

## **Second part of the Dialogue on addressing developing countries' capacity gaps in accessing adaptation funding convened by the Adaptation Committee**

### **Draft report**

#### **Recommended action by the Adaptation Committee**

The Adaptation Committee (AC), at its 25<sup>th</sup> meeting, will be invited to consider the outcomes of the dialogue and agree on any necessary next steps.

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## 1. Introduction and background

1. At its 23rd meeting, the AC decided to establish a continuous workstream on addressing gaps and needs in the formulation and implementation of national adaptation plans (NAPs) in collaboration with the other adaptation-related constituted bodies and other partners and providers of support. This workstream builds on the Least Developed Countries Expert Group (LEG)'s and AC's mandate to consider gaps and needs in the process to formulate and implement NAPs and how to address them and forms part of the AC's function to promote the implementation of adaptation action under the Convention in a coherent manner.
2. As part of this workstream the AC furthermore decided to also use its regular dialogue with adaptation-related constituted bodies to discuss the progress made in addressing developing countries' capacity gaps in accessing adaptation funding and on possible ways to enhance further progress, building on previous work undertaken by the AC on this topic.<sup>1</sup> Additionally, it was decided that the dialogue will be organized in two parts: the first one focusing on the work of the adaptation-related CBs and how it could address the identified gaps in a synergistic and coherent manner. The second part focuses on how the wider support community, including donors, NWP partners, and other agencies, could assist in enhancing countries' capacities.
3. The first part of the dialogue was held virtually on 10 July 2023 with representatives of seven adaptation-related constituted bodies.<sup>2</sup> The discussions held at the meeting as well as the AC's subsequent detailed mapping of the work of the constituted bodies, formed the basis for the AC's decision to focus the second part of the dialogue on the question of how to address developing countries' capacity gaps in translating adaptation priorities and plans into finance and investment strategies, plans and projects.
4. The objective of this second part of the dialogue was to learn about experiences of the wider support community in addressing this question, and to identify what could be improved, replicated and scaled through the work of the constituted bodies and other stakeholders.

## 2. Proceedings of the second part of the dialogue

5. The second part of the dialogue on addressing developing countries' capacity gaps in accessing adaptation funding took place as a virtual event on 6<sup>th</sup> March 2024, from 14:00-16:00 CET.
6. The event had over 120 online participants in the call, and an additional 14 participants following the live broadcast.
7. The dialogue was moderated by Mr. Emerson Resende, climate finance and policy strategist.
8. The event was opened by the AC co-chair, Ms. Mariam Allam, who provided an overview on the AC's function, its relevant work in identifying and addressing capacity gaps in accessing adaptation funding, the findings of the first part of the dialogue and the objectives of the second part. She also alluded to possible follow-up activities which the constituted bodies envision to undertake following the event.
9. The opening remarks were followed by a panel discussion among the following six panelists who shared experience on the focus theme from their respective perspectives:

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<sup>1</sup> Previous work includes particularly a call for submissions issued by the AC in 2019 in the context of its function to provide technical support and guidance to Parties and recommendations to the COP, including in relation to means of implementation for adaptation. The call focused on Parties' capacity gaps in accessing adaptation funding and was followed by an information document including a list of proposed follow-up activities. One of these was included in the AC's 2022-2024 flexile workplan, namely a dialogue on progress made in closing the identified capacity gaps. More information on the call for submissions is available at <https://unfccc.int/topics/adaptation-and-resilience/groups-committees/adaptation-committee/adaptation-committee-call-for-submissions-on-parties-capacity-gaps-in-accessing-adaptation-funding> and the information document can be accessed at <https://unfccc.int/documents/302884>.

<sup>2</sup> More information on part I of the dialogue is available at <https://unfccc.int/event/ac-dialogue-capacity-gaps-access-adap-fund-partI>.

- a) Mr. Cayetano Casado Gomez Guillamon, Regional Manager at the Green Climate Fund (GCF), on experiences from and the future focus of the GCF's Readiness and Preparatory Support Programme;
  - b) Mr. Timothy Afful-Koomson, Chief Climate Finance Officer at the African Development Bank, currently on secondment as Regional Director, Africa, of the Glasgow Financial Alliance for Net Zero, on assisting countries to access and mobilize adaptation finance through country strategies;
  - c) Mr. Michael Mullan, Programme lead Climate-resilient Finance & Investment at the OECD, on climate resilience aligned finance;
  - d) Ms. Juliane Greiner & Mr. Luis Orezza de Los Rios, GIZ, on experiences from the "Adapting public investment to climate change in Latin America" project;
  - e) Mr. Ravneeth Dewan, Principal Climate Change Officer - Finance at the Fiji Government, on experiences in developing Fiji's National climate finance strategy.
10. The panel discussion was facilitated on the basis of guiding questions which had been shared with the panelists prior to the event (see annex).
11. The panel discussion was followed by a short round of questions and answers among participants and panelists. While time did not allow for an extended open discussion with all participants, there was an active engagement and conversation in the meeting chat throughout the event. The AC Co-Chair provided closing remarks.
12. The dialogue was welcomed by many of the panelists and participants as a much needed space for discussion and experience sharing. Its outcomes provide a rich basis for follow-up activities by the Adaptation Committee, other constituted bodies and further stakeholders.

### 3. Key points from the discussion

13. The panelists provided information about their respective initiatives and activities, highlighting their approaches, country-level capacity gaps and ways in which they had been addressed, including lessons and experiences that could be improved, replicated or scaled in other countries.
14. Key points included the following:
- a) The wide gap between the reported adaptation investment flows and those that are required points to the need to develop or enhance developing countries' capacities to access all available finance sources - international and domestic, public and private - in order to meet their adaptation finance needs;
  - b) As each different source requires different enabling environments to flow, the most important capacity that needs to be enhanced in developing countries is the capacity of making the value of resilience visible within decision-making;
  - c) This capacity requires the ability to interpret and apply climate data in each specific adaptation situation and to facilitate the collaboration among line ministries and other important stakeholders;
  - d) Challenges are often not related to data availability, but to capacity gaps in interpreting and applying adaptation-relevant data for finance and investment-related planning and decision-making - nevertheless, publicly accessible data and information portals are an essential enabler;
  - e) The right interpretation of available data requires the creation of a common understanding among line ministries on the way climate change affects their different priorities and how these can be met despite those effects;
    - i) the creation of this common understanding requires awareness raising and technical advice in a form and language that line ministries can relate to;

- ii) the common understanding forms an important prerequisite for line ministries to contribute appropriate data, expertise and experience towards the development of an adaptation finance and investment strategy and the development of project proposals;
- iii) political commitment at the highest level, e.g. in the form of a policy or directive, facilitates the collaborate efforts and the development of the common understanding;
- f) Adaptation implementation and the development of respective finance and investment strategies requires a different institutional set-up: Ministries of Finance and Economy and those line ministries responsible for a specific adaptation investment need to be in the driving seat and collaborate with all relevant government levels – the development of guidelines on how to take climate change into account for decision-making at each level can be helpful;
- g) The development of a national adaptation finance and investment strategy and the required collaborative effort greatly enhances country ownership and allows a country to use the strategy as a strong basis for engaging with and leveraging many different investment partners which altogether can meet a country's adaptation finance needs:
  - i) It forms the basis for making domestic public finance climate resilient;
  - ii) It assists in turning the economic case for adaptation into a business case that can be attractive for the private sector if supported by risk sharing or de-risking opportunities;
  - iii) It enables the country to develop compelling climate rationales or other forms of making the case for adaptation when approaching international finance providers;
- h) Opportunities for dialogue and experience sharing are a key enabler for countries to learn from and inspire each other at a time where many of them embark on the transition from adaptation planning to implementation.

15. Two frameworks which are currently under development and mentioned during the dialogue can help countries in following the steps required for establishing an environment that can enable the different sorts of adaptation finance to flow: the OECD climate adaptation investment framework and the GCF and NDC partnership's Climate Investment Planning and Mobilization Framework.<sup>3</sup> Both frameworks will soon offer countries the opportunity to undertake a diagnostic of their own situation and navigate important guidelines, tools and support opportunities which they may access for developing their individual finance and investment strategies.

16. In this context, the representative of the GCF announced important changes that are about to come into effect in the context of the GCF's recently adopted new readiness strategy 2024-2027.<sup>4</sup> These will make an important contribution towards developing those national capacities that are required for making the case for adaptation, e.g. by offering longer-term support and a specific window for direct access entities, among others.

17. In her closing remarks, the AC Co-Chair underscored the need for increased consultation and experience sharing as countries pursue similar paths from adaptation planning to implementation. She confirmed that the Adaptation Committee and related bodies will consider building on the experience shared during the dialogue when planning upcoming activities and events. The 2024 focus area of the Paris Committee on Capacity Building, centered on accessing finance for NAPs, presents a key opportunity in this regard.<sup>5</sup> Findings from these activities may inform progress at COP29 in Baku, Azerbaijan, labeled the "Finance COP," where crucial decisions on climate finance, including adaptation, are anticipated.

<sup>3</sup> <https://www.greenclimate.fund/news/moving-planning-action-ndc-partnership-and-green-climate-fund-launch-climate-investment>.

<sup>4</sup> <https://www.greenclimate.fund/sites/default/files/document/readiness-strategy-2024-2027.pdf>.

<sup>5</sup> More information on the 2024 PCCB focus area is available at <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/submissions-to-the-pccb/call-for-submissions-from-parties-and-non-party-stakeholders-on-the-2024-pccb-focus-area>.

## 4. Resources shared during the event

18. The following resources were shared by participants in the meeting chat which the AC may find useful when planning follow-up activities of the event:

- a) Developing the Climate Science Information for Climate Action: <https://library.wmo.int/records/item/53280-developing-the-climate-science-information-for-climate-action>
- b) WMO-GCF-WCRP-SMHI Climate information portal: <https://climateinformation.org/>
- c) Global Infrastructure Risk Model and Resilience Index: <https://giri.unepgrid.ch/>
- d) OECD Strengthening capacity for climate action in developing countries publication: [https://www.oecd-ilibrary.org/development/strengthening-capacity-for-climate-action-in-developing-countries\\_0481c16a-en](https://www.oecd-ilibrary.org/development/strengthening-capacity-for-climate-action-in-developing-countries_0481c16a-en)
- e) OECD Scaling Up Adaptation Finance in Developing Countries publication: [https://www.oecd-ilibrary.org/environment/scaling-up-adaptation-finance-in-developing-countries\\_b0878862-en](https://www.oecd-ilibrary.org/environment/scaling-up-adaptation-finance-in-developing-countries_b0878862-en)
- f) GCF Plugging the finance gap in the Caribbean: <https://www.greenclimate.fund/news/plugging-finance-gap-caribbean>
- g) GCF Readiness Knowledge Bank: <https://knowledge.greenclimate.fund/>
- h) GCF Enhancing Direct Access pilot: <https://www.greenclimate.fund/eda>
- i) GCF Readiness Strategy 2024–2027: <https://www.greenclimate.fund/sites/default/files/document/readiness-strategy-2024-2027.pdf>
- j) UNCTAD Climate change adaptation and maritime transport: <https://unctad.org/topic/transport-and-trade-logistics/policy-and-legislation/climate-change-and-maritime-transport>
- k) UNCTAD SIDSport-ClimateAdapt project: <https://sidsport-climateadapt.unctad.org/>
- l) UNCTAD Climate-resilience of seaports: Adequate finance is critical for developing countries but remains a major challenge publication: <https://unctad.org/publication/climate-resilience-seaports-adequate-finance-critical-developing-countries-remains>
- m) Initiative on climate action and nutrition (I-CAN): <https://www.gainhealth.org/resources/reports-and-publications/initiative-climate-action-and-nutrition-i-can>
- n) Ministry of Agrarian Development and Irrigation of Peru: Methodological document for the formulation of investment projects: Guidelines for the incorporation of risk management public investment projects in the context of climate change: <https://www.gob.pe/institucion/midagri/normas-legales/394160-0484-2019-minagri>.

## 5. Next steps

19. The AC may wish to consider the following possible next steps:

- a) Using the report and the findings of the dialogue as an input to the PCCB's call for submissions on its 2024 focus theme (Capacity-building support for adaptation, with a focus on addressing gaps and needs related to accessing finance for national adaptation plans (NAPs));<sup>6</sup>
- b) Building on the findings of the event through dedicated follow-up activities, e.g. a training session on addressing gaps and needs in the NAP process at the 2024 NAP Expo, among others, taking

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<sup>6</sup> More information on the call for submissions is available at <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/submissions-to-the-pccb/call-for-submissions-from-parties-and-non-party-stakeholders-on-the-2024-pccb-focus-area>.

into account the interests shared by some of the panelists and participants in collaborating with the AC on this topic;

- c) Sharing the findings of the event at relevant other upcoming activities and events, including in view of COP 29 which has been labeled as the “Finance COP” with many decisions on climate and adaptation finance expected to be taken;
- d) Taking the findings of the event into account when providing input to the SCCF’s 2024 draft guidance to the operating entities of the Financial Mechanism;
- e) Facilitating similar thematic dialogues given the considerable interest that the dialogue evoked.

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### **Documentation information**

<i>Version</i>	<i>Date</i>	<i>Description</i>
Draft	11 March 2024	AC 25 The AC is invited to take note of the information contained in this document and provide further guidance as needed.

Keywords: Developing country Parties, national adaptation plans, finance, funds

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## **Annex: Dialogue's panelists, including guiding questions**

### **1) Mr. Ravneeth Dewan/ Fiji government**

Ravneeth Dewan is the Principal Climate Change Officer - Finance at the Climate Change Division in the Ministry of Environment and Climate Change, Fiji. Ravneeth has many years of work experience in mitigation, finance, greenhouse gas inventory and reporting aspects including transparency and climate diplomacy. Ravneeth has worked at the regional level as CBIT GSP Regional Network Coordinator for the Pacific and as the Biennial Update Report National Coordinator for the Fiji Government.

#### Relevant links:

[Fiji National Climate Finance Strategy - Fiji Climate Change Portal \(FCCP\) 2022 National-Climate-Finance-Strategy.pdf \(fijiclimatechangeportal.gov.fj\)](#)

#### Guiding questions:

- Fiji has finalized its first National Climate Finance Strategy in 2022 with technical support from the World Resources Institute. The Strategy lays out Fiji's main investment priorities for climate adaptation and mitigation over the short (2022-2025) and medium term (2026-2029). The developed project pipeline is intended for funding from the GCF, multilateral financiers, bilateral development partners, and the private sector. It is a living document, to be reviewed every 4 to 6 years to reflect evolving climate finance priorities and financing options. The Strategy builds on several key existing climate policies and strategic plans of the Fijian government, with Fiji's NAP playing a particularly important role. Can you explain the process of translating these climate policies and plans into the Climate Finance Strategy?
- What key capacity gaps have been observed at the national level during this process and how have these been addressed?
- Has the development of the strategy already yielded results in the form of access to specific forms of adaptation finance?
- What are the primary lessons learned from this process (both positive and negative)? What recommendations do you have for other countries which attempt to develop such a strategy? What recommendations do you have for the international support community and the constituted bodies in terms of the best way they can assist countries?

### **2) Mr. Timothy Afful-Koomson/ AfDB, GFANZ**

Dr. Timothy Afful-Koomson is the Africa Regional Director of the Glasgow Financial Alliance for Net Zero (GFANZ) on secondment from the African Development Bank (AfDB). Prior to the secondment, Timothy was the Chief Climate Finance Officer and the GCF Coordinator at the AfDB where he led the mobilization of over \$690 million of GCF resources with AfDB as the Accredited Entity and over \$270 million as Executing Entity for climate-related projects in Africa. He also coordinated the screening and integration of climate finance in over 50 AfDB infrastructure projects with total climate financing of over US\$ 1.8 billion.

Timothy spent over 15 years in the US financial sector working with companies such as Merrill Lynch and was involved in structuring, executing, and managing sustainable investment transactions particularly in renewable energy, energy efficiency and timberland investments totaling over US\$ 5 billion.

#### Relevant links:

[African Development Bank \(AfDB\) | Green Climate Fund](#)

Guiding questions:

- Can you please briefly explain the approach that the AfDB is taking in assisting countries to access and mobilize adaptation finance from different channels such as the GCF and the Adaptation Fund?
- From this experience - which are the key **bottlenecks** and which are the key **enablers** in transitioning from a country's adaptation priorities to finance-ready programmes and projects? Please provide us with some examples on each
- If you had to name one or two key capacities that you consider essential for a country to access and mobilize adaptation finance from the range of existing sources – what would these be and how could these best be supported by the international support community?
- In case any of the adaptation programmes and projects that you helped to develop involved the private sector, please share your experience in terms of what worked and what did not work and which national capacities have made a difference in that regard

### 3) Mr. Cayetano Casado Gomez Guillamon/GCF

Cayetano Casado is the Regional Manager for Latin America and the Caribbean at the Green Climate Fund Secretariat where he serves as point of contact for all national designated authorities and direct access entities in the region. Prior to joining GCF, Cayetano served for five years as the Regional Manager for Latin America and the Caribbean at the NDC Partnership Support Unit, where he supported processes around planning and implementation of NDCs in the region. Cayetano is an agricultural engineer and has a Masters in Environmental Management.

Relevant links:

[Moving from planning to action: The NDC partnership and the Green Climate Fund launch the Climate Investment Planning and Mobilization Framework | Green Climate Fund](#)

Guiding questions:

- At COP 28, the GCF and the NDC partnership launched the **Climate Investment Planning and Mobilization Framework**. This Framework is set to serve as a non-prescriptive guide to help countries in transforming their climate action priorities into investments, as well as in identifying the support they may need along the way. Could you pls explain the rationale behind the development of this Framework and what lessons from GCF action might have played a role? Pls share at least one positive and one negative experience.
- How can the Framework help to address capacity gaps at the country level in translating adaptation priorities into finance and investment strategies, plans and projects and how does this relate to the new focus of the GCF readiness programme? How will this ultimately enable countries to better access adaptation finance?



#### 4) Ms. Juliane Greiner and Mr. Luis Orezzaoli /GIZ

Juliane Greiner currently works as a Senior Planning Officer for social-ecological transformation of the economy at GIZ headquarters. She led the “Adapting public investment to climate change in Latin America” (IPACC) project in Peru until its conclusion in 2019, which aimed at adapting public investments to climate change in Latin America. The project made a key contribution to raising awareness among political and technical decision-makers in the ministries of economics, finance and planning regarding the need to adapt public investments. It introduced binding standards and guidelines for climate risk management in public investments in the long-term.

Luis Orezzaoli works as Senior Technical Advisor in GIZ. He coordinates the implementation of climate change projects in Peru. His work focuses on climate governance, financial mechanisms, monitoring systems, as well as the development of mitigation and adaptation measures in the energy, forestry and industrial sectors. Luis was responsible for the technical advisory to the Ministry of Economy and Finance and Ministry of Environment within the IPACC Project and coordinated the inclusion of climate change into the guidelines for public investments. Previously, Luis worked providing technical advice in the development of results-based budgeting instruments. He holds a bachelor's degree in economics from the Pontificia Universidad Católica del Perú and a master's degree in economics from Washington University in St. Louis.

##### Relevant links:

<https://www.giz.de/en/worldwide/13314.html>

[https://youtu.be/aqlxipfveg?si=Iu\\_M1XNQdDmFUE-t](https://youtu.be/aqlxipfveg?si=Iu_M1XNQdDmFUE-t)

##### Guiding questions:

- The “Adapting public investment to climate change in Latin America” project, that GIZ conducted from 2015 to 2019, primarily in Peru (with sections in Brazil and Colombia), focused on helping these countries to make public investments and budget programs in the infrastructure, health and agricultural sectors more climate resilient. Could you explain the background of this project and the approach that was taken?
- From your experience with this project – what is needed at the country level to ensure that making public investments climate resilient becomes a systematic, long-term effort?
- What were the primary capacity gaps at the country level that you witnessed in the course of the project and how did GIZ help to address them?
- What are the primary lessons learned from this project (both positive and negative) and what could be improved, replicated and scaled in these and other countries?

#### 5) Mr. Michael Mullan/ OECD

Mr. Michael Mullan is the Programme Lead of Climate Adaptation Finance & Investment at the OECD. He has recently spent two years helping to develop the work programme on Climate-resilient Infrastructure and Nature-based Solutions at the Global Centre on Adaptation. Prior to joining the OECD, he was an economic advisor in the UK Government responsible for domestic adaptation policy and the development of the first UK national adaptation plan.

##### Relevant links:

[Climate-resilient finance and investment : Framing paper | OECD Environment Working Papers | OECD iLibrary \(oecd-ilibrary.org\)](#)

**Guiding questions:**

- Your work at OECD has focused on advancing “climate resilience aligned finance”, which basically means steering overall global finance flows, including public and private, domestic and international, in a way that they contribute to climate-resilient development. Could you please explain the motivation for this work and how it might benefit developing countries.
- The “enabling environment” has been identified as a key area for scaling-up investment in adaptation. What does this mean in practice? And where do capacities need to be strengthened to achieve this?
- What other barriers do you currently see for alignment of financial flows with climate-resilient development and what could be starting points for governments and providers of support despite these barriers?

**Question to all panelists:**

- From your respective experience – if you were to name **one key enabler** to help countries translate their adaptation priorities into finance and investment strategies, plans and projects – what would this be? What can the UNFCCC constituted bodies do to trigger this enabler? What can other providers of support do? What can governments themselves do?