



Busan Partnership for Action on Climate Finance and Development Effectiveness

Based on the outcome document of the *Busan Partnership for Effective Development Co-operation*, December 2011^{1,2}

Updated on 19th November 2012

What do we do?

The Busan Building Block (BBB) on Climate Finance and Development Effectiveness is a voluntary partnership to promote coherence and collaboration across the climate and development communities. Under the partnership, partner countries collaborate to develop in-country capacities to effectively manage climate finance, with collective support from climate finance providers. These in-country approaches and experiences are shared with other countries at the regional and global levels.

Objectives of the Busan Building Block Partnership

Country Level

Channel climate finance using countries' existing planning, budgeting and public financial management systems

- Developing country supporters will have stronger country-level capacities to effectively manage climate finance.

Regional Level

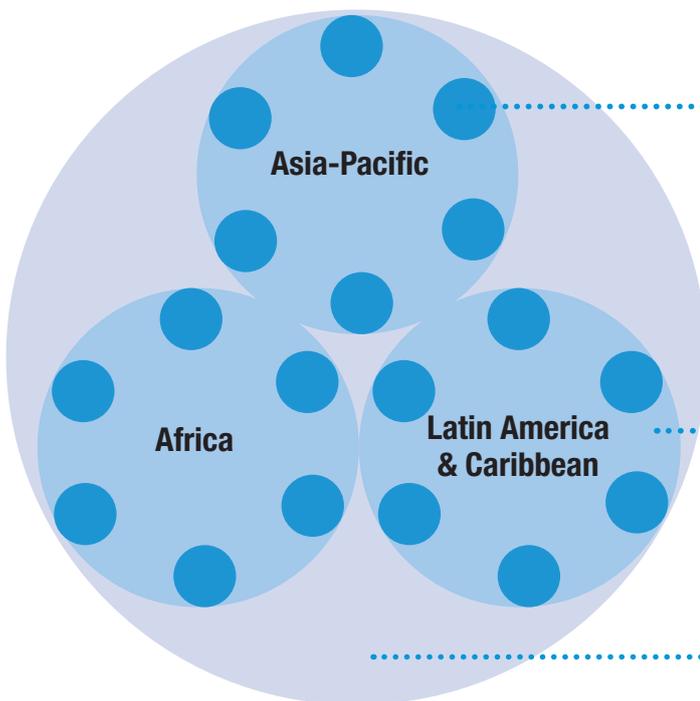
Share knowledge on managing climate finance through regional platforms in and outside the regions

- Developing country supporters and other development cooperation partners will identify and share lessons and best practices in managing climate finance

Global level

Share progress of the BBB across the relevant international policy processes and communities

- Donor, IO and CSO supporters will pursue coherent approaches in delivering international climate finance based on the common principles of development effectiveness and experience in partner countries.



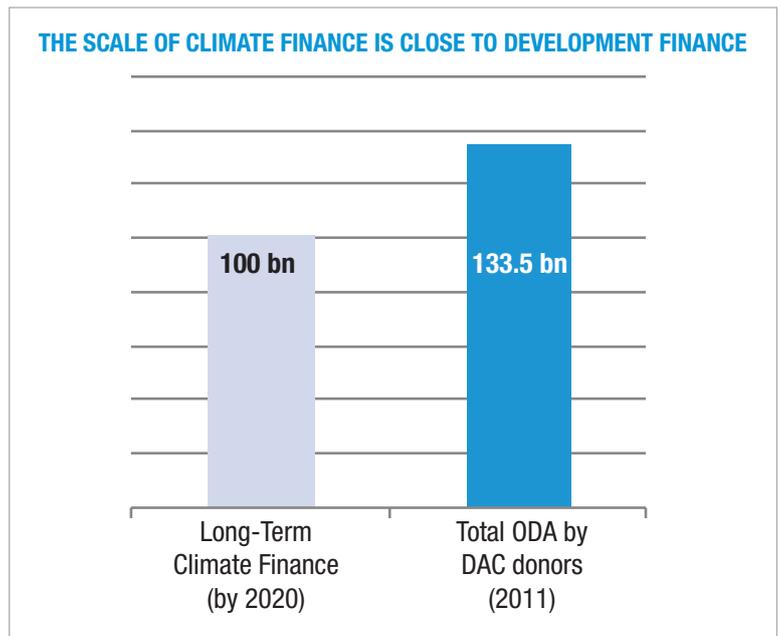
1. Paragraph 34, Busan Partnership for Effective Development Co-operation

2. This first draft of the Partnership for Action was partially adapted from the previous 'Implementation Plan' drafted by the OECD with inputs from UNDP, Korea and Better Aid.

Why do we do it?

Climate change finance is set to increase substantially throughout this decade. Over the next eight years, international funding for climate change adaptation and mitigation is set to increase about 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 in comparison with official development assistance³.

Given its potential scale, the effective delivery of climate finance is imperative. Both funders and recipients want to ensure that climate finance contributes to climate change adaptation and mitigation measures that are fully owned by, and aligned with, recipient countries while also achieving positive development and poverty reduction outcomes. Official development assistance (ODA) has a wealth of lessons to offer and although ODA and climate finance are not always the same, much of this experience is applicable.



In order to ensure the 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.

- 1. The use of finance needs to be led and owned by recipient countries.** This means that recipient countries 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 and environment activities, but also fully integrated into national and sectoral development plans and policies.
- 2. The finance needs to be channelled through existing systems in recipient countries.** Existing systems include countries' public financial management systems that are in line with national and sectoral development plans. Climate finance should not create parallel processes in isolation from these systems.
- 3. Donors should ensure coherence among themselves in the provision of finance.** With an increasing number of climate funds, bilateral and multilateral donors providing international climate finance need to harmonise approaches to reduce transaction costs and excessive administrative burdens that can be associated with accessing these funds.

How do we do it?

Activities conducted by the supporters of the partnership will build on the principles of the Busan Building Block.

Coalition of the willing: the BBB on climate finance is not a formal institution and does not require universal participation. It is a voluntary partnership, a "club of the willing", that is open to admit new parties that are willing to participate, at any time.

Global but country focused: the majority of activities of this building block will be at the country level, with political support and recognition at the global level (e.g. through COP agreements).

Build on what exists: the partnership will build on existing initiatives. Existing initiatives, mechanisms, actors and institutions that are relevant to this initiative will be seen as the main elements to construct a global network.

3. 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.

Proposed actions under the partnership



A1. Arrange institutional mechanisms to effectively manage climate finance

- Integrating climate change policy and finance into national systems
- Establishing clear mechanisms for co-ordination
- Creating national pooled funding to support climate change activities

A2. Develop technical capacities to identify, track and assess climate finance

- Tools to identify and track external climate finance flows using country databases and working across the domestic budget
- Assess “quality” of international climate finance implementation, e.g. against the effectiveness principles of the Paris Declaration.

B1. Regional Climate Change Finance Knowledge Sharing Platforms

B2. Facilitate and contribute to cross-regional knowledge exchange and learning

- Annual Supporters’ Meeting
- Online Interactive Platform

C1. Multi-level mapping of existing initiatives and platforms

- Mapping of international initiatives
- Mapping of national initiatives
- Mapping of CSO initiatives

C2. Engage in the monitoring of climate finance quality and effectiveness

C3. Disseminate the work of the building block in relevant policy communities

Who are in the partnership?

As of November 2012, 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

Roles of Supporters

This partnership does not entail a new entity. Rather, it forges a network of like-minded donor and partner countries, international organisations and civil society organisations to share experience and co-ordinate needs, expertise and progress with the broad goal of promoting development effectiveness in the context of climate finance.

Supporters from developing countries can:

- Develop institutional mechanisms to effectively manage climate finance (A1)
- Develop technical capacities to identify and track climate finance (A2)
- Contribute to regional knowledge exchange by sharing in-country experiences (B1)
- Provide updates to the online interactive platform (B2)
- Share in-country experiences in the mapping exercises (C1)
- Identify lessons learnt and disseminate progress on the building block in relevant policy communities (C3)

Supporters from donors, international organisations and civil society organisations can:

- Support country-level efforts in partner countries to develop institutional mechanisms to effectively manage climate finance (A1)
- Develop country-level technical capacities to identify and track climate finance (A2)
- Develop regional platforms by providing resources to enable these and by engaging directly, if relevant (B1)
- Provide inputs to the mapping exercises (C1)
- Provide inputs and resources to facilitate inter-regional knowledge exchange and learning (B2)
- Monitor international climate finance quality and effectiveness (C2)
- Identify lessons learnt and disseminate progress on the building block in relevant policy communities (C3)

Join the Partnership today!

The partnership is open to any country or organisation willing to support activities to promote the development effectiveness of climate finance. If you are interested in joining the partnership or wish to know more, please contact the co-ordinators below or visit our website at www.climatefinance-developmenteffectiveness.org.

Jinny Lee (Korea) jylee@koreaexim.go.kr ; Tetet Lauron (Better Aid) tlauron@iboninternational.org

Tom Beloe (UNDP) thomas.beloe@undp.org ; Jan Corfee-Morlot (OECD) jan.corfee-morlot@oecd.org