



2015-16 Philippine Presidency

Implementation Work Plan

1. BACKGROUND & MANDATE

Introduction

This Implementation Work Plan describes the principal activities, approach, partnerships and objectives for the realization of decisions and ambitions of the Vulnerable Twenty (V20) Group of Ministers of Finance of the member states of the Climate Vulnerable Forum (CVF). It encompasses global and national activities involved in realizing the V20's Action Plan to 2020 and Focus Groups to advance other key initiatives, including the study/creation of the V20 Risk Pooling Mechanism and to develop climate accounting tools informing climate action and finance initiatives.

Focus

Established in October 2015, the V20 enables countries most vulnerable to climate change to steer a high-level policy dialogue pertaining to action on climate change and the promotion of climate resilient and low emission development with full competence for addressing economic and financial issues beyond the remit of any one organization. The V20 consists of a Ministerial Dialogue, a Troika of lead V20 governments, an ad hoc secretariat, other partners, and any additional bodies established by the V20.

Working as a platform, the V20 aims to:

- Act collectively to promote the mobilization of public and private climate finance and other sources of climate finance;
- Share and exchange best practices on economic and financial aspects of climate action;
- Develop improved and innovative approaches to climate finance;
- Engage in joint advocacy and other collective actions.

The V20 operates on a voluntary basis together with, and in cooperation and partnership with, the international community to promote learning, coordination and complementarity of efforts in support of climate action in V20 countries.

Membership

Twenty developing countries from Africa, Asia, the Caribbean, Latin America and the Pacific constitute the founding membership of the V20. V20 modalities foresee the ability to confirm new members from the CVF sister initiative, which expanded its membership by 23 additional nations in 2015.

Ministerial Dialogue

The Ministerial Dialogue of the V20, which meets twice each year, serves to review and approve V20 activities, including a Work Plan and to monitor any substantive activity of the V20 including Work Plan implementation, among other functions. The Ministerial Dialogue may also form any number of specialized bodies on specific topics or items of interest/concern, including high-level or technical task forces, sub-committees, and panels of experts. It can also commission research and technical guidance on items or topics of interest or concern and delegate tasks to the Troika and/or secretariat.

2020 Action Plan

The V20 adopted a 5-year Action Plan at its founding meetings in October 2015 that is focused on attaining a significant increase in climate investment in V20 countries through the voluntary country-owned, country-driven, and country-led design and application of financial innovations, in collaboration with country partners, international financial institutions, and development banks while leveraging finance in all its forms, expertise, and technology from international resources. The Action Plan aims to address V20 climate finance needs and unlock the full potential of vulnerable countries to pursue climate action, enhance security, maximize co-benefits and opportunities, and in doing so, inspire others around the world. The Action Plan is specifically focused on promoting the sharing of climate finance best practice within/among V20 members and identifying and increasing the capacity of V20 national finance institutions (finance ministries, central banks, state regulators) to enhance their role in the mobilization of significantly higher levels of finance from all sources so as to enable ambitious climate action.

Working Group

The founding V20 meetings also established a Working Group to define milestones and commence implementation of the V20 Action Plan. Through the V20 Action Plan, the Working Group was mandated to accomplish the following tasks by the Spring/Autumn 2016 V20 Ministerial Dialogue:

- Mobilization and delivery of climate finance (Pillar I): Assess the needs and propose actions necessary for increasing the mobilization and delivery of investment for climate action in V20 countries, domestically and internationally.
- Boosting capacity through the exchange of best practices (Pillar II): Articulate a dialogue and knowledge sharing plan around key financing topics necessary to support the mobilization and delivery of climate finance.
- Outreach and advocacy (Pillar III): Develop an outreach plan for a platform for joint V20 advocacy for climate action, to demonstrate V20 leadership and facilitate engagement with key financial, technical assistance and knowledge partners.

The Working Group, convening virtually and via meetings, initially proposed the milestone objective for the V20's founding 20 members of mobilizing \$20 billion US in additional resources from all sources for V20 climate actions by 2020. In light of new members joining the initiative, the V20 objective requires reassessment. The V20 is considering the creation of a Task Force for the revision of the mobilization target.

Work Plan

In addition to the realization of the Action Plan, the founding V20 meetings also agreed to focus forward work on a number of other key tracks, including to:

- Study the creation of a V20 Risk Pooling Mechanism.
- Develop or improve financial accounting models and methodologies and cost-benefit analysis.

This Implementation Work Plan of the V20 incorporates these areas of activity in addition to Action Plan realization. The Work Plan therefore encompasses Action Plan and Focus Group activities for advancing the full V20 agenda and achievement of overarching objectives. Focus Groups are proposed as sub-committees led by pairs of V20 members as co-chairs to steer work in priority areas. The 2nd V20 High-Level Meetings in Spring 2016 are considering establishing the following Focus Groups:

- Climate accounting – to develop or improve financial accounting models and methodologies and cost-benefit analysis to enhance accounting of climate change costs and effects, the internalization of climate externalities into finance, and improve valuation of climate risks and co-benefits of climate action.
- Advocacy and partnerships – to lead V20 communications, advocacy and partnership building.
- Risk pooling mechanism – to advance the creation of a V20 Risk Pooling Mechanism on the basis of the detailed study produced for V20 consideration by the secretariat.

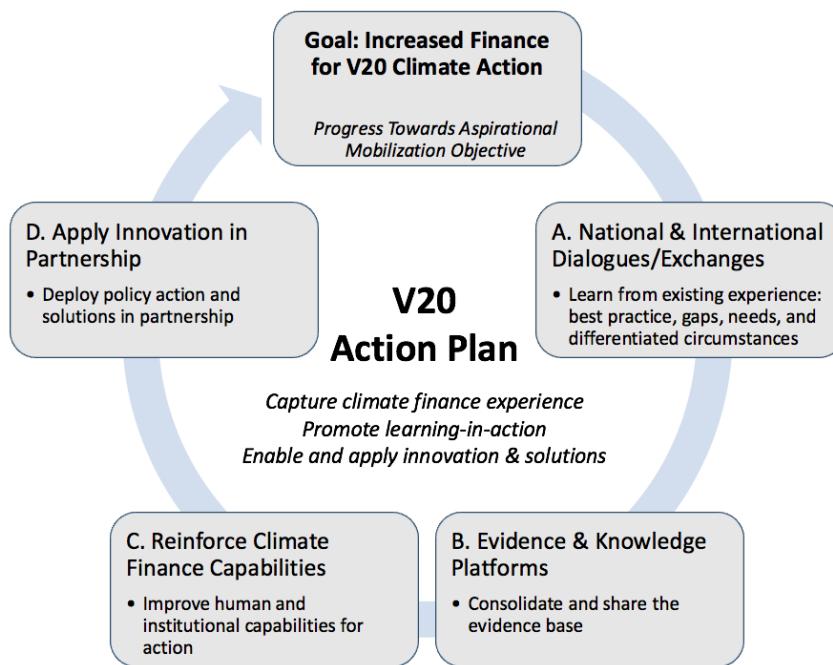
This Work Plan has a 2-year scope and is reviewed by the V20 Ministerial Dialogue with progress overseen by the Troika and Working Group.

2. ACTION PLAN ACTIVITIES

Implementation of the 2020 Action Plan will be carried out across four mutually-reinforcing activity clusters, as follows:

- A. National and international dialogues/exchanges – to determine existing best practice, challenges, needs, and national and regional differentiation and opportunities, and to cement international partnerships.
- B. Evidence and knowledge platforms – to capture, package and share the knowledge gained through dialogues.
- C. Reinforce climate finance capabilities – capacity building and technical assistance programs to ensure national agencies are equipped to deploy climate finance innovation.
- D. Apply innovation in partnership – projects for national actions to apply climate finance in V20 countries and global/regional V20 action partnerships for the implementation of solutions across members together with key partners.

Figure 1. Phased Activity Clusters – Building progress towards V20 Action Plan objectives



A. National & International Dialogues/Exchanges

The foundation of the Work Plan is a series of structured dialogues at national and international levels, comprising:

- National/regional consultations – involving government entities, business, regional and international financial and development partners, and relevant experts and civil society aimed at identifying climate finance best practice as well as national/regional challenges, gaps and needs based on experiences to-date.
- Global consultations – a series of events that: a) enable the outcome of national and regional consultations to be reviewed at global level by the V20; b) provide opportunities for the V20 to benefit from leading international expertise on climate finance; and c) enable V20 members to interface and interact with International Financial Institutions (IFIs), development partners and prominent global economic governance actors, including the G20 and G7.

Activities commence at national/regional level in order to capture both country-by-country best practice and to identify climate finance challenges, gaps, needs and local/regional specificities. Successes, challenges and needs reviewed at global levels aim to drive the cross-fertilization of best practices and

experience regionally and globally, and to identify regionally distinct options for addressing climate finance challenges. Global dialogues additionally enhance access to international expertise and promote collaboration, partnership and advocacy on key V20 interests with major international finance actors. Collaboration with financial, knowledge and assistance partners essential to the three other activity clusters stem are further cemented through the national and international program of dialogues.

B. Evidence & Knowledge Platforms

In collaboration with knowledge partners, building on the national and international consultations, a second activity cluster draws on the collective learning of the national and international consultations to:

- Consolidate evidence for action – synthesize findings of national, regional and global dialogues into actionable evidence to inform on: a) options for innovative policy action and other climate-focused solutions for progressing towards the V20 Action Plan's aspirational goal; and b) clarify technical assistance and capacity building requirements of V20 members national finance institutions (finance ministries, central banks, regulators) to implement these actions.
- Package information – Appropriately package the consolidated evidence gathered to suit the requirements of policy-makers acting on the information.
- Promote sharing and engagement – Establish platforms, including an online platform for V20 member focal points and partners, to enable ready and continuous access to information and promote further interaction and learning-in-action.

The work cluster ensures that V20 policy-makers and partners have access to high quality information specifically based on V20 experiences, supporting an expansion of efforts on climate finance.

C. Reinforce Climate Finance Capabilities

Together with V20 financial and assistance partners, a third activity cluster makes use of the evidence and knowledge made available to ensure:

- Strategic capacity building – Design and implementation of global, and as relevant, regional programs, that plug capacity needs and equip V20 government institutions at national level to overcome climate finance challenges in order to apply innovation.
- Complementary technical assistance – To spur early action, ensure targeted access to expertise, human resources and institutional capacity through technical assistance in complement to longer-term capacity building programs.

Strategic capacity building and technical assistance programs are critical to enabling tandem application of innovation measures and solutions by V20 countries.

D. Apply Innovation in Partnership

The final V20 Work Plan activity cluster is focused on the application of climate finance innovation by V20 countries through:

- National action projects – Projects at national level validated by, and supporting, government institutions, and their partners, to apply innovation through policy action and the implementation of climate finance solutions identified and proposed following the other work clusters on dialogues and evidence/knowledge.
- Action partnerships – Together with financial and assistance partners at global and regional levels partnership programs aim to facilitate V20 innovation-applying national projects and the implementation of climate solutions across the V20 membership.

The application of financial innovation and climate solutions in and across V20 countries supported by international action partnerships aims to enable ambitious climate change actions by V20 countries. The experience of applying innovation feeds both into the activity cluster on knowledge platforms and serves as the basis for subsequent Work Plan cycles in a learning-in-action continuum.

Table 1. Overview of Action Plan Activities

| Activity Cluster | Key Actions | Main Partners | Outcomes/Deliverables |
|--|--|--|--|
| <u>A. National and international dialogues/exchanges</u> | <ul style="list-style-type: none"> National/regional dialogues in each V20 country International interaction among V20, with experts, IFIs and global economic governance actors (G20, G7, OECD, MDBs) | <ul style="list-style-type: none"> National finance ministries and institutions Business community Regional finance actors IFIs and regional banks Economic governance actors (G20, G7) Other development partners (UNDG/UNDP) | <ul style="list-style-type: none"> Scoping of best practice, challenges, gaps/needs Identification of national/regional differentiation and opportunities Gathering leading international expertise and inputs Reviewing V20 interests and building collaboration with other economic actors |
| <u>B. Evidence and knowledge platforms</u> | <ul style="list-style-type: none"> Consolidate evidence for action Package information Promote sharing and engagement | <ul style="list-style-type: none"> Knowledge partners National finance ministries and institutions | <ul style="list-style-type: none"> Develop actionable information for innovative policy action options, and assistance and capacity needs Package and disseminate/share knowledge effectively Provide platforms for continuous interaction and exchange and learning-in-action |
| <u>C. Reinforce climate finance capabilities</u> | <ul style="list-style-type: none"> Global (and/or regional) strategic capacity building programs Complementary technical assistance | <ul style="list-style-type: none"> National V20 government institutions Financial and assistance partners (global and regional) Other key stakeholders and partners, as relevant | <ul style="list-style-type: none"> Equip national institutions to apply innovation Short-term access to expertise and institutional capabilities to apply innovation for early action |
| <u>D. Apply innovation in partnership</u> | <ul style="list-style-type: none"> National action projects Action partnerships (global and regional) | <ul style="list-style-type: none"> National V20 government institutions Financial and assistance partners (global and regional) Other key stakeholders and partners, as relevant | <ul style="list-style-type: none"> Innovative national policy actions and climate solutions implemented through projects at country-level International partnerships facilitate implementation and V20-wide initiatives |

Topics for Consideration

The following issues and topics are demonstrative, but not limiting, of concerns that might be reviewed and addressed in the context of the Action Plan implementation as suggested by V20 members:

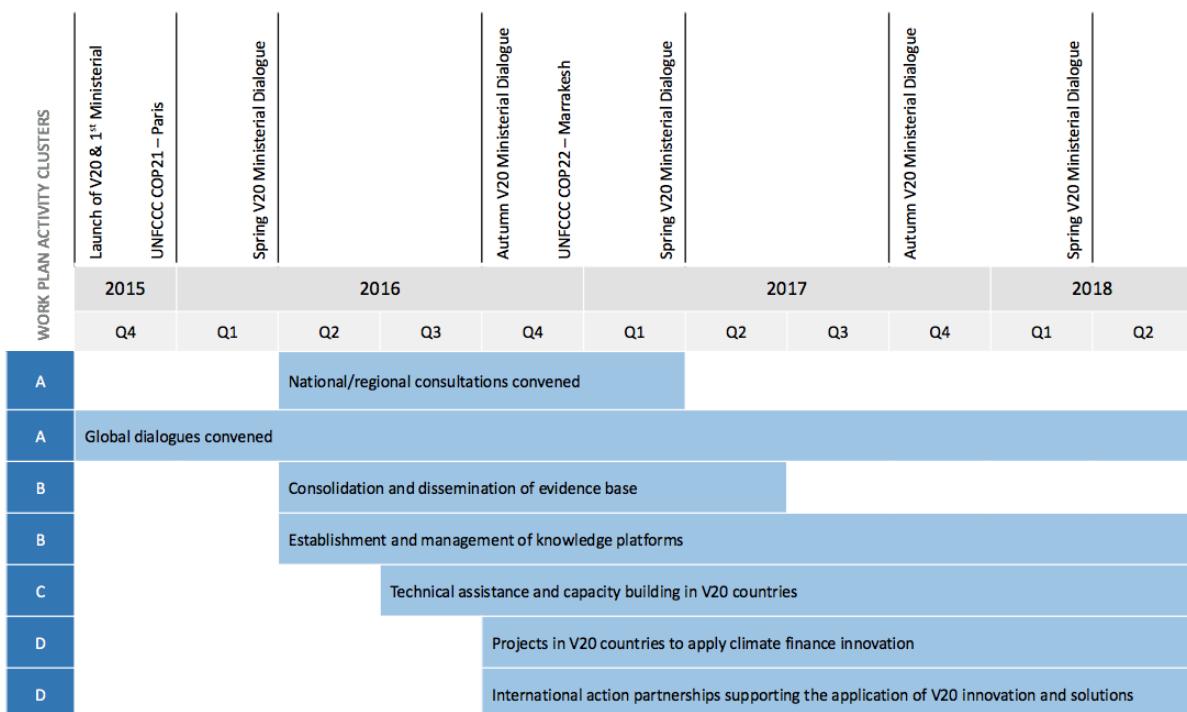
- Enhanced financial protection for climate-related disaster.
- Financial and fiscal schemes for the large-scale promotion of low emission technologies, renewable energy, carbon sinks and adaptation measures across V20 countries.
- Biodiversity financing solutions and schemes.
- Effective blending of international and domestic financing.
- Introduce coding to climate responsive budget and climate responsive development aid.
- Integrated climate change financing frameworks as part of national planning and budgeting systems to climate change and sustainable development goals.

- Strengthened capacities and institutional arrangements and coordination at national and sub-national levels.
- Strengthened accountability and transparency efforts to ensure the effective and equitable use of climate finance (with government and non-state actors, including CSOs and the private sector).
- Decision-making and assessment tools for the prioritization of adaptation and mitigation actions in an inclusive and participatory manner.

Activities Planning and Phasing

National and international consultations are implemented from the earliest stages, building sequentially towards knowledge consolidation and sharing, capacity building and technical assistance. These steps are enablers for the work clusters comprising national action projects and supporting international partnerships/V20-wide solutions.

Figure 3. 2015-18 Work Plan Cycle Realizing the V20 Action Plan



First Phase of Activities: Consultations

V20 national/regional consultations commence from 2016, and may be carried out until early 2017, including prior to the 3rd V20 Ministerial Dialogue, in collaboration with the World Bank, secretariat and other key partners in a limited set of V20 countries. Bangladesh and Philippines will host initial regional consultations—other regional consultation hosts are to be identified among the members.

Global consultations continue in conjunction with sessions of the Ministerial Dialogue, Senior Officials, Working Group and Focus Groups of the V20.

Experience from the first phase of activities will inform the detailed planning of subsequent phases.

3. FOCUS GROUPS

Further Strategic Tracks

Following decisions of the V20 Ministerial Dialogue, this Work Plan further encompasses activities focused on the following key tracks:

- V20 Risk Pooling Mechanism: Focused on studying the creation of a sovereign V20 Climate Risk Pooling Mechanism to distribute economic and financial risks, to improve recovery after climate-induced extreme weather events and disasters, and to enhance security of jobs, livelihoods, businesses and investors. This trans-regional public-private mechanism modeled on similar pre-existing regional facilities, featuring index-based risk transferal and other innovative insurance tools, would specifically address acute and chronic hydro-meteorological hazards, as affected by climate change. It would also improve spatial and temporal risk distribution resulting in highly accessible, dependable and cost-efficient insurance while incentivizing, through risk-determined pricing, upscaled adaptation measures.
- Advocacy and Partnerships: Focused on Pillar III of the Action Plan to extend the outreach and advocacy impact of the V20 through a platform for joint initiatives and through partnerships, communications and other initiatives with key financial, technical assistance and knowledge partners.
- Climate Accounting: Focused on developing or improving financial accounting models and methodologies and cost-benefit analysis to enhance accounting of climate change costs and effects, to internalize climate externalities in finance, and improve valuation of climate risks and co-benefits of climate action, among others. This will build on public and private sector initiatives on environment and natural resource accounting and valuation. The initiative would carefully review initiatives members are already engaged in (e.g. Climate Expenditure Tracking and Accounting) and member progress in integrating “climate accounting” within existing national systems to avoid duplication and ensure the proper use of resources.

The V20 would advance each of these three tracks of work through Focus Groups co-chaired by two participating countries, including founding and newly-confirmed members.

Working Modalities

The Focus Groups on the V20 Risk Pooling Mechanism, Advocacy and Partnerships and Climate Accounting, and their Co-Chairs, would operate as follows:

- Convene meetings with internal/external stakeholders, issue official communications and engage with relevant partners, as needed, in follow-up to V20 decisions relative to the thematic focus of each Focus Group.
- Involve 3-4 or more members of the V20 in the work of the Focus Group.
- Report back on progress to the V20 Working Group.
- Coordinate closely with the V20 Chair and Troika and take advantage of synergies with the CVF sister initiative.
- Avail of the support of the secretariat for document development and communications, for the organization of meetings and other activities/initiatives, and for securing further services that may be required, subject to available resources.

Timeframe of Activities

The Co-Chairs of each individual Focus Group establish their own timeframes and activity plans. The secretariat shall compile a consolidated planning document aggregating planned activities from all Focus Groups.

4. RESOURCING, SYNERGIES & PARTNERSHIPS

Resourcing V20 Operations

The V20 draws from resources for the realization of its Work Plan from wide-ranging sources and aims to continue to leverage further resources in order to ensure continued progress. Principal sources of funding for V20 activities include:

- CVF Trust Fund: The dedicated UNDP-administered Trust Fund of the V20 sister initiative is replenished with resources from CVF/V20 members and other donors. The CVF adopted guidance on non-obligational member contributions to the CVF Trust Fund valid from 2017. Bangladesh was the founding donor of the Fund. Other donors to the CVF Trust Fund have included Norway and Switzerland. Any intergovernmental organization that has signed an MOU with the Trust Fund may implement activities towards achieving the Fund's strategy to empower representatives of governments of climate vulnerable countries to contribute to enhanced policies and action on climate change.
- Project Financing: UNDP maintains a global project for support to the CVF and V20 that hosts the CVF and V20 Support Unit that provides ad hoc secretariat support services to both initiatives. The project also provides implementation support for any CVF/V20 determined activities in the areas of advocacy, international and South-South cooperation and research and analysis. The UNDP project is funded primarily by project financing from partners, including Germany (BMUB/GIZ and the Federal Foreign Office), and has also been the main implementing agency of the CVF Trust Fund.
- Partner Financing: Other partner organizations may seek to advance progress towards mutual objectives through collaboration in support of activities of the V20 that involve financial resource exchanges or technical and other forms of direct support that would otherwise carry financial implications.

Financing Member Climate Action

The V20 Ministerial Dialogue committed to act collectively and decisively to promote the mobilization of public and private climate finance from wide ranging sources, including international, regional and domestic mobilization. V20 members already collaborate with a wide range of international and regional funding instruments and financing structures in addition to bilateral assistance arrangements. V20 initiatives aim to increase the potential for international and regional financial support for climate action, including through enhanced domestic mobilization efforts as a result of the application of innovative financing approaches through the realization of this Work Plan.

Synergies and Partnerships

In its efforts, the V20 aims to engage in a new international partnership with development partners, business and public-private arrangements to support the realization of V20 ambitions. The V20 invited international financial institutions, international development actors and other relevant international institutions, including the World Bank Group, the International Monetary Fund, other multi-lateral/regional development banks, the UN Secretariat, UNDP and others to work collaboratively in delivering enhanced capacity and other assistance, including capacity building and technical assistance, to facilitate the efforts of V20 members as they work to achieve V20 objectives and initiatives. The V20 Chair maintains dialogue with donors, multi-lateral institutions and the private sector in order to develop partnerships on V20 activities.

The V20 also operates in accordance with the principle to coordinate with other activities of the Climate Vulnerable Forum in order to take advantage of synergies, amplify efforts, avoid duplication and ensure effective use of resources. This includes sharing secretariat support services via UNDP. The forthcoming establishment of the CVF South-South Centre at Manila and other CVF activities also offer important opportunities for collaboration.