

ASIA NEEDS-BASED FINANCE (NBF) INVESTMENT FORUM

Outcome Document

Seoul, Republic of Korea, 28-29 November 2024

Background

The Needs-based Finance (NBF) initiative was launched by the UNFCCC secretariat in response to a COP mandate in 2017, with renewed emphasis in 2021. Its primary aim is to assist developing countries in identifying and assessing their climate finance needs to facilitate access to and mobilize funding for priority mitigation and adaptation projects. The NBF initiatives in the ASEAN and Asia LDC were supported by the government of the Republic of Korea. Participating countries include:

- ASEAN: Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Philippines, Singapore, Thailand, Vietnam
- LDC Asia: Bangladesh, Bhutan, Cambodia, Lao PDR, Nepal, Timor Leste

The initiative began with training workshops designed to equip stakeholders with the knowledge and skills needed for effective climate finance governance and project implementation. Following these workshops, country representatives developed targeted interventions aligned with regional priorities identified during the training. Through rounds of consultations with country representatives and potential implementing agencies, these concepts were refined to address specific regional challenges and opportunities.

The goal of the NBF initiative is to help countries secure the financing necessary to achieve their climate ambitions. The NBF Investment Forums serve as a platform to connect project ideas with the financial resources required to implement them.

The NBF Asia Investment Forum, held 28-29 November 2024 in Seoul, South Korea, jointly organized by the United Nations Framework Convention on Climate Change (UNFCCC) and the Ministry of Economy and Finance of the Republic of Korea, facilitated direct engagement between government representatives from LDC Asia and ASEAN regions, implementing agencies, and potential investors. The forum highlighted a pipeline of climate change projects developed under the NBF initiative, fostering partnerships and investment opportunities to accelerate climate action and sustainable development in these regions.

Regional Pipeline Development Process

The project pipeline was developed through extensive stakeholder consultations, ensuring alignment with regional priorities and the relevance of project designs. These included:

- Stakeholder Engagement: Gathering insights from country representatives to understand their priorities and challenges.
- Mapping and Desk Studies: Analyzing country-specific strategies and plans, such as Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), and Technology Needs Assessments (TNAs). This also included identifying underfunded climate themes and match making with potential implementing entities.
- Project Concept Validation: Validating priority projects with countries and engaging partners to explore their interest and capacity as implementing entities.

This process ensured the allocation of resources to high-impact areas, resulting in a list of needs-driven and regionally relevant project concepts.

Regional Priorities:

ASEAN countries originally identified the following priority needs based on the following thematic areas:

- Climate-resilient infrastructure
- Terrestrial, freshwater, coastal, and marine ecosystems
- Energy
- Food systems
- Water governance

LDC Asian countries on the other hand identified the following thematic priorities:

- Sustainable urban mobility
- Agriculture
- Nature-based solutions for ecosystems
- Renewable energy
- Ecotourism

Based on the mapping exercise, the key priority projects based on high impact and underserved areas in each region include:

For ASEAN:

- Climate-Resilient Water Governance
- Climate-Resilient Infrastructure
- Marine & Coastal Ecosystems

For LDC Asia:

- Empowering Smallholder Farmers through Climate-Smart Agriculture and Waste-to-Energy
- Climate-Resilient Electric Mobility for Women
- Private Sector Engagement for Ecosystem-Based Adaptation (EbA)

New Mechanism:

The Ministry of Economy and Finance of the Republic of Korea (KMOEF) and UNFCCC secretariat agreed on the importance of the international carbon market for mobilizing private finance and technology for climate response. UNFCCC secretariat expressed interest in cooperating with KMOEF on the Global Voluntary Carbon Mechanism (GVCM). Notably, the importance of the carbon market has been highlighted as a key element in both the LDC Asia and ASEAN regional climate finance strategies, underscoring its potential to drive effective and sustainable climate solutions across the regions.

Next Steps:

At the Investment Forum, participants outlined the following next steps for advancing each project theme:

ASEAN

1. Preparation of Project Brief

ASEAN countries mentioned that the partner institutions should prepare a project brief that will be helpful to initiate conversations within the government and with the wider stakeholders.

2. Country Consultations

Initiate in-country discussions with wider and relevant stakeholders to align the project concepts with national priorities. Some partners committed to early national consultation and other partners committed to conduct consultation in local languages, with an aim to conclude by Q1 2025.

Further details:

- **Marine and Coastal Ecosystems project**

- **IUCN** will conduct national-level consultations in local languages, as widely as possible, across ASEAN countries by March 2025 to refine the marine and coastal ecosystems project concepts. An in-person validation workshop ("write-shop") will be organized in 2025 Q3 with interested countries and partners to finalize the concept notes.

- **Climate-resilient Water Governance and Climate-Resilient Infrastructure**

- **GGGI** will conduct national-level consultations on the ASEAN readiness proposal for climate-resilient water governance and infrastructure by 2025 Q1, with interested countries participating. Through these consultations, GGGI will further refine and develop the project concept notes by 2025 Q2.

- **Mekong River Commission (MRC)** will also undertake efforts to further elaborate, and conduct similar consultations, to develop a concept note and following this, a full project proposal titled 'Transboundary Ecosystem-based Flood and Drought Management for Climate Change Adaptation in the Lower Mekong Basin' for MRC countries to be submitted to the GCF by GIZ.

3. Partners Contribution and Role

- **GIZ** is committed to creating space for regional consultation based on ongoing initiatives.
- **AF & GCF** offers bilateral consultation for countries to better understand their programming.
- **IFAD** is open to collaborate with **Southeast Asian countries and Asia LDCs** and to engage with governments to co-design blended finance projects on climate resilient agriculture and rural development by combining IFAD's concessional loans with resources from climate and environment funds.
- **IUCN** stands ready to support Asia LDC and ASEAN countries in scaling up EbA initiatives.
- **ADB** is also open for collaboration to further develop project ideas, where relevant.

LDC ASIA

1. Country Consultations

Initiate in-country discussions with wider and relevant stakeholders to align the project concepts with national priorities.

Further details:

- **Climate-Resilient Electric Mobility for Women**
 - **UNEP** stands ready to support and follow-up with countries in conducting national and regional level consultations as part of their approach, under the Global Electric Mobility Programme led by the UNEP, to developing gender-inclusive e-mobility policies and projects in Asian LDCs and Southeast Asia.
- **Empowering Smallholder Farmers through Climate-Smart Agriculture and Waste-to-Energy**

- **FAO** is willing to support interested countries to develop a concept for climate-smart agriculture, waste-to-energy, and related country priorities if the GCF NDA requests FAO assistance for the project concept.
- **Ecosystem-based Adaptation**
 - **GGGI** committed to engaging further with relevant stakeholders in interested countries, including GCF NDAs, to obtain letters of support.

2. Partners Contribution and Role

- **AF** noted their interest to engage in the e-mobility program.
- **IFAD** is open to collaborate with **Southeast Asian countries and Asia LDCs** and to engage with governments to co-design blended finance projects on climate resilient agriculture and rural development by combining IFAD's concessional loans with resources from climate and environment funds.
- **ADB, SCoNe, IFC, AFoCO, GCF** are also open for collaboration to further develop the project ideas, where relevant
- **IUCN Secretariat** would like to request the concerned agency to undertake comprehensive baselines assessments of existing and proposed EbA investment in the Asia LDC and ASEAN countries including investments funded by climate funds, bilateral channels, and EbA dedicated funds managed by IUCN and UNEP. IUCN Secretariat stands ready to support Asia LDC and ASEAN countries in scaling up EbA initiatives.

Conclusion

- ❖ In conclusion, the Investment Forum established clear next steps to advance project themes across ASEAN and LDC Asia, emphasizing the importance of national-level consultations, alignment with country priorities, and stakeholder engagement.
- ❖ Countries demonstrated their commitment for early engagement and championing these regional initiatives and collaborating with partner institutions to co-design impactful projects.
- ❖ Partner institutions committed to providing technical support for regional consultations, and co-designing projects with governments to mobilize resources for transformative initiatives.
- ❖ The positive reception and the engagement in the forum are the necessary signals to match the high-level ambitions toward increasing access to and mobilization of climate finance to achieve the low emissions and climate resilient development pathways.

List of signatories [countries]:

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