



March 2025

SESSION 9: CLIMATE AND SDG FINANCE DEEP DIVE

# **INSTITUTIONAL ARRANGEMENTS FOR FINANCE MOBILIZATION**





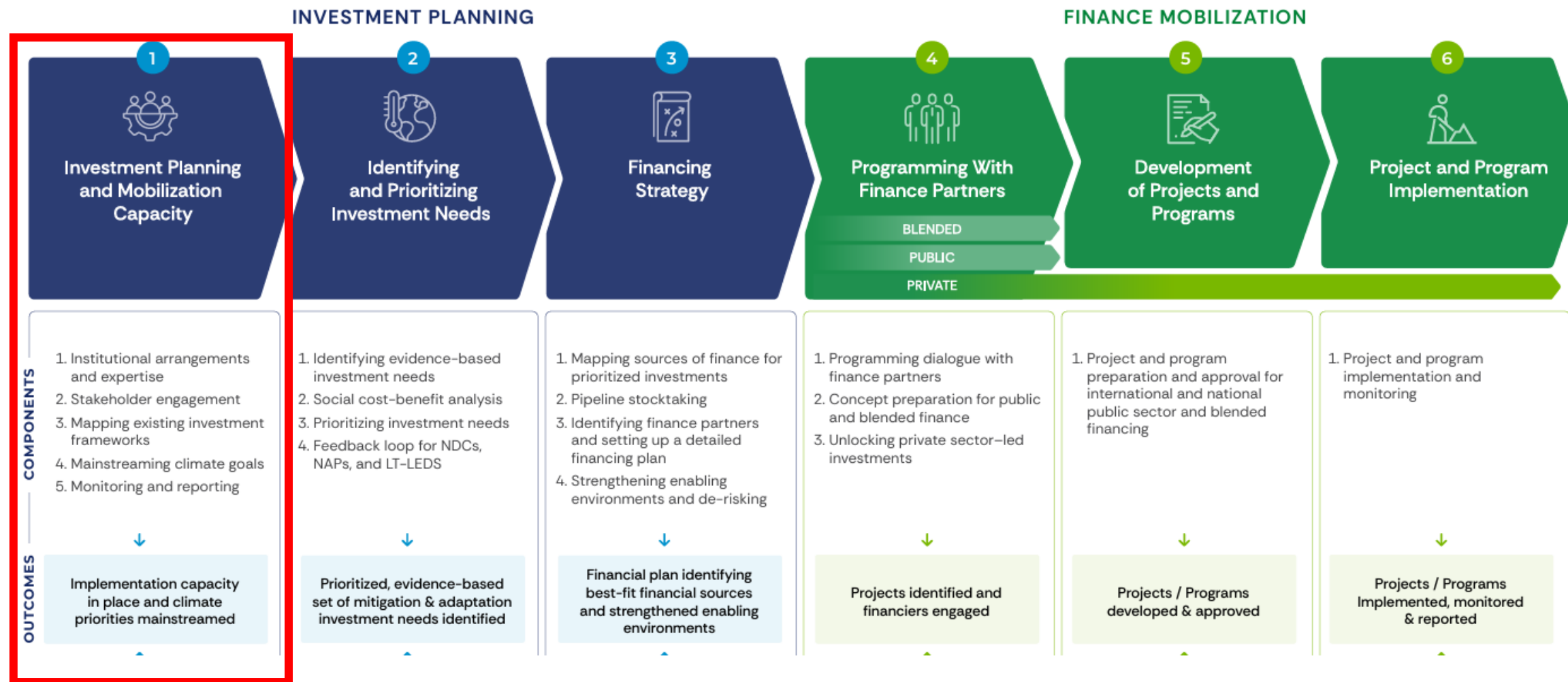
## Introduction

# Developing countries face multiple challenges in accessing finance

- Countries need finance to implement multiple climate and sustainability-related plans.
- In the absence of well-established mechanisms to access, coordinate, and manage finance, countries face the risk of inefficient financial flows, duplicative efforts, and a misalignment with national climate and development goals.
- Countries have established various mechanisms to enhance inter-institutional coordination and facilitate access to finance, including climate finance units, climate finance boards, and country platforms.

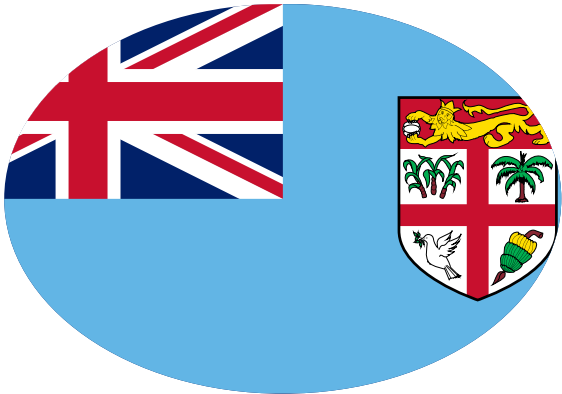


# Climate Investment Planning and Mobilization Framework



# Examples of models for institutional coordination

## Climate Finance Units



## Climate Finance Boards



## Country Platforms



# Rationale

- › **Centralize efforts** to access, coordinate and manage climate finance
- › **Enhance** national financial and budgetary **processes**
- › **Enhance coordination** across ministries, sectors and stakeholders
- › **Bring specialized capacity** to oversee engagement with a variety of funding sources
- › **Better navigate** the intricacies of the climate finance landscape



# Climate Finance Units

- **There is no one-size-fits-all approach to CFUs**  
Each country must tailor the mandate, staffing, and institutional arrangements of the unit to their respective national climate context and governance systems
- **CFUs are often housed within ministries of finance**  
However, CFUs can also be placed in other ministries, the presidential or prime minister's office or even be established as a standalone unit.
- **CFUs perform a variety of functions**



## A Practical Guide to Understanding and Establishing Climate Finance Units

## Common functions

- Mobilizing and coordinating finance in alignment with national goals
- Mainstreaming climate considerations across national development and economic architecture
- Supporting project preparation and appraisal
- Mainstreaming Gender Equality and Social Inclusion
- Supporting capacity building and institutional strengthening
- Support integration of climate finance into national budgets and policies



## Key success factors and challenges

### Success factors

- Strong political support and mandate
- Effective inter-ministerial coordination
- Technical expertise in climate finance
- Engagement with finance institutions
- Capacity building

### Challenges

- Limited technical capacity/staffing
- Conflicting mandates with other agencies
- Fragmented climate finance flows
- Limited focus on international public finance
- Limited stakeholder/private sector engagement



## Example 1

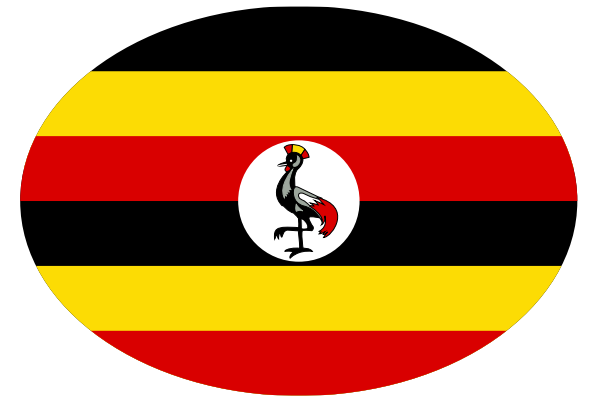
# Climate Finance Unit in Uganda

**Led by:** Uganda's Ministry of Finance, Planning, and Economic Development (MoFPED), with support from GGGI, FCDO, and the British High Commission in Kampala.

**Objective:** Centralize and strengthen climate finance mobilization, management, and monitoring in Uganda.

**Impact:**

- Enhances access to climate finance.
- Strengthens MoFPED's role as GCF National Designated Authority (NDA).
- Supports the implementation of the updated NDC (24.7% reduction target by 2030).
- Mobilization of USD 28.1B for mitigation, adaptation, and monitoring.



## Example 2

# Climate Finance Board in El Salvador

**Led by:** Ministry of Environment and Natural Resources, Ministry of Finance, Ministry of Economy, Central Reserve Bank, El Salvador Agency for International Cooperation and Secretariat of Commerce and Investment

**Objective:** Coordinate and strengthen access to climate finance to support the country's climate commitments.

### Key functions

- Enhance inter-institutional coordination for climate finance planning.
- Identify national and international funding sources.
- Develop strategies to boost investment in mitigation and adaptation.
- Support projects aligned with the NDC and national climate plans.





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# Important lessons on ensuring strong mandates

Several factors are involved in CFUs effectively and executing their mandates over the long-term:

- **Technical capacity**
- **Clear mandates**
- **Political will and support**
- **Financial sustainability**
- **Coordination mechanisms**



**Rubí Solar**  
**Photovoltaic Plant**  
Moquegua, Peru, 2019

# The journey of establishing CFUs varies, but there are general phases and steps that can be followed

Phase 1 INITIAL ASSESSMENT AND SCOPING	Phase 2 SECURING POLITICAL BUY-IN AND INITIAL FINANCIAL SUPPORT	Phase 3 DEFINING THE MANDATE, ROLES, RESPONSIBILITIES AND ORGANIZATIONAL STRUCTURE	Phase 4 STAFFING AND CAPACITY BUILDING	Phase 5 OPERATIONALIZATION
Steps	Steps	Steps	Steps	Steps
<ul style="list-style-type: none"><li>• Assess national climate goals</li><li>• Determine the institutional arrangements</li><li>• Stakeholder engagement</li><li>• Capacity assessment</li><li>• Financial needs assessment</li></ul>	<ul style="list-style-type: none"><li>• Secure political support</li><li>• Secure financial support</li></ul>	<ul style="list-style-type: none"><li>• Defining mandate and objectives</li><li>• Designing organizational structure</li><li>• Defining roles and responsibilities</li></ul>	<ul style="list-style-type: none"><li>• Ensure that the capacity and skills needed are in place</li><li>• Develop capacity building plan</li><li>• Build internal capacity</li><li>• Engage external experts, collaborate with universities</li><li>• Document and preserve the unit's experiences, lessons learned</li></ul>	<ul style="list-style-type: none"><li>• Setting up operational and reporting processes</li><li>• Ensuring financial sustainability</li></ul>