

## INFF AND CLIMATE FINANCE DEEP DIVE

# Integrating Climate into the INFF Process

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Comments and feedback: [yanis.Burgsdorff@un.org](mailto:yanis.Burgsdorff@un.org);

[natalia.aristizabalmora@un.org](mailto:natalia.aristizabalmora@un.org)

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# 1 Introduction to INFF and Climate Change Deep Dive

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## What are INFF Deep Dives?

Short technical guidance notes on INFFs, tailored to specific SDG sectors (e.g. climate, leaving no one behind, health), financing policy areas (e.g. macrofiscal frameworks, debt sustainability, DRM), and group of countries (e.g. LDCs, SIDS).

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## Purpose of Deep Dive on INFF and Climate Finance

To showcase how INFFs can help finance national climate goals and integrate the financing of climate action and Nationally Determined Contributions (NDCs) into broader financing discussions and national planning process at country level.

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## Questions addressed

1. How can INFFs help finance national climate goals?
2. How can INFFs help enhance the consistency and alignment of the financing support of national climate goals?
3. How can INFFs help bring together climate, national development and financing actors?
4. How do INFFs and NDCs fit together

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## Who is the Deep Dive for?

Policy makers, government officials, private sector participants, civil society and others involved in advising, developing and implementing strategies for financing national climate goals; and those looking to incorporate climate considerations in financing of broader national development plans/priorities.

# 2 Climate Finance - Overview

# What is Climate Finance?

**...still an unresolved issue, but for the purposes of the Deep Dive...**

- Financing flows that target low-carbon and climate resilient development, with direct or indirect greenhouse gas mitigation or adaptation objectives as outcomes.
- Refers to all financing (domestic, international, multilateral, public, private) seeking to support, explicitly or not, climate action.
- Linked to several of the Addis Ababa Action Agenda financing for development areas.
- Requires broad stakeholder engagement.

# Climate Financing: Challenges and Gaps

- Global level
- National level:
  - a. Resource mobilization due to lack of concrete financing strategies and investment plans, and inadequate integration of climate considerations across broader national financing policies.
  - b. Gaps between plans, budgets and climate goals due to several factors (e.g. inconsistent definitions of climate-relevant financing, lack of data, etc.)
  - c. Problems engaging private sector due to lack of enabling and regulatory environment.
  - d. Governance and coordination



# Why using an integrated approach?

INFFs can help countries strengthen three dimensions of integration:

1. Stakeholder integration
2. To enhance linkages between financing and identified national climate goals (vertical integration)
3. To identify linkages across financing policy areas to maximize synergies and minimize incoherencies (horizontal integration).

# 3 'How to' use INFFs for financing National Climate Goals

# 'How to' use an INFF to finance National Climate Goals

## INFF Building Blocks

### B.B. 1 Assessment and diagnostics

- 1.1. Financing needs assessment
- 1.2. Financing landscape assessment
- 1.3. Risk assessment
- 1.4. Binding constraints diagnostic

### B.B. 2 Financing strategy

### B.B. 3 Monitoring and review

### B.B. 4 Governance and coordination

## Issues addressed in the Deep Dive

- Overview of relevant policy frameworks/ strategic approaches and tools offered by international community.
- Outline of elements that are in line with the INFF approach, as well as where there are common gaps/challenges in integration and coherence, based on overview.
- Analysis and identification of opportunities for better integration (i.e. stakeholder, vertical and horizontal)

# 'How to' use an INFF to finance National Climate Goals

## Issues addressed in the Deep Dive

### B.B. 1 Assessment and diagnostics

- 1.1. Financing needs assessment

- Estimation of the costs of national climate actions (approach suggested in global guidance):
  - Identification of climate actions and sub-actions
  - Selection of methodology and tools to be used, based on what is already in place, the scope of the costing (e.g. short or long term), and informed by specific characteristics of climate financing (e.g. change of assumptions –price of technology-) – List of tools in Annex
- Estimation of financing needs for climate actions can help to incorporate climate considerations into broader national development processes.

# 'How to' use an INFF to finance National Climate Goals

## Issues addressed in the Deep Dive

### B.B. 1 Assessment and diagnostics

- 1.2. Financing landscape assessment

- Identification of current and projected financing support from all sources (public –including expenditures-, private, international) for national climate actions to:

- Assess financing gaps
  - Identify potential sources of financing
  - Increasing understanding of which types of financing flows are better suited for addressing certain financing gaps
- Tools that can be used to carry out the assessment

# 'How to' use an INFF to finance National Climate Goals

## Issues addressed in the Deep Dive

### B.B. 1 Assessment and diagnostics

- 1.2. Risk assessment

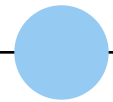
- Identification of which risks may affect financing of national climate goals over time (e.g. financial shocks, political situation, environmental and disaster-related risks) and how such risks may affect the climate financing system (e.g. slow-onset risks vs. extreme shocks)
- Identification of measures to address risk-factors cost-effectively, by reducing, preventing, managing or transferring residual risks.

# 4 INFF Deep Dives – Structure & Process

# Process

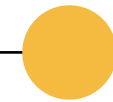
Draft of Deep Dive  
on INFF and  
Climate Finance

Step 1



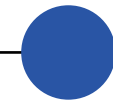
Step 2

Identification of  
country examples.



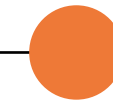
Step 3

Inter-Agency Task  
Force (IATF)  
consultation  
process.



Step 4

Publication.





# Thank you.

For more information, visit [www.inff.org](http://www.inff.org)

