufficient to address critical adaptation needs of low income countries.

An innovative option for financing adaptation is the Adaptation Fund capitalized from a two percent adaptation levy on CDM projects. The level of funding mobilized for adaptation through this levy will be approximately \$100 million per year until 2012, and could exceed \$500 million annually afterwards. However, this source of funding will depend on the continuation of the CDM and the level of demand in the carbon market. Other sources of funding for adaptation will need to be explored, including innovative financing mechanisms such as carbon taxes on air travel or recycling a part of the revenues from auctioning of emission allowances.

## 1.2. The Post-2012 Framework: A Brief Overview

While the challenges posed by climate change are unprecedented in human history, what is also unprecedented is the increasing level of consensus

that exists among the scientific, political, business and civil society communities about the urgency of the problem, and the link to economic growth and sustainable development goals and needs. Global support for developing a future regime to enhance action to address climate change is evidenced in a range of recent communiqués and agreements. These include: the decisions of the UN Secretary General's High Level Event on Climate Change; the special one-day event held by the Security Council to discuss the security implications of climate change impacts; the Communiqué of the G8 Summit at Heiligendamm, Germany; and the Climate Change Conference in Bali, Indonesia in December 2007, at which governments reaffirmed that economic and social development and poverty eradication are global priorities, and stressed the need for enhanced technology, and financing and policy options, to support developing countries in mitigating and adapting to climate change in the context of their sustainable development.

Decisions taken by governments in Bali also marked a breakthrough in international climate change policy, highlighting a shared understanding for the necessity of common efforts, both by developed and developing countries and setting a deadline for Parties to the Convention to agree on a framework for Long-term Cooperative Action by 2009. The road map for negotiations laid down in Bali included a "Bali Action Plan" focusing on four main building blocks – mitigation, adaptation, technology, and financing – and established a timetable under the Kyoto Protocol with detailed steps for completing negotiations on the new emission reduction targets for industrialized countries by 2009. In addition, a number of important decisions were taken at Bali that are highly important for all developing countries, such as the operationalization of the Adaptation Fund, the launch of a framework to support technology transfer, a process to promote efforts to reduce deforestation, and guidance to the CDM.

Stabilizing greenhouse gas concentrations in the atmosphere at a level that prevents catastrophic climate change will require a post-2012 regime that is universal, equitable and cost-effective. It will be critical for developing countries to be actively engaged in international climate change negotiations that are to define this post-2012 regime, and be able to assess the implications of the different

negotiations on their national sustainable development objectives.

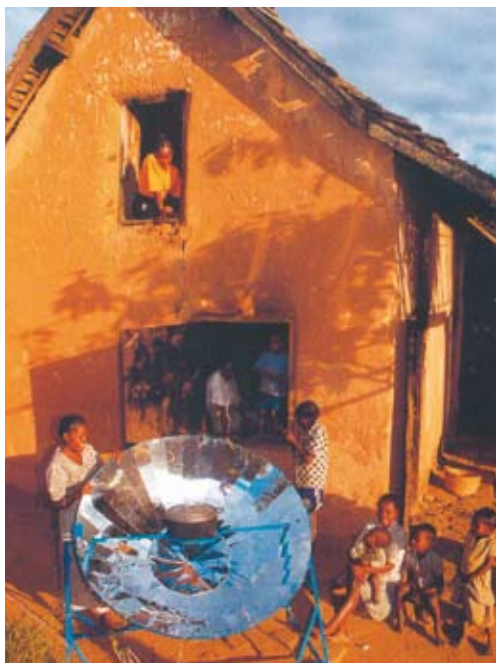
In order to effectively participate in, and fully benefit from, a new climate change and development paradigm, developing countries will be required to engage a variety of government, private sector and civil society stakeholders to garner broad-based support at the local, national, regional and global level. Additionally, they will have to co-ordinate across key economic sectors because actions to promote increased resilience to the impacts of climate change and a lower-GHG emission economy fall across a variety of sectors, such as energy, agriculture, health, water resources and infrastructure. Developing countries – in particular those with medium and small economies – will need to be assisted in implementing innovative approaches and capitalizing on the opportunities that a new climate regime may offer.

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## 2

## UNDP and Climate Change: Review of Current Activities



As the United Nations' global development network, UNDP's goal is to align human development and climate change responses with a particular focus on the needs of the poorest and most vulnerable communities and countries. Win-win activities such as energy efficiency and decentralized renewable energy technologies can reduce greenhouse gas emissions and promote socio-economic progress.

Climate change could negate decades of progress and undermine efforts to reach the MDGs. Recognizing the need to lower the risks that climate change poses to hard-won development gains made by developing countries, UNDP has been an active player on the climate change scene since the early 1990s. Notably, UNDP, together with the World Bank and UNEP, is one of the three founding members of the Global Environment Facility (GEF).

As the United Nations' global development network, UNDP's goal is to align human development and climate change responses with a particular focus on the needs of the poorest and most vulnerable communities and countries. Win-win activities such as energy efficiency and decentralized renewable energy technologies can reduce greenhouse gas emissions and promote socio-economic progress. For example, a shift from fossil fuel-based energy to renewable energy alternatives can produce development dividends in the form of reducing the energy bill of oil-importing countries, reducing gender inequalities, improving health, increasing energy security, providing increased access to energy for the rural poor, and reducing local environmental health impacts. Similarly, embedding adaptation concerns into development policies and practices across sectors can address vulnerability to current and future climate risks, thus shoring up socio-economic development gains.

Climate change mitigation and adaptation objectives are intimately linked at the country level. The on-going UNDP climate change portfolio supports both mitigation and adaptation policy responses. To paraphrase a recent United Nations Foundation (UNF) report, this integrated approach is grounded in the fact that mitigation is essential to avoid the unmanageable, while adaptation is no less essential to manage the unavoidable. For example, greater energy access through improved energy efficiency and decentralized renewable energy technologies enables communities to diversify sources of livelihood and income, and better adapt to adverse impacts of climate change. Reduced emissions through sustainable land management practices increase the resilience of ecosystems to climate change, in turn improving the resilience and adaptive capacities of vulnerable communities.

## 2.1. Experience with Mitigation

In the past 15 years, UNDP has mobilized approximately \$2 billion to fund greater energy access and security, energy efficiency and clean energy development projects in over 100 countries, principally through the GEF and associated co-financing. In line with UNDP's climate change goal, UNDP projects have focused on promoting GHG reduction activities that do not slow down but rather accelerate socio-economic progress.

Projects have evolved from supporting technology demonstration projects, to establishing an enabling environment for direct investment towards environmentally-friendly and climate-friendly technologies and practices. As an illustration, in the case of wind power, where UNDP may have supported pilot wind farms in the past, it now focuses on the policy change and institutional development needed to promote greater private sector investment in wind energy (such as smart wind tariffs, power purchase agreements, and capitalization of pilot financial instruments).

Through its work on sustainable land management and biodiversity conservation, UNDP has directly reduced CO<sub>2</sub> emissions from land use change, specifically from land degradation and deforestation, over an area of more than 1 million km<sup>2</sup>. More importantly, it has gained significant experience in helping countries develop the systemic and institutional frameworks and capacities to manage land use and land use change, including decentralized and participatory governance, enhanced property rights, land use planning, and transforming market systems to deliver financial payments to small farmers and other landowners maintaining on-farm ecosystem goods and services, including carbon stocks.

UNDP's Montreal Protocol Programme has, over the last 15 years, eliminated over 60,000 tonnes of ozone depleting substances that are also potent

greenhouse gases. By 2010, the Montreal Protocol as a whole will have prevented the equivalent of between 9.7 and 12.5 gigatonnes of CO<sub>2</sub> from entering the atmosphere. The acceleration of the phase-out of the last group of substances – HCFCs – that are both ozone depleting as well as global warming gases was approved in September 2007, and will enable the Montreal Protocol Programme to continue to play an important role in climate change mitigation.

Recognizing the role that carbon finance could play to attract and drive direct investment towards lower carbon technologies in developing countries, a major focus of UNDP's mitigation efforts is on increasing the ability of countries to access carbon markets, in particular the CDM and Joint Implementation (JI), in a manner that allows them to capitalize on the double dividend of greenhouse gas mitigation along with socio-economic progress.

To date, UNDP has implemented CDM and JI capacity development activities in over 20 countries. It has also recently established the MDG Carbon Facility to assist developing countries in leveraging carbon finance for clean energy development and sustainable land use practices. Building on UNDP-GEF market development activities and UNDP capacity development efforts for CDM and JI, the MDG Carbon Facility provides dedicated project management services to individual project investors in emerging carbon markets. The core objectives of the Facility are: (i) up-scaling carbon finance in countries that are presently under-represented; and (ii) promoting carbon projects that contribute both to climate change risk management and to the MDGs.

## 2.2. Experience with Adaptation

Responding to the threat of climate change will also require concerted adaptation action on an unprecedented scale. The poor will be severely affected



because they are the least able to adapt. Systematic action will be required across all levels of development planning and implementation (national, sub-national, local) if development in a number of countries is not to be reversed.

However, countries frequently face the following challenges: i) adaptation initiatives are limited in scope and scale, fragmented, and isolated from underlying development, and as such their impacts are neither cohesive nor sustainable; ii) institutional capacities, relationships, policies and practices to assess and manage climate change risks are not developed sufficiently to support the formulation and implementation of efficient solutions to a problem that has complex multi-sectoral effects; iii) limited knowledge of the most appropriate adaptation policies and measures hinders countries from preparing themselves with the necessary institutional capacities to support climate risk management; iv) limited financing options to sustain scaled-up adaptation is a constraint to testing and demonstrating possible solutions and developing the requisite institutional and technical capacities; and (v) it is difficult for countries to learn from each other about their experiences with different approaches to adaptation.

Recognizing these challenges, UNDP has been increasingly active in supporting innovative adaptation projects across a range of sectors and countries. As one of the three GEF Implementing Agencies, UNDP has been providing assistance to over 100 countries in preparing national climate change

vulnerability assessments and national communications to the UNFCCC. Based on their National Adaptation Plans of Action (NAPAs), UNDP expects to be in a position to help over 30 least developed countries access resources from the UNFCCC Least Developed Countries Fund (LDCF), managed by GEF, to implement priority adaptation initiatives over the next two years.

The key focus has been on building capacities of developing countries, at all levels, to embed and integrate resilience building and adaptive capacity into domestic policies, and investment decision-making processes and practices. The overall objective is to promote adoption of “no regrets” short- and long-term coping strategies to reduce adverse impacts on vulnerable communities and countries. UNDP has been developing analytical resources (such as the Adaptation Policy Framework, country climate risks profiles, portfolio screening methodologies) to support planning for adaptation measures in range of developing countries.

UNDP has also built up experience in working with poor communities to increase their resilience to weather-related shocks, particularly through the work on drought risk reduction, led jointly by the Drylands Development Centre (DDC) and the Bureau for Crisis Prevention and Recovery (BCPR). BCPR’s work, under its Natural Disaster Risk Reduction Programme, aims to support national counterparts with developing both a disaster risk perspective and the human, financial, technical and legislative capacity, civil society preparedness, and

coordination systems required to effectively manage and reduce risk. Its growing network of Disaster Risk Reduction Specialists provides an excellent foundation for broadening the scope of climate risk reduction efforts.

Projected impacts on transboundary water resources due to climate change and climate variability include hydrologic changes, reduction in the quality and availability of water supplies, and the potential for increased competition for water resources in transboundary basins, among others. Through its \$500 million portfolio in water governance and the management of international waters, UNDP has also developed the capacity of water-stressed countries and countries sharing large water bodies to identify, design, and implement remedial measures to enable all stakeholders to cope with increasing water scarcity in a transparent and equitable manner.

### 2.3. Existing Partnerships

UNDP has been pursuing mitigation and adaptation activities in close partnership with the GEF, the World Bank, Regional Development Banks, other UN agencies, and a range of other civil society partners. One of the unheralded achievements of the GEF, as a network organisation, has been to provide a common platform to the World Bank, UNDP and UNEP to harmonize their strategic approaches for global environment management. The UNDP GEF portfolio co-implemented with either the World Bank or UNEP amounts to about \$500 million.

In complement to this cooperation as GEF Implementing Agencies, a crucial step forward in “Delivering as One” UN at the country level has been the UNEP-UNDP Climate Change Partnership Agreement reached between UNDP and UNEP on 15 November 2006. Also notable is the Nairobi Framework that brings together a number of institutions, including UNDP, UNEP, the World Bank, the African Development Bank, and the UNFCCC Secretariat, in developing the capacity of low income countries to access the CDM.

Another important partnership is the UNDP-Spanish MDG Achievement Fund that was launched in 2007 to promote a coordinated response of the UN system to key MDG challenges, including adaptation to climate change. Close to \$94 million has already

been allocated under this Fund to inter-agency initiatives to strengthen the adaptation capacity of developing countries as part of the first batch of approved projects.

A number of complementary partnerships are currently under discussion. Notably, UNDP, FAO, and UNEP are reviewing options to pilot Reduced Emissions from Deforestation and Degradation (REDD) at the country level, in close partnership with the World Bank.

Although important in their own right, these partnerships will need to be strengthened and expanded to enable developing countries to meet the climate change challenge. The impacts of climate change and of a lower-GHG emission economy fall across a variety of sectors, such as energy, agriculture, health, water resources and infrastructure. Effective solutions to tackle climate change will require integrated national policy responses. Partnerships across a wide range of national, bilateral and multilateral development agencies will be required to mainstream climate change into all development decision-making processes.

Complementary to this cooperation as GEF Implementing Agencies, a crucial step forward in “Delivering as One” UN at the country level has been the UNEP-UNDP Climate Change Partnership Agreement reached between UNDP and UNEP on 15 November 2006.

## 3 Scaling Up to Successfully Address Climate Change



As the United Nations' global development network, UNDP's goal is to align human development and climate change responses with a particular focus on the needs of the poorest and most vulnerable communities and countries. Win-win activities such as energy efficiency and decentralized renewable energy technologies can reduce greenhouse gas emissions and promote socio-economic progress.

Much of the thinking to date on how to address climate change has focused on incrementally reducing emissions – such as the commitment to reduce emissions to 5 percent below 1990 levels under the Kyoto Protocol. These incremental improvements are important first steps, but successful climate change management will require a dramatic scaling up of mitigation and adaptation efforts at all levels, enabled by a coordinated mix of policy and financial instruments. It will call for a new development paradigm that mainstreams climate change into strategies and plans, and that links policy setting with the financing of solutions.

As described in Section 2, UNDP has a large ongoing portfolio of projects addressing the climate change challenge (valued at about \$1.2 billion and spanning 140 countries). The bulk of this portfolio focuses on enabling developing countries to attract and drive direct investment toward lower carbon technologies and sustainable land management at the national level.

Building on its solid market transformation experience at the national level, this paper presents UNDP's strategy to support the efforts of developing countries and vulnerable groups for scaling up mitigation and adaptation action to successfully meet the climate change challenge and to achieve the MDGs in the context of a changing climate. In close partnership with all concerned UN agencies, other development partners such as the World Bank and the regional development banks, environmental bodies such as the GEF, as well as NGOs, the private sector and civil society. UNDP will step up its own policy change and capacity development services on climate change to enable developing countries and vulnerable groups to achieve this objective, along six key dimensions:

- Build country level capacity to address climate change by providing a set of integrated support services to:
  - assess climate change impacts and realistic response strategies;
  - develop and implement policies, regulatory/market-based instruments and institutional change; and
  - access additional resources to finance solutions and make sound investment decisions.

- Complement policy change and capacity development efforts at the national level. By facilitating action at the provincial, municipal and community levels.
- Address both mitigation and adaptation, recognizing that the window of opportunity to help countries to adapt to climate change is as narrow as that for mitigation if we are to reach the MDGs.
- Diversify the funding sources that countries can access and enable them to effectively combine and sequence these different financing sources;
- Promote public-private partnerships at all administrative levels.
- Mainstream climate change into all core development areas, including energy, agriculture, health, water resources and infrastructure, emphasizing that climate change is not only an environmental issue, but a core developmental concern.

**Figure 1** below depicts the scaling up of climate change actions along the six dimensions. The red lines are a qualitative description of current climate change action in a number of countries in terms of the six dimensions described above, whereas the green lines represent the scaling up required for a new development paradigm that mainstreams climate change into strategies and plans, and that links policy setting with the financing of solutions.

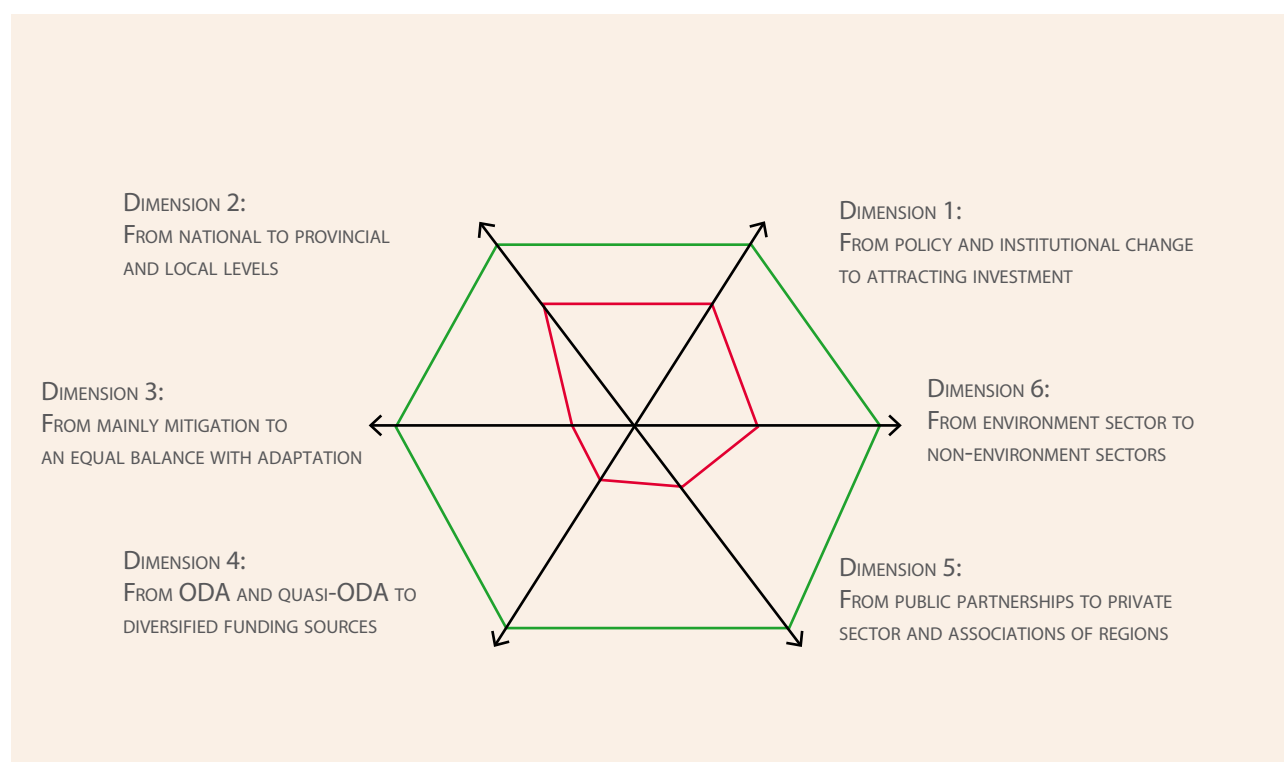


FIGURE 1: SIX DIMENSIONS FOR SCALING UP CLIMATE CHANGE ACTION AT THE NATIONAL LEVEL



## 4 Strategic Priorities for Scaled Up Action



The first strategic priority focuses on the strategic planning and policy levels, the second and third on implementation of adaptation and mitigation actions, while the fourth focuses on mainstreaming climate change into UNDP's core development activities at the national, regional and global levels.

UNDP will step up its on-going climate change services along the six dimensions described in Section 3 above through four strategic priorities. The goal is to align human development and climate change management efforts by promoting mitigation and adaptation activities that do not slow down, but rather accelerate socio-economic progress, particularly for the poor.

The four strategic priorities are closely linked with the strategic directions of UNDP's Strategic Plan 2008-2011 (Table 1). The first strategic priority focuses on the strategic planning and policy levels, the second and third on implementation of adaptation and mitigation actions, while the fourth focuses on mainstreaming climate change into UNDP's core development activities at the national, regional and global levels.

**STRATEGIC PRIORITY 1: SUPPORT THE DESIGN OF INTEGRATED ADAPTATION AND MITIGATION POLICIES, STRATEGIES AND QUANTIFIED ACTION PLANS THAT PROMOTE LONG-TERM SUSTAINABILITY AND POVERTY REDUCTION AT ALL LEVELS**

### Rationale

Climate change is a multi-faceted threat, affecting every aspect of human activity. There is an increased recognition that actions to address climate change go beyond the environmental realm and are intimately linked to sustainable development and economic growth; and that these actions will fall across a variety of sectors, including energy, agriculture, health, transport and water resources.

Effective solutions to tackle climate change will require coordinated national policy positions that are developed by engaging a variety of government stakeholders, such as ministries of finance, planning, energy, and health, as well as other relevant stakeholders, such as the private sector, NGOs and civil society. Medium- and small-size economies, in particular, will require assistance to incorporate climate change concerns in their development planning and budgeting exercises across a range of economic sectors, as well as implementing innovative financing approaches and capitalizing on the opportunities that a new climate regime may offer.

TABLE 1

STRATEGIC PRIORITIES IN CLIMATE CHANGE	LINK TO STRATEGIC PLAN 2008-2011
(1) Support the design of integrated adaptation and mitigation policies, strategies and quantified action plans that promote long-term sustainability and poverty reduction at all levels	Mainstreaming environment and energy
(2) Promote early adaptation actions and long-term adaptive capacity of developing countries in a sustainable manner	Promoting adaptation to climate change
(3) Attract and drive direct private and public investment towards lower carbon technologies and land use practices that promote long term sustainability and poverty reduction:	Mobilizing environmental financing Expanding access to environmental and energy services for the poor at the local level
(4) Integrate climate change into UN development assistance at the national, regional and global levels to effectively and efficiently service country needs in addressing the challenge of climate change	Mainstreaming environment and energy

The capacity of developing countries to engage a variety of government, private sector and civil society stakeholders to garner broad-based support will also be an important determinant of negotiations to address climate change.

## Scope

To meet this need, UNDP will provide the following services under this strategic priority.

- i. National assessments and reports on climate change: Support for the preparation of national reports and assessments on climate change, such as second national communications of developing countries, National Adaptation Programmes of Action (NAPAs), technology needs assessments, and national human development reports.
- ii. Enhance the capacity of national decision makers to assess the policy implications of the Bali Road Map and actively contribute to the design of the International Regime to Address Climate Change. Support national capacity building workshops for government officials, members of civil society, NGOs, parliamentarians and the business community on: (i) expected impacts of climate change concerns across different economic sectors and activities; and (ii) the national socio-economic implications of the negotiation options of the Bali Road Map.
- iii. In-depth economic analyses of climate change: Develop national capacity to conduct in-depth sectoral and cross-sectoral economic analysis to incorporate the economics of climate change into national planning processes.
- iv. Develop capacity to design integrated climate change strategies and plans: Develop capacity to integrate national GHG assessments, in-depth economic analysis of climate change impacts, and of cost benefit analysis of alternative policy and mitigation/adaptation options, directed towards promoting socio-economic growth and greenhouse gas reductions.
- v. Knowledge management platform and products to enable countries to share experience on a global, regional, and sub-regional basis.

## Modalities

At the country level, activities under this strategic priority will build on existing national climate change planning structures developed for the preparation of documents such as the Initial National Communications. They will aim to complement these existing assessments with in-depth economic analysis and engage a broader range of stakeholders. They will be fully aligned with on-going national and UN programming efforts to alleviate poverty and achieve the Millennium Development Goals.

These activities will also be closely coordinated with UNEP's ongoing work with the UNFCCC Secretariat to support countries and negotiators in their preparations as related to the Bali Road Map at the regional and sub-regional levels; as well as UNEP's capacity building and training programmes on finance and technology.

Internally, these activities will be led by UNDP's Environment and Energy Group. However, a cross-practice steering group will be established to leverage the expertise of UNDP governance, poverty reduction, capacity development, gender mainstreaming, private sector engagement, aid effectiveness and crisis prevention and recovery practices in the development of programming tools. Cooperation and integration with other relevant activities conducted by a wide range of partners, such as the Bretton Woods Institutions, GEF and bilateral aid agencies will be actively pursued.

### STRATEGIC PRIORITY 2: PROMOTE EARLY ADAPTATION ACTIONS AND LONG-TERM ADAPTIVE CAPACITY OF DEVELOPING COUNTRIES IN A SUSTAINABLE MANNER

#### Rationale

As highlighted by IPCC reports and the UNDP Human Development Report for 2007/2008, climate change is affecting natural and human systems. Fundamental shifts in species boundaries and ecosystem services (such as pole-ward migration of key fish species, changes in rainfall patterns, melting of glaciers) will affect the sources of livelihood of communities all over the world. Early adaptation action will bring economic benefits by anticipating po-

tential damages and minimizing threats to human health, sources of livelihood, ecosystems, property and infrastructure. For example, the European Commission (EC) estimates that damage caused by sea-level rise without adaptation can be up to four times higher than with adaptation.

However, market forces alone are unlikely to lead to efficient adaptation because of remaining uncertainties in the climate projections and future adaptation benefits, compared to clear and present adaptation costs. To promote early action, governments will need to provide: (i) reliable information on future climate change that is capable of driving efficient markets supporting pro-active adaptation responses; (ii) set performance standards and establish codes that encourage direct investments in building long-lived capital and infrastructure to take account of climate change; (iii) incorporate adaptation concerns into national development policies and public investment plans; and (iv) design and implement long-term policies to protect climate sensitive ecosystem services and public goods (water supply, coastal protection, regional political cooperation, etc).

To put in place this enabling environment for adaptation, developing countries face three key challenges: (i) given the costs and uncertainties associated with climate change, it is difficult to get political traction to implement pro-active adaptation responses; (ii) surveys conducted by UNDP indicate that governments, as well as members of the civil society and business community, find it hard to determine what the appropriate policy mix is and how to mainstream adaptation concerns into national development processes; and (iii) it is difficult to find finance to develop capacities and policies.

#### Scope

To address these challenges, UNDP will provide the following services under this strategic priority.

- i. Support the development of national climate change platforms and networks to collect and disseminate information on climate change impacts and adaptation options.
- ii. Enhance the capacity of developing countries to design and implement policies to integrate adaptation into domestic plans,

budgetary and fiscal policies, investments and practices.

- iii. Help countries identify and prioritize with all stakeholders short-term “no regrets” adaptation responses to reduce adverse impacts on existing livelihoods, such as revised spatial and land-use plans, use of drought tolerant crops, enhanced emergency preparedness.
- iv. Help countries mobilize additional sources of funding for implementing adaptation responses. This will include accessing financing from existing funds (e.g., the Special Climate Change Fund, the Least Developed Countries Fund, the Adaptation Fund), and from new and innovative mechanisms (e.g., a tax on domestic air travel).

## Modalities

UNDP will provide most support to countries identified as “climate hot spots” where both vulnerability and climate hazards are high, such as in LDCs and Small Island Developing States (SIDS). The bulk of UNDP support to high risk countries is expected to be provided through cross-sectoral programmatic approaches, moving beyond isolated adaptation initiatives or projects, which is consistent with UNDP’s focus on mainstreaming adaptation into development processes.

Internally, UNDP will develop strong synergies between its adaptation and natural disaster

risk management teams. Both, the Bureau for Crisis Prevention and Recovery (BCPR) and the Environment and Energy Group (EEG) assist countries to manage climate related risks. Although BCPR targets short-term, sudden climatic events and EEG focuses on the incremental impacts of long-term climate change, strong synergies can be developed between the two teams on mainstreaming disaster management into development processes. To promote coordination and provide integrated services to countries, a Planning Framework for Partnership between BCPR and EEG was developed in October 2007. A key objective of this partnership is to leverage existing Disaster Risk Reduction frameworks to promote climate change adaptation. To promote joint regional work programmes, EEG Regional Adaptation Advisers and BCPR Regional Disaster Risk Management Advisers will be co-located.

UNDP will also leverage its expertise in community development to identify and disseminate indigenous coping mechanisms. These activities will be implemented by the GEF Small Grants Programme, implemented by UNDP and other community programmes.

Externally, UNDP will work closely with UNEP on adaptation as articulated in the UNEP-UNDP Climate Change Partnership Agreement. UNDP will also work closely with the GEF, World Bank, the UNFCCC, and a range of bilateral donors. Efforts will be made to involve donor countries with special interests in climate change at an early stage.



### STRATEGIC PRIORITY 3: ATTRACT AND DRIVE DIRECT PRIVATE AND PUBLIC INVESTMENT TOWARDS LOWER CARBON TECHNOLOGIES AND LAND USE PRACTICES THAT PROMOTE LONG TERM SUSTAINABILITY AND POVERTY REDUCTION

#### Rationale

The Bali Road Map calls for “nationally appropriate mitigation actions by developing country Parties in the context of sustainable development, supported and enabled by technology, financing and capacity-building, in a measurable, reportable and verifiable manner.”

The Bali Road Map recognizes that developing countries will need capacity development support and investment flows to adopt technologies that reduce greenhouse gas emissions, while at the same time furthering socio-economic progress. This will involve massive shifts in investment patterns in a large range of sectors, such as spanning from power generation, industry, waste management, transport, buildings, agriculture and forestry. Just as importantly, it will also require a substantial increase in total investment flows to developing countries.

While the carbon market holds the promise of attracting a much greater volume of resources, it is clear that developing countries need assistance to truly benefit from the carbon market and emerging carbon funds. All too often, current market rules are failing to attract direct investors into lower-carbon technologies and sustainable land use projects. Furthermore, just five countries – China, India, Brazil, South Korea, and Mexico – are expected to generate over 80 percent of CDM credits by 2012. Almost half of these credits will come from non-CO<sub>2</sub> industrial gas emissions (such as HFC23 destruction and capture of N<sub>2</sub>O emissions) that are characterized by a high return on investment, but have very limited sustainable development benefits.

This tendency of CDM funding flowing to only a handful of countries is also mirrored in a number of other private sector financing instruments. For example, investments from Export Credit Agencies for reducing export risk amounted to \$430 billion in 2007, of which \$70 billion to support exports to developing countries in sectors of direct relevance to climate change such as water supply and sanitation and power

generation. However these funds mostly benefited just six countries (China, India, Philippines, Indonesia, Brazil, and Mexico). Thus, there is an important role for ODA in addressing regional unevenness in the flow of new sources of environmental finance.

A key objective under this strategic priority will be to put in place the enabling environment (public policies, institutions, human resource capacities) at all levels so that countries are then in a better position to leverage these new environmental resources (Carbon Finance, REDD, Payment for Ecosystem Services, new public or private insurance schemes, etc.).

#### Scope

UNDP will provide the following services under this strategic priority.

- i. Create effective public policies and markets to attract and drive direct investment towards lower carbon technologies and sustainable land use practices. This will include addressing regulatory gaps, assisting in setting performance standards and codes for energy efficient infrastructure and appliances, and providing economic incentives for GHG reduction activities (such as smart tariffs, quotas).
- ii. Assist countries in developing and implementing investment pipelines and frameworks of action to promote technology development, transfer, and dissemination. This should include, among others, support in identifying sustainable and innovative technology options for climate change, preparing pre-feasibility studies, enhancing local technical skills and accessing funds from dedicated national and international financial instruments.
- iii. In close partnership with UNEP, assist countries in establishing a dedicated institutional and regulatory infrastructure to access carbon finance (i.e., strong Designated National Authorities; clear Certified Emission Reduction ownership rights).
- iv. Provide project management services to individual carbon investors in emerging markets. Emphasis will be on:
  - Sustainable energy opportunities that simultaneously mitigate climate change and contribute to human development, such as energy efficiency and renewable energy;

- Biological mitigation and sequestration, notably through leveraging the greater flexibility offered by Joint Implementation and the voluntary market;
- Pilot national REDD approaches that mitigate delivery risks associated with REDD emissions reduction schemes, and test a number of alternative payment structures and benefit transfer mechanisms at various in-country levels; and
- Pilot appropriate technological/non-technological solutions and innovative public and community finance instruments to promote greater off-grid access to energy for rural communities (foundations, micro-grants, etc.).

## Modalities

To provide these services, UNDP will scale up or establish dedicated programme/project development facilities to facilitate country access to these new sources of environmental finance. For example, in the case of carbon finance, UNDP is facilitating the access of developing countries to CDM/JI by providing a project development platform (MDG Carbon) that spans the spectrum from origination of carbon projects to direct access of the trading desks of banks, without intermediation by a carbon fund. Similarly, for new finance from the REDD mechanism, UNDP will use pass-through mechanisms that enable the establishment of different coalitions of aid agencies and implementing agencies to support specific programmes in countries, while ensuring that international fiduciary management standards are met.

UNDP will establish a decentralized investment advisory infrastructure that will assist countries in developing sustainable investment pipelines and frameworks of action and deciding on alternative and innovative investments that cover the double dividend of greenhouse gas reduction and increased socio-economic development. Ultimately, efforts will be made to ensure that in each key country there will be national and international experts on climate change economics and environmental finance, who will be backstopped by regional UNDP environmental finance specialists.

This decentralized investment advisory infrastructure will complement the work of UNDP project management infrastructure established to assist

countries in accessing GEF resources for policy change and institutional strengthening.

Externally, UNDP will work closely with UNEP and the World Bank on capacity development for CDM, as articulated in the Nairobi Framework and in the Partnership Agreement between UNEP and UNDP on climate change. The work of UNDP's decentralized investment advisory infrastructure will be consistent with the new compact between the UN system and the International Financial Institutions (IFIs) on climate change. Sectoral expertise of specialized UN agencies, including FAO, WHO, UNIDO, UNCTAD, will bring in the best UN capabilities. As in adaptation, efforts will be made to involve donor countries actively engaged in climate change at an early stage.

**STRATEGIC PRIORITY 4: INTEGRATE CLIMATE CHANGE INTO UN DEVELOPMENT ASSISTANCE AT THE NATIONAL, REGIONAL AND GLOBAL LEVELS TO EFFECTIVELY AND EFFICIENTLY SERVICE COUNTRY NEEDS IN ADDRESSING THE CHALLENGE OF CLIMATE CHANGE**

## Rationale

Many of UNDP's core activities are vital to the overall goal of addressing climate change. For instance, UNDP's work on governance, gender, private sector and capacity development can strengthen resilience to climate change by strengthening the capacity of national and local institutions to work effectively with a wide range of stakeholders, by facilitating widespread access to education and social services—especially for women—as well as by promoting inclusive markets. UNDP's work on poverty reduction can also strengthen linkages between climate change risk management and poverty reduction by mainstreaming them into PRSPs; UNDP's work on crisis prevention and recovery can mainstream climate change into risk reduction activities; and UNDP's work in environment and energy can mainstream climate change into the management of water, land, and biodiversity resources and energy access to the poor.

There are likely to be opportunities within UNDP's core programmes to get a double dividend in terms of climate change mitigation and improving human well-being. On the other hand, much of this assistance to countries could itself be at risk in the face of climate change. It is imperative that UNDP main-



stream climate change into its core activities and in its fiduciary policies to maximize opportunities and address potential risks.

UNDP will need to develop the substantive capacity of its country programme staff, backstopped by regional technical staff, to assess the impact of climate change and the measures to mitigate and adapt on the economic structure of countries and on income distribution. UNDP will need to incorporate climate change concerns into the design and implementation of its core development assistance at the national, regional and global levels.

The UN Secretary-General is committed to leading by example on making the UN climate-neutral. Through the Capital Master Plan, the renovations for the UN Headquarters will be undertaken to meet high environmental standards to make the UN facilities greener and more efficient. As with most UN programmes, funds and specialized agencies, UNDP will actively move towards climate neutrality in line with the recommendation of the Climate Neutral UN Task Force to be convened by UNEP.

## Scope

To meet this need, UNDP will provide the following services under this strategic priority.

- i. Promote the human development perspective of climate change at the national, regional and global levels. This will include the following:
  - Develop a comprehensive communication strategy to disseminate findings and recommendations of the HDR 2007/2008 on climate change, as well as UNDP Climate Change Strategy;
  - Follow and strengthen a common UN position to address climate change through participation and work relations with, among others, the UN Secretary General's Office and Chief Executives Board, UNFCCC, OECD/DAC, European Union, G8;
  - Actively move towards climate neutrality in line with the recommendation of the Climate Neutral UN Task Force to be convened by UNEP.
- ii. Design "Service Delivery Platforms" to facilitate access to climate change information and services by UNDP's Regional Service Centers and Country Offices and national partners. The platform will include:
  - Clarification of UNDP services related to climate change as well as an articulation of UNDP's approach and comparative advantage in addressing climate change;
  - Strategic policy briefs/position papers developed with other thematic Bureaux that address links between climate change and other development concerns such as governance, private sector, poverty alleviation, gender, capacity development;
  - Regular briefings on status of climate change negotiations, forthcoming events, and cli-

mate change projects being implemented by UNDP;

- Methodological tools to assist Regional Service Centers, country offices and national partners, to integrate climate change in programming; and
  - Internal tools for sharing of information and experience (blog, wiki etc).
  - Network of experts.
- iii. Continue activities to develop the capacity of Resident Representatives, Resident Coordinators, UNDP Country Directors and UN Country Teams to understand the importance of mainstreaming climate change into UN activities. These include:
- Regional workshops targeted to Resident Representatives, Country Directors, and Deputy Resident Representatives;
  - UNDP Virtual Development Academy Courses on (a) climate change as a development concern, (b) adaptation and (c) mitigation; and
  - Inclusion of a climate change segment to annual UNDP training for country office environmental focal points.
- iv. Develop the capacity to screen and re-orient UN development assistance to maximize opportunities for addressing climate change and minimize attendant risks. This will take place at global, regional and national levels as follows:
- Screen global, regional and national programming documents and global, regional

and national projects for opportunities and risks (exposure to climate change, potential synergies with core development activities);

- Re-orient programming and projects as appropriate; and
- Develop capacity in global, regional and national units to continue screening and re-orientation of assistance in the future, through training on how to use a set of due diligence instruments to incorporate climate change into the design and oversight of programming and projects.

## Modalities

Externally, UNDP will collaborate with UN agencies under the "Delivering as One" framework to help United Nations Country Teams integrate climate risk into the formulation and implementation of key UN cooperation frameworks such as the United Nations Development Assistance Framework (UNDAF).

Internally, the Environment and Energy Group will take the lead in assisting country and regional offices in climate proofing their development assistance. Dedicated Service Delivery Platforms will be launched in October/November 2008 to inform country and regional offices on available methodological tools and advisory services at the global and regional levels.





# 5 Operationalizing the Climate Change Strategy



UNDP will support mitigation and adaptation action on five different levels of intervention: global, regional, national, provincial/municipal and community/local.

To operationalize these four strategic priorities, UNDP will need to (i) focus on different levels of interventions (see Figure 2); (ii) ensure a strong commitment throughout the organisation for the programming alignment of UNDP core resources at the global, regional and national levels and internal skills development requirements identified under Strategic Priority 4; (iii) expand/develop new partnerships, particularly at the national level to ensure integrated delivery of climate change support by all development partners; (iv) put in place a dedicated results-based management architecture to monitor progress, assess the need for remedial action and report on progress; and (v) secure start-up costs for proposed new initiatives. This operational section describes the envisaged approach to meet these pre-requisites.

## 5.1 Levels of Intervention

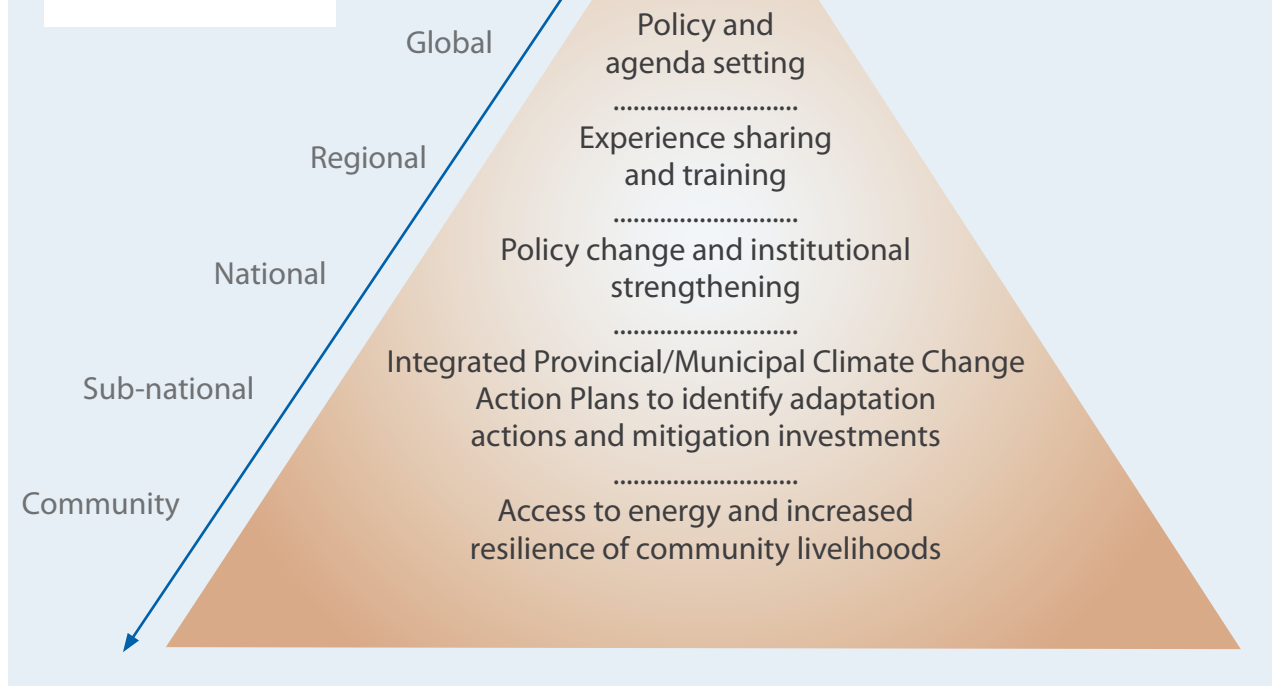
UNDP will support mitigation and adaptation action on five different levels of intervention: global, regional, national, provincial/municipal and community/local.

At the global and regional levels, it will pursue policy and agenda-setting and experience-sharing and training activities. At the regional level UNDP will establish a system of expert back-up to assist countries to access, integrate and sequence different sources of financing, evaluate alternative mitigation and adaptation options, and match them with possible policy/financing instruments.

At the national level, it will focus on policy change and institutional strengthening through activities such as training for policy makers, national assessments of policy options (Strategic Priority 1); market development/transformation to attract and drive direct investment towards lower carbon technologies and sustainable land management, set-up of a dedicated infrastructure for carbon finance, REDD and other new sources of environmental finance (Strategic Priority 3).

At the sub-national level it will focus on activities such as establishing Climate Change Action Plans to address mitigation and adaptation at the provincial level Strategic Priority 3).

FIGURE 2: INTERVENTION LEVELS FOR THE CLIMATE CHANGE STRATEGY



## 5.2 Internal Policy Commitment and Resource Alignment

### (i) Policy commitment:

Full-scale support and endorsement by the senior management of UNDP and concomitant operational, financial and human resource decisions/recommendations are essential. This Strategy has been reviewed and endorsed by UNDP's Operations Group (OG, the highest decision-making body within UNDP on operational issues). To ensure a good foundation of support, as part of the preparation of this Strategy, Resident Representatives and Deputy Resident Representatives have been introduced to the fundamental rationale underpinning the Strategy through various training forums. In addition, other mechanisms for consultation and endorsement within UNDP are currently being pursued to ensure wide ownership, such as the ASG forum. OG approval will ensure ensure that the necessary operational, financial, institutional and human resources are readily available to translate the Strategy into action. The OG will be kept regularly informed on progress achieved and consulted on all suggested amendments to be made in response to key international development such as major

decisions to be made at the UNFCCC COP meetings to be held Poznan and Copenhagen in December 2008 and 2009 respectively.

### (ii) Division of responsibilities:

Scaling up and expanding the efforts of UNDP in the area of climate change will require the involvement of UNDP staff throughout the world in a well-coordinated manner. Since capacity development at various levels is a fundamental component of the Climate Change Strategy, the Environment and Energy Group will work closely with the Capacity Development Group to ensure close alignment with the strategies and methodologies that have been developed by the latter as part of its Capacity Development Framework. To ensure the integrated implementation of the four strategic priorities, UNDP will establish climate change teams that will work closely to support the Strategy. Clear roles and responsibilities will be assigned to different team members (see Table below). Detailed work plans and budget requirements to make this strategy operational are being developed and integrated into the work plans of the Environment and Energy Group and other UNDP practices and divisions.

TABLE 2

TEAM	ROLES AND RESPONSIBILITIES
Global Team	<ul style="list-style-type: none"> <li>● Provide knowledge management, global technical back-stopping and implementation oversight to UNDP staff on every aspect of the Climate Change Strategy.</li> <li>● Develop and monitor the implementation of result based indicator and impact criteria and amend the implementation of the Strategy accordingly.</li> <li>● Provide coordination and oversight of fundraising and partnership development at global, regional and national levels, to implement the Strategy.</li> <li>● Update UNDP staff on progress with implementation of the Strategy.</li> <li>● Propose amendments to the strategy in light of evolving international developments.</li> </ul>
Regional Service Centres	<ul style="list-style-type: none"> <li>● Respond to country demand and provide front line technical support to Country Offices for specialized advice (e.g. on how to access vertical climate change funds, technological solutions).</li> <li>● Coordinate implementation of the Strategy at the regional level, including integration with regional UNDP programmes related to climate change, as well as other relevant regional programmes.</li> <li>● Ensure coherence of regional climate change activities with global and national priorities.</li> </ul>
Regional Bureaux	<ul style="list-style-type: none"> <li>● Regional Bureaux will be responsible to set priorities and scale up action on climate change in their regions, in full cooperation with ongoing regional and global activities, and in response to country requirements.</li> <li>● Initiate and provide coordination and oversight of fundraising and partnership development at regional and national level, to implement the Strategy.</li> <li>● Propose amendments to the Strategy in light of lessons learnt at the regional and national levels.</li> </ul>
Country Office Team	<ul style="list-style-type: none"> <li>● Coordinate the implementation of the Strategy at the national level</li> <li>● Represent/ lead UNDP in high level discussions with the government and development partners.</li> <li>● Promote and facilitate the incorporation of climate change considerations in relevant sectors of the economy and ultimately in the national development strategy and/or PRSP of the country.</li> <li>● Ensure coordination with (a) national activities supported by other development partners, and with (b) UNDP's regional and global activities to ensure maximum impact of efforts.</li> <li>● Initiate and provide coordination and oversight of fundraising and partnership development at national level, to implement the Strategy.</li> </ul>

### (iii) Integrated technical backstopping capacity:

Technical support from Regional Service Centres and global units will be offered in an integrated manner i.e., Technical Advisors will not just be specialized in mobilizing resources from one funding source (e.g., GEF, CDM, REDD), but from multiple sources. This is a prerequisite for ensuring that UNDP provides support to countries along the entire spectrum from policy change, through institutional development, to financing of solutions. Different funding sources are best suited for different intervention points along this spectrum, and it will be critical that those providing technical advisory support are fully cognizant of the entire spectrum in order to give the best advice on how to combine and sequence different interventions and sources of funding to optimize the use of development resources.

Programming of UNDP global, regional and national core resources will be closely aligned on an annual basis to facilitate the establishment of such an integrated technical backstopping capacity. Additional dedicated staff members will be recruited /reassigned as required to assist the core team, the Regional Bureaux, the Regional Service Centres and Country Offices in their tasks. Budgets for additional positions identified have been included in the start-up budget given below.

## 5.3 Partnership Development

UNDP will enhance synergies within the UN family of agencies with a view towards ensuring that the best efforts of the UN can be brought to bear at the country level with a particular focus on enabling least developed countries and vulnerable communities respond to climate change challenges. Several UN agencies address climate change to a greater or lesser extent within their respective mandates. Through the United Nations Development Group (UNDG), the diverse expertise of the UN could be synergized and coordinated to better respond to country requests and development needs, in particular the linkages between the MDGs and climate change. UNDP recognizes that the United Nations Development Assistance Framework (UNDAF) and the focus on “Delivering as One” offer a unique opportunity to achieve alignment, and under the lead-

ership of the UN Secretary General and the Chief Executives Board (CEB) is committed to ongoing efforts to achieve the above objectives. (See Table 3 for a summary of how different agencies within the UN system are going to coordinate work on climate change; this was outlined by the Secretary General to Members of Chief Executives Board and the Executive Secretary of the UNFCCC in a communication dated 30 May 2008.)

UNDP will promote a climate change collaborative compact between the United Nations, International Financial Institutions, Regional Institutions, and the donor community, including an active role for the private sector at all levels. A new and detailed agreement between the UN and the Bretton Woods institutions for supporting development and climate change activities is urgently needed and UNDP is committed to working with all stakeholders to ensure that such a climate change collaborative compact be developed in a timely and inclusive manner. Such an agreement should ensure a continuum from policy setting to investment, and a more proactive role for the participation of recipient, client countries. UNDP believes that the development of a climate change collaborative compact will and should lead to a coherent and integrated approach in responding to climate change and development at the global and national level.

UNDP will reach out to a new set of development partners, including private sector associations, associations of regions, and regional, municipal and community authorities. For example, the UNDP-UNEP initiative under Strategic Priorities 2 and 3 to promote climate resilient and lower carbon territories will intimately involve associations of regions such as FOGAR, NRG4SD (a network of regional governments wishing to exchange their experiences in the field of sustainable development), the Northern Forum that unites the regions around the Pole, the International Association of Francophone Regions, the Latin American organisation of sub-national governments, the European Assembly of regions and a large number of national and multinational companies.

UNDP will continue to fulfil its role as a partner within the GEF, utilizing GEF funds in a catalytic manner. The growth in carbon funds and other financing sources for climate change will in no way reduce the importance or relevance of the GEF. To

TABLE 3

FOCUS AREAS	CO-CONVENERS (FACILITATIVE FUNCTION)
Reducing Emissions from Deforestation and forest Degradation (REDD)	FAO, UNDP, UNEP
Technology Transfer	UNIDO, UNDESA
Finance (Mitigation, Adaptation)	World Bank, UNDP
Capacity Building	UNDP, UNEP
Adaptation (convening/ coordination of the overall sectoral work of the UN system relating to adaptation at the programme level)	HLCP Working Group on Climate Change
Science, Assessment, Monitoring and Early Warning	WMO, UNESCO
Supporting Global, Regional and National Action	UNDP, UNDESA, UN Regional Commissions
Public Awareness	UNEP, UN Communications Group
Climate Neutral UN	UNEP

the contrary, GEF's role and resources will be even more essential. The GEF will continue to fill a critical catalytic function by supporting policy change and institutional strengthening which, in turn, will enable developing countries to effectively access the new funding sources. One of the GEF's key comparative advantages in fulfilling this function is its policy harmonization and partnership development capacity among UN agencies and Multinational Development Banks as a network organization, and the financial instrument of the UNFCCC. UNDP will remain committed to this networked approach.

UNDP will also continue working in close partnership with the Secretariats of the three Conventions for Biodiversity, Climate Change and Land Degradation. Dedicated human resources will be al-

located to foster these partnerships UNDP will also coordinate closely with other key environmental conventions.

### 5.4 Foundational Budget Requirements and Leveraging Targets

A major long-term objective of the Climate Change Strategy is to ensure that developing countries are increasingly able to access the amount of additional resources required from multiple sources to address the climate change challenge, particularly the poorest countries and the most vulnerable communities that heretofore have limited access.

As indicated in the attached summary budget (see Annex 1), UNDP estimates that it will require about

\$400 million of foundational or “start-up” resources over 4 years to help countries leverage an additional \$5.6 billion from other resources to finance their scaling up efforts to successfully address climate change and achieve the MDGs.

The objective of these foundational or start-up resources is to put in place the enabling environment (policies, institutions, human resource capacities) at all levels so that countries are then in a better position to assess alternative mitigation and adaptation options, appraise and investment decisions, and leverage additional resources from ODA, the GEF, and new environmental sources (Carbon Finance, REDD, Payment for Ecosystem Services, new insurance schemes, etc. ) to attract additional private sector investment.

For example, it is estimated that about \$50 million in TRAC and bilateral resources will be required to assist developing countries in preparing concept papers/pre-feasibility studies/pilots to leverage about \$1.75 billion in GEF grant and associated GEF co-financing as well as in other new sources of environmental finance for market development/market transformation activities at the national level to attract and drive direct public and private investment towards lower carbon technologies and sustainable land-use practices over the next four years.

The start-up budget mirrors the six dimensions in which UNDP activities need to be stepped up. Thus, greater weight has been given in the budget to enhance emphasis on adaptation, the sub-national level, and the community/local level. Almost half of the required foundational resources will be invested in demonstrating the potential of programmatic approaches for adaptation. Some resources have already been mobilized; others will be mobilized based on a comprehensive fund-raising strategy during the implementation of the strategy.

## 5.5 Results Based Management

Monitoring and evaluation of results will be reported to the OG on an annual basis for timely re-alignment of implementation, as required. In line with UNDP’s new Integrated Result-Based Management system, impacts will be assessed against results based indicators and impact criteria. A mid-term evaluation is planned for January 2010 to take the outcomes of the Copenhagen COP into consideration.

A dedicated Result-Based Management Officer will be recruited to oversee timely implementation of these activities.



## ANNEX 1: UNDP CLIMATE CHANGE STRATEGY: ESTIMATED FINANCING REQUIRED FOR THE PERIOD JUNE 2008 – DECEMBER 2012

Strategic Priorities/ Services Provided	Programme title	Primary Intervention level	Total resources needed (millions)
Strategic Priority 1: Support the design of integrated Climate change policies, strategies and quantified actions plans.			
National assessments and reports on climate change. Policy options for addressing climate change, to inform negotiations on a post-2012 climate change regime. In-depth economic analyses of the impacts of climate change. Capacity development to design integrated climate change strategies and plans, integrating national GHG assessments, in-depth economic analysis of CC, and of cost benefit analysis of alternative mitigation/adaptation options. Knowledge management platform and products.	Capacity development of decision makers on climate change policies.	Regional and National	\$ 10 million
	Develop capacity to design integrated climate change strategies and plans.	National	\$ 12 million
Strategic Priority 2: Promote early adaptation actions and enhance long-term adaptive capacity of developing countries in a programmatic manner.			
Development of national and where relevant local climate change platforms and networks to collect and disseminate information on climate change impacts and adaptation options. Economic assessment of adaptation versus inaction, and assess required incentives to take early actions. Enhance the capacity of developing countries to design and implement policies to integrate adaptation into domestic plans, budgetary and fiscal policies, investments and practices. Help countries identify and prioritize short-term "no regrets" adaptation responses to reduce adverse impacts on existing livelihoods. Help countries mobilize additional sources of funding for implementing adaptation responses.	Programmatic approaches for adaptation.	Regional and National	\$ 160 million
	Climate resilient and carbon neutral territories – Adaptation component.	Provincial and Municipal	\$ 35 million
	Community-based adaptation.	Community/local	\$ 20 million

Leveraging targets <sup>1</sup>		Institutions
Amount (US\$)	Sources	
None	--	UNEP (Regional level) UNDP UNFCCC UNF
\$ 50 million	Domestic resources Bilateral Aid Agencies	UNDP UNCTs
\$ 800 million	Bilateral Dev. Agencies Adaptation Funds (SCCF, LDCF, Adaptation Fund) Development Banks Domestic and Foreign Direct Investment	UNDP Regional organizations Multilateral Development Banks (MDBs)
\$ 700 million	Adaptation Funds Domestic and Foreign Direct Investment	UNDP, UNEP, UNOSAT. Associations of Regions, Expertise Centres Private Sector
\$ 100 million	NGOs Foundations GEF	SGP UNV UNF UNDP Foundations



Strategic Priorities/ Services Provided	Programme title	Primary Intervention level	Total resources needed (millions)
Strategic Priority 3: Attract and drive direct public and private investment towards, sustainable energy services and systems (including lower carbon technologies) and sustainable land use practices.			
Develop and implement context specific and need-driven public policies and markets that attract and drive direct investment towards sustainable energy practices.	Market transforma- tions for lower car- bon technologies.	National	\$ 50 million
Build capacities and promote partnership and engagement with interested public, private and non-state partners in order to implement nationally appropriate sustainable energy and land use practices.	Capacity Development for Carbon Finance.	National	\$ 16 million
Develop and implement investment pipelines and frame- works of action to promote technology development, transfer, and dissemination.	Piloting REDD	National	\$ 20 million
Establish a dedicated institutional and regulatory infrastruc- ture to access carbon finance (i.e., strong Designated National Authorities; clear Certified Emission Reduction ownership rights).	Climate resilient and carbon neutral ter- ritories – Mitigation component.	Provincial and Municipal	\$ 35 million
Access project management services, through the MDG Carbon Facility, to individual carbon investors in emerging markets.	Energy Access Capacity Development Facility.	Community/ local	\$ 30 million
Pilot national REDD approaches that mitigate delivery risks associated with REDD emissions reduction schemes, and test a number of alternative payment structures and benefit transfer mechanisms at various in-country levels through close partnership with all stakeholders.	Strategic Priority 4: Integrate climate change into UN and UNDP development assistance at the global, regional and national levels, to effectively and efficiently service countries in addressing climate change.		
Promote the human development perspective of climate change at the national, regional and global levels.	Climate resilient UN development assistance.	Global, Regional and National	\$ 12 million
Design “Service Delivery Platforms” to facilitate access to cli- mate change information and services by UNDP’s Regional Service Centers and Country Offices.	Promote the human development perspective of climate change at the national, regional and global levels. Design “Service Delivery Platforms” to facilitate access to climate change information and services by UNDP’s Regional Service Centers and Country Offices. Continue to develop the capacity of RR, RC, Country Directors and UNCT to understand the importance of mainstreaming CC into UN activities. Develop capacity to screen and re-orient UN development assistance.		

Leveraging targets <sup>1</sup>		Institutions
Amount (US\$)	Sources	
\$ 1.750 million	GEF Carbon Finance (MDG Carbon Facility) Domestic and Foreign Direct Investment	UNDP
None	--	UNDP World Bank UNEP Nairobi Framework
\$ 200 million	GEF Bilateral Development Agencies Foundations Emerging REDD finan- cial mechanisms	FAO UNDP UNEP World Bank GEF
\$ 1.750 million	Carbon Finance (MDG Carbon Facility) Domestic and Foreign Direct Investment MDBs GEF Bilateral Development Agencies	UNDP, UNEP, UNOSAT Associations of Regions, Expertise Centres Private Sector
\$ 300 million	Foundations Bilateral Development Agencies GEF	UNDP UNEP
None	--	UNDP UNCTs

# ACRONYMS

<b>CDM</b>	Clean Development Mechanism
<b>DAC</b>	Development Assistance Committee
<b>FAO</b>	Food and Agriculture Organization
<b>FOGAR</b>	Forum of Global Associations of Regions
<b>GEF</b>	Global Environment Facility
<b>HCFCs</b>	Hydrochlorofluorocarbons
<b>HLCP</b>	High-level Committee of Programmes
<b>IEA</b>	International Energy Agency
<b>IFI</b>	International Financial Institutions
<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>JI</b>	Joint Implementation
<b>LDCs</b>	Least Developed Countries
<b>MDBs</b>	Multilateral Development Banks
<b>MDGs</b>	Millennium Development Goals
<b>NAPA's</b>	National Adaptation Programmes of Action (for LDC's)
<b>NRG4SD</b>	Network of Regional Governments for Sustainable Development
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>PRSP</b>	Poverty-Reduction Strategy Papers
<b>REDD</b>	Reduced Emissions from Deforestation and Degradation
<b>SGP</b>	Small Grants Programme (GEF)
<b>SIDS</b>	Small Island Developing States
<b>TRAC</b>	Target for Resource Assignments` from the Core
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNCT</b>	United Nations Country Team
<b>UNDAF</b>	United Nations Development Assistance Framework
<b>UNDESA</b>	United Nations - Department of Economic and Social Affairs
<b>UNDG</b>	United Nations Development Group
<b>UNDP</b>	United Nations Development Programme
<b>UNEP</b>	United Nations Environment Programme
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>UNF</b>	United Nations Foundation
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>UNOSAT</b>	United Nations Satellite Applications Programme
<b>UNV</b>	United Nations Volunteers
<b>WHO</b>	World Health Organization
<b>WMO</b>	World Meteorological Organization

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