

UPDATES ON NEEDS-BASED FINANCE (NBF) PROJECT (Region Asia)

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For the ASEAN Working Group on Climate Change (AWGCC)

The Needs-based Climate Finance (NBF) Project

- was established in response to the request at COP 23 and re-iterated at COP 26
- to be carried out by the Secretariat in collaboration with the operating entities of the Financial Mechanism, United Nations agencies and bilateral, regional and other multilateral channels
- to explore ways and means to assist developing country Parties in assessing their needs and priorities in a country-driven manner
- including their technological and capacity-building needs, and in translating climate finance needs into action.

The AWGCC Climate Finance Project

- supports the implementation of the Climate Finance programme of the AWGCC Action Plan and aims to fulfil the mandate of the 10th meeting of the AWGCC.
- accessing and mobilizing climate finance is a priority for all AMS and most countries have required support for NDC implementation and a range of climate change adaptation and mitigation objectives.
- the ASEAN Climate Finance Mobilization and Access Strategy is informed by the outcomes of the Technical Assessment of Climate Finance in Southeast Asia, a study developed by AMS.
- the goal is to ensure that climate finance can be effectively accessed, mobilized and scaled up to contribute to achieving AMS climate goals.

Main achievements so far, and the success factors that contributed to them

- to finalize the 2nd phase of the project, which focuses on the development of the Climate Finance Access Strategy (before starting implementation in the next phase)
- the project combines 3 proposals of AWGCC, being implemented under the workplan, therefore there is the buy-in and participation from all 10 ASEAN member states and support by the ASEAN secretariat
- Technical Assessment (TA) has been finalized and published, with several rounds of discussion and input by ASEAN member states.
- TA presents a good overview of the status of climate finance in the ASEAN member states and a solid basis for the strategy and the next phase of the NBF ASEAN.

Priorities identified in the TA development

- support development of project pipelines
- diversification and innovation
- facilitating access to climate finance
- cohesion and harmonization of policy
- capacity-building and enabling environment transparency and integrity

What are the biggest challenges faced in mobilizing and accessing climate finance?

- Many financial and monetary instruments are available and in use for sourcing and delivering climate finance, but due to the dominance of bank financing in the ASEAN region, their wide use is limited.
- Most MSMEs face poor access to climate finance in the region's bank-dominant system, further support for financing MSMEs is needed

What are the finance needs of developing countries for achieving their climate adaptation and mitigation goals?

- based on data from national reports, the estimated needs is USD 422 billion up to 2030 for most sectors. Most of the needs expressed are for mitigation (USD 293.01 billion), and the remainder is for adaptation (USD 129.15 billion).
- finance needed for the region would be between 40-80 billion per year over the next 10 years.

What do you envision is needed in terms of building capacity for accessing and mobilizing more climate finance?

Based on the technical assessment, the capacity building needs are as follows but not limited to:

- enhancing planning capacity and sound proposal development skills,
- conduct training for cities so that they become more pro-active in climate action;
- provision of advice to decision-makers and in support of the communication of cross-sectoral coordination committees of ministries of finance;
- develop a technical advisory service on financial instruments; and
- conduct training course or module on green banking and climate finance to train staff at central and other banks.

What do you envision in terms of creating an enabling environment for climate finance mobilization and access?

Based on the technical assessment, the enabling environment related actions that are necessary are as follows but not limited to:

- increasing cross-border flow of investments from developed markets in ASEAN corporate bonds;
- strengthening M&E procedures and overall financial governance and financial institutions through development of a green banking law;
- receiving TA for developing a national sustainable/green financing road map and its supporting regulatory tools and mechanism;
- receiving assistance for harmonizing standards - through alliances between central banks and climate sustainable finance guidelines.

How will / does the Needs-based finance project help in addressing challenges and deliver on climate finance envisioned?

- The NBF project provides an evidence-based framework for enabling countries to mobilize climate finance at scale in a country-driven manner.
- It also opens opportunities for regional collaboration on climate finance.

Thank you.