

# Mali Climate Fund

## THE NATIONAL STRATEGIC FRAMEWORK ON CLIMATE CHANGE IN MALI

Heavily dependent on natural resources and economically vulnerable, climate change is a major challenge for Mali's development. Mali is already experiencing droughts, floods, strong winds, and large temperature fluctuations which are affecting all key sectors of the economy (agriculture, livestock, fisheries, forests, water, health, etc.). Mali's development and stability directly rely on its ability to meet the challenges imposed by climate change through strategic policy choices, in particular through the promotion of clean and climate resilient technologies.

In this context, the Ministry of Environment and Sanitation developed a National Strategy on Climate Change (SNCC) in consultation with public and private sector partners. This holistic vision adopted in July 2011 resulted in the establishment of the Institutional Framework on Climate Change (SNCC - Strategic Area I) headed by a National Committee. The Environment and Sustainable Development Agency (AEDD) serves as the Secretariat to this Committee.

Financing such a strategy requires the mobilization of considerable resources from multiple sources, far exceeding the national public resources currently available for climate change. The establishment of a financial instrument to catalyse and coordinate transformative change is thus the second priority of the Government of Mali (SNCC - Strategic Area II).

To maximize its ability to finance its national priorities for the period 2012-2017, the Government of Mali requested the Multi-Partner Trust Fund Office of United Nations Development Programme (MPTFO) to develop a national climate fund to combine financing from bilateral and multilateral sources as well as from the public and private sectors. With an initial contribution from Sweden, the Mali Climate Fund is one of the first national climate funds operational on the African Continent.

## OBJECTIVE OF THE MALI CLIMATE FUND

The implementation of the SNCC requires the alignment of various sectoral initiatives to be undertaken by a large number of stakeholders at national and local levels. The Fund's objective is to integrate these initiatives and to foster a coordinated implementa-

tion of the strategic framework. To this end, the Fund provides five types of services needed to support this transformative process:

- Mobilize domestic and international public and innovative financing through providing an accountable, result-oriented and cost effective financial instrument.
- Anchor domestic and international climate finance sources to the National Strategy on Climate Change through providing a common result-framework and seed funding/ co-financing to priority activities.
- Pilot innovative partnerships and policies to scale-up access to clean, climate-resilient and sustainable technologies.
- Catalyse private finance through supporting adaptation and clean energy market transformation initiatives to reduce investment risks.
- Funding for National Entities under regular budget execution (through the Treasury), and capacity building through partnerships with UN Organizations and Civil Society.

## THE PROGRAMME FRAMEWORK

Based on existing scenarios of climate change impacts, the Mali Climate Fund will focus on four strategic priorities of the SNCC (III, VI, VII and VIII). These strategic priorities will be implemented through an integrated and multi-sectoral approach, including private sector partners. The implementation will begin in 2014 with a first round of funding through an initial Investment Plan of US\$46 million, based on the overall estimated needs of US\$250 million for the period 2012-2017. The first round of funding was developed under the coordination of the Mali Climate Fund, combining funding sources from the Least Developed Countries Fund managed by the Global Environment Facility (LDCF), the Adaptation Fund and BMU<sup>1</sup>. UNDP- GEF Region based Technical Advisors provided critical expertise to AEDD in elaborating the areas of intervention and the funding plan.

<sup>1</sup> Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit (Germany's Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety).

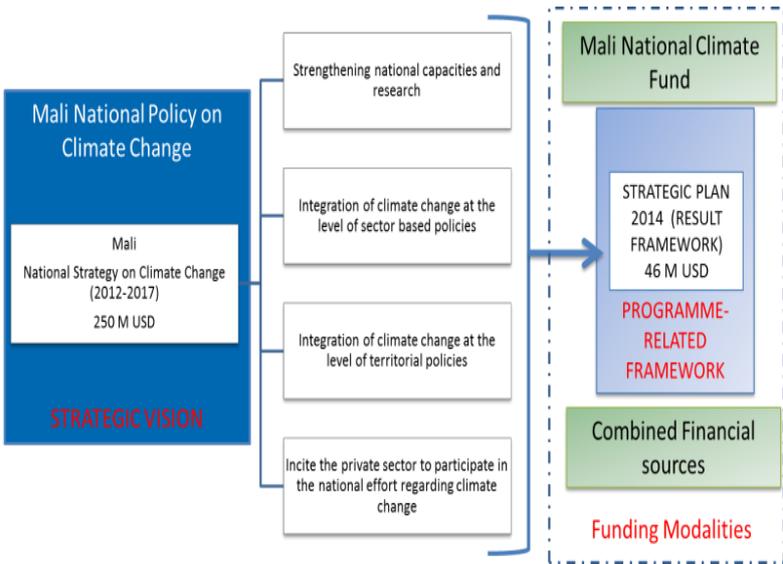


Figure 1: the National Climate Fund within the National Strategy on Climate Change

Guided by a robust framework identifying concrete, measurable results, the National Climate Fund will sequence and combine resources to support the strategic priorities defined in the National Strategy for Climate Change.

The theory of change underlying the National Climate Strategy and the operations of the National Climate Fund is to increase the resilience of ecological, economic and social systems to climate change by incorporating priority policies and initiatives in the most vulnerable sectors. The reduction of greenhouse gas emissions by promoting win-win strategies for clean development is a secondary objective, although Mali is country with low carbon emissions. Improving capacities for national research is also emphasized as a means to more effectively manage risks and the impact of climate change.

The Fund has five mutually reinforcing objectives:

- Enhanced national research capacity to better understand the impact of interactions between climate, socio-economic and human factors on the sustainable use of natural resources. This will enable a better analysis of the vulnerability of regions and sectors through the development of databases and climate scale models. The ability to anticipate the impact of climate change will allow for improved risk management tools (e.g., early warning systems) in the vulnerable sectors and lead to better preparedness and response to climate disasters (drought, flooding).
- Increased water supply for communities faced with water shortages induced by rainfall variability and higher temperatures, and strengthened food security. Activities include development and protection of water resources, market gardening, livestock, irrigation and aquaculture.
- Reduced risk of crop failure, increased food production and revenues through the introduction of soil conservation, drought resistant seeds, introduction of resilient species of fish and improved livestock management.

- Diversification of sources of food and livelihoods of vulnerable households to improve their resilience and enable inclusive local development, and creation of new employment opportunities.
- The development of photovoltaic, wind and hydro energy sources to increase electricity access, reduce dependence on imported fossil fuels and support economic diversification. Additional greenhouse gas emissions will be achieved through afforestation. This will provide options for selling carbon credits and promoting innovative financing mechanisms.

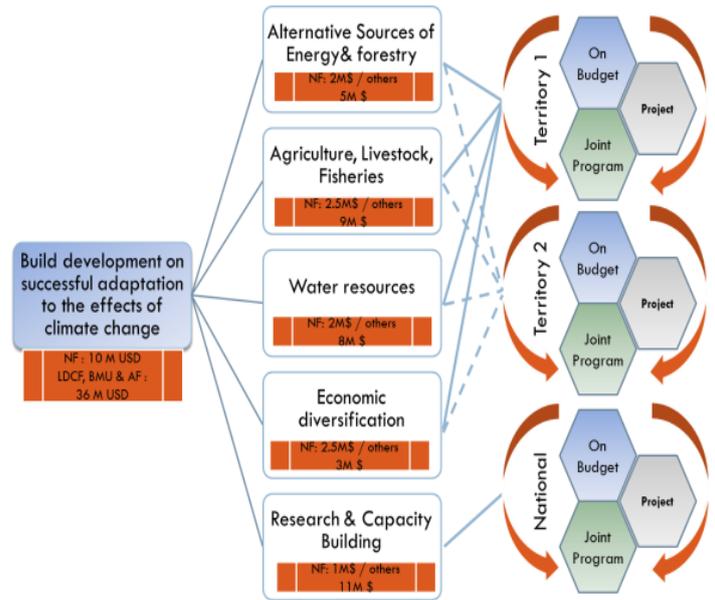


Figure 2: Overview of the Results Framework

## FUND GOVERNANCE STRUCTURE

National Climate Fund Mali strives to align climate change interventions by combining different funding sources through a multi-sectoral and area-based approach. Funds are available to National Entities, through the Treasury, as well as United Nations and Civil Society organizations.

The Fund’s programming cycle aligns with the national budget cycle, whereby line ministries set their priorities in their annual budgetary requests so that they are as reflected in the national budget. Only activities reflected in the national budget are eligible for funding by the National Climate Fund. The Fund's support is essentially “On Plan,” “On Budget” and “On Treasury.”

The governance structure of the Fund is integrated into the national institutional framework and therefore reinforces existing governance structures as well as strengthens national ownership, leadership and management.

The Fund Steering Committee, chaired by the Minister of Environment and Sanitation and comprised of representatives of the Government, Donors, Civil Society, and the United Nations’ Resident Coordinator, provides overall leadership and makes fund allocation decisions.

The Ministers of Environment and Sanitation, Foreign Affairs and Finance form the national coordinating entity which assumes full

programmatic and financial accountability for activities implemented by National Entities.

The Technical Secretariat function is carried out by AEDD, which provides technical and administrative support to the Steering Committee. It also coordinates, plans, monitors and evaluates fund activities.

National Entities implement activities in accordance with national rules and procedures, and in line with the approved National Budget. Participating UN Organizations provide capacity building services in accordance with their own financial regulations, rules and policies, and work in partnership with National Entities and Civil Society to implement fund activities.

The Multi Partner Trust Fund Office, UNDP serves as Administrative Agent (AA) on behalf of the Government. AA functions include:

- Fund establishment: Converting the SNCC into a fund results framework using a theory of change; designing the fund governance framework and financial architecture, and developing legal instruments for the fund;
- Fund administration: receiving contributions; administering funds received; disbursing funds to all Participating Organizations in accordance with instructions from the Steering Committee; and consolidating financial and programme reports including final reports and closing the fund. This interim arrangement will be in place until a national entity is identified to fulfil this role.
- Advisory services: providing advisory services, upon request, to enable rapid and efficient fund initiation. MPTFO in partnership with relevant UNDP advisors will support the Fund Steering Committee and the AEDD (Environment and Sustainable Development Agency) in its role as Technical Secretariat for the Fund, in the preparation of the investment framework for the year 2014, the Operations Manual, and training arrangements for partners to respond to the call for proposals.”

## FUND ALLOCATION PROCESS

The call for proposals is aligned to the Investment Plan and relates to each of the objectives defined in the Results Framework. The Fund requires substantial technical support in each of the sectors. To strengthen national capacities, each proposal will leverage the partnership between the different partners—United Nations Organizations, National Entities and Civil Society.

Evaluation of proposals will be based on the following criteria:

- Capacity for financial management, monitoring and evaluation; Quality of the proposal and relevance to the Fund’s results, e.g., engagement of communities, gender, etc.
- Capacity of implementing partners to attain and measure the results set out per the Fund’s indicators;
- The ability to mobilize co-financing for activities in a catalytic manner;
- A clear strategy for sustainability including environmental, social, institutional and financial benefits.

Calls for proposals can cover entire Malian territory; however, Participating Organizations are encouraged to seek synergies and better integration with other initiatives.

Project proposals are evaluated by a panel of independent experts who make recommendations to the Steering Committee. The MPTF Office will transfer funds to Participating Organizations within 3 to 5 working days of the Steering Committee’s instruction.

## MONITORING & EVALUATION PROGRAMMATIC AND FINANCIAL PERFORMANCE

Performance is measured on three levels: impact, outcome and output. The MPTF Office management platform captures both programmatic and financial progress on all these levels, and generates standard reports to enable cost/benefit analysis of the Fund. It also provides certified financial reporting by 31 May of each year. The Technical Secretariat coordinates data collection to ensure that Participating Organizations provide regular status reports. The Fund’s activities are also subject to annual technical and financial audits. External audits are conducted by an independent entity to reinforce credibility and transparency.

Impact assessments, based on standard macroeconomic indicators, will be conducted every three years and will utilize strengthened national mechanisms for data collection—the first objective of the fund.

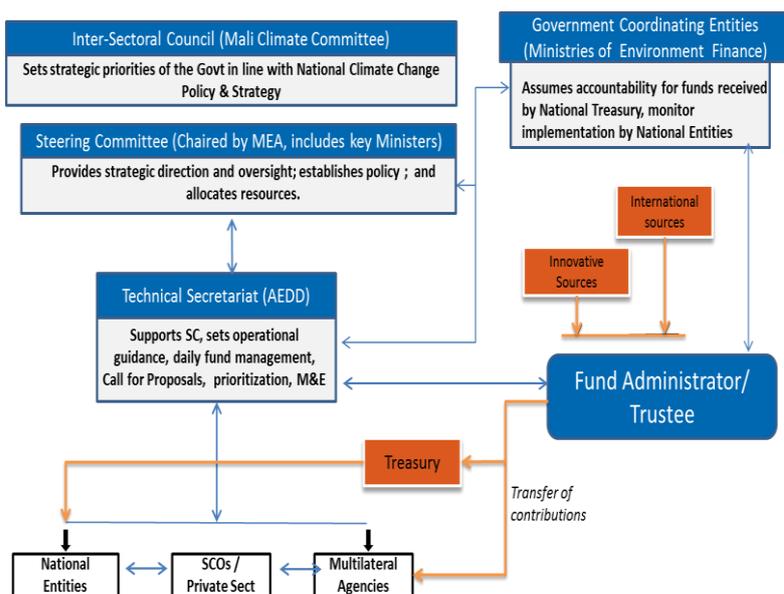


Figure 3: Structure of Governance Fund

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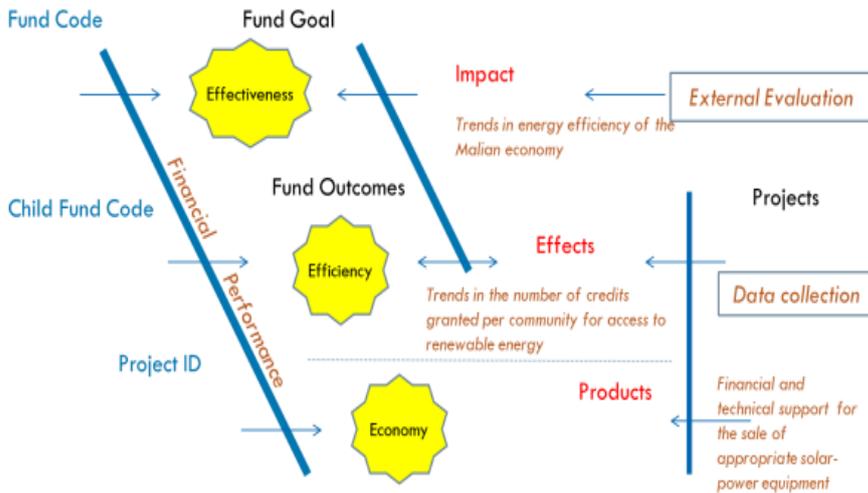


Figure 4: Measuring cost/benefit

## TRANSPARENCY & ACCESS TO INFORMATION

The MPTF Office GATEWAY is a web-based service portal, which provides real-time financial data generated directly from UNDP’s accounting system. It is a first of its kind in the UN to provide real-time financial information to the public.

Partners are now able to see real-time information on where, to whom and how much has been contributed globally to MDTFs. This information is supplemented by progress reports against the indicators. Governments, contributors/donors, UN Organizations and the public can access global information about MDTF resources, activities and initiatives taking place at the country and global levels. They can also track contributions, amounts transferred and expenditures.

The MPTF Office GATEWAY maintains pages for all MDTFs [http://mdtf.undp.org/].



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