



SUMMARY NOTE

Long-term Climate Finance In-session Workshop 2017 Bonn, Germany, 15 May 2017

WORKSHOP BACKGROUND AND OBJECTIVES

The in-session workshops on long-term climate finance are organized annually until 2020, at the request of the Conference of the Parties (COP). They are open to all Parties and observers attending UNFCCC Climate Change Conferences and feature technical and action-oriented discussions designed to generate concrete findings and conclusions to be considered by the COP. They form a critical part of the ongoing efforts to scale up the mobilization of climate finance. With the entry into force of the Paris Agreement, the focus has shifted to implementation - finance will be key to achieving the set climate objectives.

The themes of the in-session workshops in 2017 and 2018 were agreed by the COP at its twenty-second session in Marrakech. With a view to scaling up climate finance for mitigation and adaptation, it was decided that the workshops would focus on experiences and lessons learned from:

1. Articulating and translating needs identified in country-driven processes into projects and programmes;
2. Roles of policies and enabling environments for mitigation and adaptation finance;
3. Facilitating enhanced access.

The objectives of the 2017 workshop were to:

- Arrive at a better understanding of how climate finance needs identified and assessed by developing countries can be articulated and translated into projects and programmes, including through international cooperation;
- Identify steps and actions that can be undertaken to improve access to climate finance;
- Achieve greater clarity on the policy and regulatory environment needed to scale-up climate finance.

SUMMARY OF OUTCOMES

The 2017 in-session workshop took place at a critical juncture, with countries embarking on turning their national determined contributions (NDCs) into clear investment strategies, programmes and projects, and the private sector playing an increasing role in implementing and funding the actions identified by developing countries. In her opening remarks, UNFCCC Executive Secretary Patricia Espinosa highlighted the importance of moving from policy frameworks to the specifics, given that finance will not flow unless the right frameworks are in place and unless there are concrete programmes, projects and investment opportunities.

The workshop featured scene-setting presentations aimed at providing a starting point for the discussions and country case studies that generated important insights for the in depth discussions that took place during the breakout group sessions. In addition, plenary discussions provided space for further expert inputs, reflection on the key issues discussed and the identification of concrete actions and next steps to be taken with regard to the workshop topics.

The programme was split into two main segments.

Segment 1: Articulating and translating needs identified in country-driven processes into projects and programmes.

Segment 2: Facilitating enhanced access to climate finance.

Segment 1 provided space to dive deeper into gaining a full understanding of developing countries' **climate finance related needs** and how they can be better addressed. Although progress has been made with regard to articulating climate finance needs through various reporting channels, the assessment of those needs remains a challenge due to insufficient granularity or inconsistencies in reporting, and lack of comparability of the identified needs. Conducting further assessments of existing NDCs and enhancing the granularity of climate finance information in future NDCs were identified as priority areas for action. Participants also discussed whether institutionalizing national climate finance assessments in developing countries as a regular exercise could help increase the understanding of their needs. The Pacific Climate Change Financing Assessment Framework and the UNDP development finance assessments were mentioned as examples of good practice.

Case studies of existing best practices in identifying and assessing needs were presented, such as Mexico's NDC development, which has greatly benefited from the utilization of greenhouse gas abatement cost curves; and The Gambia's technology needs assessment process, which helps to strengthen stakeholder coordination and engagement, and to integrate technology-related needs into other mitigation and adaptation processes. This will allow the resulting Technology Action Plan to serve as a

platform for taking forward the implementation of NDCs and national adaptation plans.

The workshop also focused on the growing number of regional or international initiatives supporting developing countries in implementing their NDCs, such as NDC Invest, a one-stop shop hosted by the Inter-American Development Bank, or the recently-launched global NDC Partnership. Assistance is, inter alia, being provided for aligning NDCs with national agendas, linking them to the sustainable development goals or infrastructure investment planning and other sectoral processes, ensuring cross-sectorial engagement, building institutional capacities and leveraging financing.

In terms of immediate support needs for translating climate finance needs into action, developing countries especially highlighted the need for further guidance and support with regard to formulating financial plans and developing project pipelines for NDCs.

Segment 2 focused on **access to climate finance**, including the need for greater ease in accessing multilateral climate funds. This will require continued efforts from the funds to simplify accreditation procedures and access modalities, enhanced readiness of recipient countries, including adequate institutional capacities and financial governance and management systems, and improved communication between the funds and recipient countries. Furthermore, the need to enhance the role of the national designated authorities (NDAs) or focal points of the different Funds to ensure greater country-drivenness and coherence was highlighted.

The Agency for Agricultural Development of Morocco (ADA) and the Secretariat of the Pacific Regional Environment Programme (SPREP) shared valuable experiences and lessons learned in accessing finance from multilateral climate funds. ADA, for instance, highlighted some of

the challenges it faced during the process of getting accredited as national implementing entity (NIE) to the Green Climate Fund (GCF), including language barriers and unavailability of GCF readiness support due to delays in finding a delivery partner. SPREP, on the other hand, underlined the lack of capacity in small island developing States (SIDS) to develop project proposals, resulting in a reliance on multilateral implementing entities which often do not possess sufficient knowledge of the conditions in SIDS and tend to have too high thresholds for project size, making financing less accessible for SIDS. In this regard, the Adaptation Fund Board secretariat also shed light on capacity gaps that are common across small national implementing entity (SNIE) applicants in SIDS and on how to address those gaps.

Factors positively influencing the accreditation process identified at the workshop included active steering of the process by the NIE applicant, good coordination between the applicant and the NDA, fast-track accreditation eligibility, readiness support, and South-South knowledge exchange.

When discussing private sector finance, participants noted the importance of enabling policy and regulatory frameworks and highlighted that opportunities for business are still not being sufficiently identified and communicated, particularly in the case of adaptation finance. The need to develop and harmonize climate-related standards, for example for green bonds, was also discussed. Further, it was noted that the multilateral climate funds need to better articulate their comparative advantages and what support they can offer to the private sector.

The workshop also identified **cross-cutting challenges and priorities**.

One of the cross-cutting areas for action identified during both the discussions on climate

finance needs and on access, was the need for a different approach to capacity-building focused on strengthening institutional capacities to ensure that knowledge is sustained and capacity can be retained in the recipient countries after the intervention or project has ended. Participants identified gaps in capacity-building and technical assistance for the development of policies, policy frameworks and project pipelines.

The lack of communication among relevant stakeholders is a further hurdle that needs to be overcome if recipient countries are to successfully translate their needs into action and improve their access to finance. In this regard, participants highlighted the urgent need for a whole-of-government approach both horizontally, across sectors and institutions, and vertically, from local to national, to enhance coordination across all relevant actors and build the necessary buy-in for climate-finance related policies and measures. The need to improve engagement with non-government stakeholders, such as the private sector or civil society, in order to enhance the translation of identified financial needs into action and to improve access to climate finance was also stressed.

At the same time, donors need to strengthen coordination to enhance complementarity and avoid overburdening the administrations of recipient countries. The multilateral climate funds need to improve their communication with recipient countries and accredited entities to ensure their policies and procedures are fully understood.

Country ownership and leadership were also considered vital by all participants, as was the need for national champions to steer processes, coordinate efforts and align policies.

The outcomes of the 2017 and 2018 in-session workshops will be captured in summary reports, which will be considered by the COP at its twenty-third and twenty-fourth sessions, respectively, and which will also inform the deliberations at the High-level Ministerial Dialogue on Climate Finance at the twenty-fourth session of the COP in 2018.

While the focus of the 2017 workshop was on gaps, barriers and success stories, next year's workshop could turn into a stocktaking exercise, delving into necessary actions to address remaining gaps and focusing on concrete policy guidance.

The full summary report of the workshop will be published ahead of COP 23. For more information on the workshop, including speakers and presentations, visit:

<http://unfccc.int/10290.php>

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