



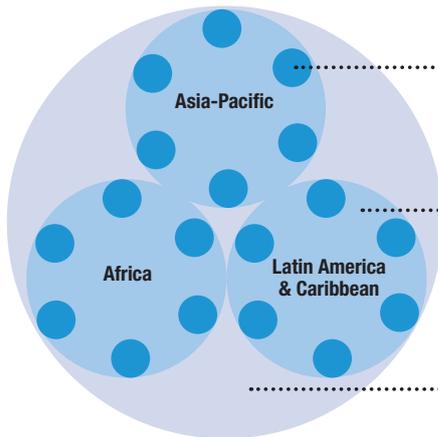
Busan Building Block: Climate Finance and Development Effectiveness

The BBB on Climate Finance and Development Effectiveness is a voluntary partnership to promote coherence and collaboration across climate and development communities. It will:

- strengthen linkages between climate finance and countries' planning, budgeting and public financial management systems.
- support regional platforms that promote lesson-learning across countries and policy areas.
- share lessons across diverse international policy processes, and pursue coherent approaches to the effective delivery of international finance based on common principles.

What do we do?

Developing country supporters will develop their own capacity to effectively manage climate finance, with collective support from climate finance providers. These country-experiences will be shared with other countries at the regional and global levels.



Country Level: Developing country supporters have stronger country-level capacities to effectively manage climate finance in a strategic manner

Regional Level: Supporters share best practices and lessons of managing climate finance in and outside the regions through regional platforms

Global Level: A coherent approach to the effective climate finance delivery is promoted through knowledge sharing between climate and development effectiveness policy communities

Who are in the partnership?

As of April 20, 27 countries and institutions are supporting this partnership.

Asia-Pacific	Africa	Latin America & Caribbean	Donors, International Organisations and Civil Societies	
Bangladesh	Cameroon	Mexico	Australia	Norway
Fiji	Kenya	Bolivia	Belgium	Switzerland
Indonesia	Lesotho	Honduras	Denmark	Better Aid
Samoa	Tanzania	Peru	European Commission	Pacific Island Secretariat
Vietnam	Uganda		Korea	OECD
	Zambia		New Zealand	UNDP

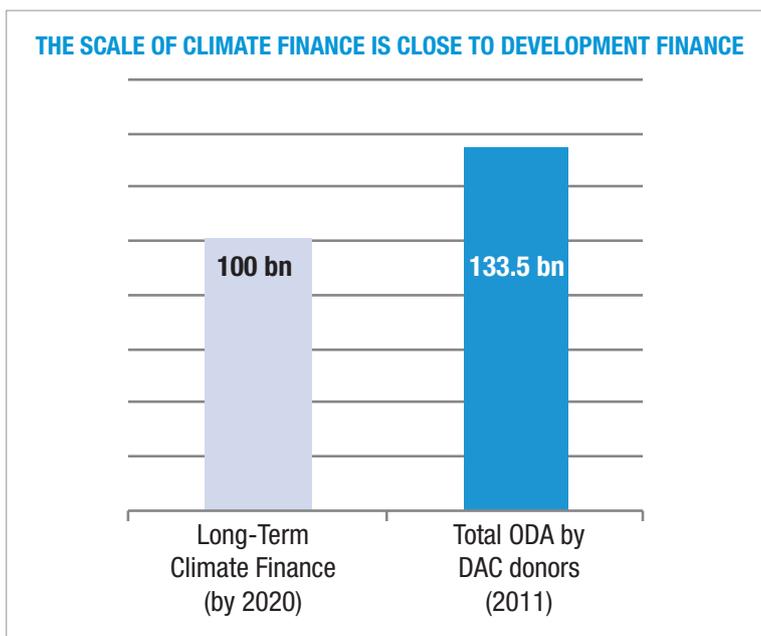
Why do we do it?

Climate change finance is set to increase substantially throughout this decade. Over the next eight years funding for climate change adaptation and mitigation will have to increase tenfold, from the USD 30 billion pledged in fast start financing for the three years up to 2012 to a target of USD 100 billion annually by 2020. This magnitude is significant even in comparison with official development assistance¹.

Given its potential scale, the effective delivery of climate finance is imperative. Both funders and recipients want to ensure that climate finance contributing to climate change adaptation and mitigation, and furthermore positive development outcomes and poverty reduction. In terms of ensuring effective delivery of external public finance, official development assistance (ODA) has a wealth of lessons to offer. Although ODA and climate finance are not the same, it will be a mistake not to take into account the lessons learned from ODA.

In order to ensure effectiveness of climate finance, several conditions need to be met. These conditions can be derived from the experience of development aid, including the principles stated in the Paris Declaration on Aid Effectiveness. These include:

1. *The use of finance needs to be led and owned by recipient countries.* This means that recipient country should be able to use the finance in line with its strategic priorities. Furthermore, climate change should not only be addressed in stand-alone climate change reports but also fully integrated into national and sectoral development plans.
2. *The finance needs to be channeled into recipient country's existing systems.* The systems include the country's public financial management systems and national and sectoral development plans. Climate finance should not create parallel processes in isolation from the country's existing systems.
3. *Funders should ensure coherence in provision of finance among themselves.* As twenty "climate funds" and even more bilateral and multilateral donors provide climate finance, funders need to pursue a common approach in order to reduce transaction cost and excessive administrative burdens in recipient countries.



Join the Partnership?

The partnership is open to any countries and organisations that support the idea and activities of the building block on climate finance and development effectiveness. If you are interested in joining the partnership or wish to know more about the partnership, please contact the co-ordinators below.

Tom Beloe, Tom.beloe@undp.org

Hubert de Milly, Hubert.demilly@oecd.org

Kenta Usui, Kenta.usui@oecd.org

Interim website: www.oecd.org/dac/climatefinance

1. Commitment of 100 billion USD per year includes private finance, while ODA does not include private finance. However the scale of the climate finance is still considerable.