

INTERNAL

SESSION LEAD BRIEFING

Breakout session

Duration: 75 minutes

“Anatomy of a Climate Finance Deal for Small Island Developing States (SIDS)”

Lead: UNFCCC RCCs

The Republic of Mauritius is hosting a 3-day regional peer-to-peer forum on NDC Implementation Readiness for Small Island Developing States (SIDS), supported by the NDC Partnership, GIZ, UNFCCC RCCs, and the Center for Access to Climate Finance. The forum brings together governmental representatives and international technical experts to address climate finance challenges and accelerate NDC implementation in the Western Indian Ocean region.

Objectives of the Forum

- **Regional Knowledge Exchange:** A strategic platform for small island states in the Western Indian Ocean to connect, collaborate, and co-develop effective strategies for NDC 3.0 implementation
- **NDC Implementation & Finance:** Accelerating the implementation of NDCs while addressing approaches to unlock the financial resources needed
- **Tailored Solutions:** Group discussions that provide tailored solutions reflecting shared vulnerabilities of the region, development pathways, and resilience goals
- **Climate Finance Access:** Leverage international expertise to identify innovative financing mechanisms and strengthen capacity to mobilize needed resources
- **Regional Positioning:** Position Mauritius and participating SIDS as active NDC Partnership members while strengthening regional cooperation for enhanced climate action

Anatomy of a Climate Finance Deal for Small Island Developing States (SIDS)

Objectives:

The session aims to provide participants with a practical, practitioner-level understanding of how climate finance deals for SIDS are structured, approved, and implemented in practice. Specifically, the session will:

- Demystify the full life cycle of a climate finance deal, from institutional anchoring to disbursement and implementation.
- Identify common preparation and execution bottlenecks faced by SIDS across regions.
- Surface peer-validated mitigation strategies, best practices and recommendations drawn from real transactions.

Contribution to the Forum's objectives:

This session directly supports the Forum's objectives by:

- Accelerating NDC implementation through a focus on implementation readiness rather than planning alone.
- Supporting tailored, SIDS-specific solutions that reflect shared institutional and fiscal constraints.
- Contributing to improved climate finance absorption capacity by addressing transaction-level barriers.
- Strengthening regional and cross-regional peer learning, particularly between Caribbean and West Indian Ocean SIDS.

Expected Outcomes

By the end of the session, participants will have:

- A shared understanding of the full climate finance deal cycle in SIDS contexts.
- Clear identification of execution bottlenecks common across SIDS regions.
- Peer-validated lessons from SIDS experiences.
- Practical ideas for simplifying, standardising, or aggregating transactions.
- Concrete inputs to inform follow-up support by RCCs and partners.

What are some initial ideas you have on the format?

Session Format and Methodology: Highly interactive World Café / Skill-Share Lab

Methodology:

- One or two **case study inputs** from SIDS to set context
- Participants rotate through **five facilitated discussion tables**, each corresponding to one step of the climate finance deal cycle
- Each table is guided by **key questions** and is expected to present to the plenary
 - 3 “Hard Lessons”
 - 3 “Institutional Fixes”
 - 1 “Do This First” recommendation
- Emphasis on *real transactions, practical constraints, and what worked or failed*

This format is designed to leverage the **collective intelligence** of practitioners in the room, in line with the Forum’s objectives.

Case studies:

Case Input 1: Commonwealth Climate Finance Access Hub

Practical embedded advisor model: real transaction example, where deals stalled / what unlocked them

Case Input 2: Fiji’s Climate Finance Division

Practical Experience: what worked. what didn’t. what took longer than expected

Step-by-Step Deal Walkthrough & Guiding Questions:

Step 1: Institutional Anchoring & Stakeholder Architecture

Key Issues:

- Mandate clarity.
- Budget authority.
- Institutional capacity constraints.
- Stakeholder mapping (within and beyond government).
- Political backing.
- Coordination mechanisms across line ministries and with other stakeholders.
- Central Bank & MoF involvement timing

Guiding questions:

- What happens when the implementing agency lacks spending authority?
- How early should Ministries of Finance and Central Banks be involved?
- Which institutional models have proven effective in SIDS?

Step 2: Investment Prioritisation & Risk Framing

Key Issues:

- Project prioritisation criteria
- Risk assessments & vulnerability data
- Sequencing investments
- Sovereign vs. project risk
- When prioritisation is politically distorted
- Financing mix

Guiding questions:

- Which risks should governments retain, and which should be transferred?
- Why do domestic banks often perceive climate projects as high-risk?
- What de-risking instruments have worked in other SIDS contexts?

Step 3: Project Preparation & Readiness

Key Issues:

- Preparation facilities
- Feasibility and safeguards
- Transaction costs
- Capacity pooling
- Minimum documentation to unlock finance

Guiding questions:

- Where do SIDS most often underestimate preparation time and costs?
- How can preparation be standardised or pooled regionally?
- What is the minimum documentation that unlocks finance?

Step 4: Approval & Disbursement Pathways

Key Issues:

- Fund approval timelines
- National procurement alignment
- Conditionalities
- Disbursement lags
- Institutional adjustments that shorten timelines

Guiding questions:

- Where do deals most often get stuck after approval?
- How long does disbursement realistically take in SIDS?
- What procedural or institutional fixes shorten timelines?

Step 5: Implementation and Monitoring

Key Issues:

- Implementation units
- Tracking and Monitoring systems
- MRV & reporting alignment
- Adaptive management
- Political continuity risks

Guiding questions:

- How is the management of a climate finance project typically structured in SIDS — dedicated project implementation unit, embedded government team, or outsourced to a consultant?
- Who collects monitoring data, and how is that responsibility assigned in practice?

Proposed contributors / facilitators:

Introductory notes might be provided but are not strictly needed. But if so, who are you thinking of?

Case study 1	Chibesa Pensulo, Regional Climate Finance Adviser – Africa, Commonwealth Climate Finance Access Hub
Case study 2	Jenny Jessica Chand, MoE, Fiji
Facilitator 1 – Step 1: Institutional Anchoring and stakeholder engagement	Patricia Roy Akullo, Uganda
Facilitator 2 – Step 2: Investment Prioritisation and & Risk Framing	Jamil Jeeto, National Economist, UNDP
Facilitator 3 – Step 3: Project Preparation and Readiness	Chibesa Pensulo, Commonwealth Climate Finance Access Hub
Facilitator 4 – Step 4: Approval & Disbursement	Justine Melot, AFD
Facilitator 5 – Step 5: Implementation & Monitoring	Sumayya Mauthoor, UNEP

Other roles:

- **Note taker:** to be designated by the table