

Findings and Recommendations

**Technical Assessment of Climate Finance for OECS independent states
inform the OECS Climate Finance Mobilization and Access Strategy**

OECS Climate Finance Strategy Workshop
13 – 14 September 2022
Harbor Club, Rodney Bay Saint Lucia



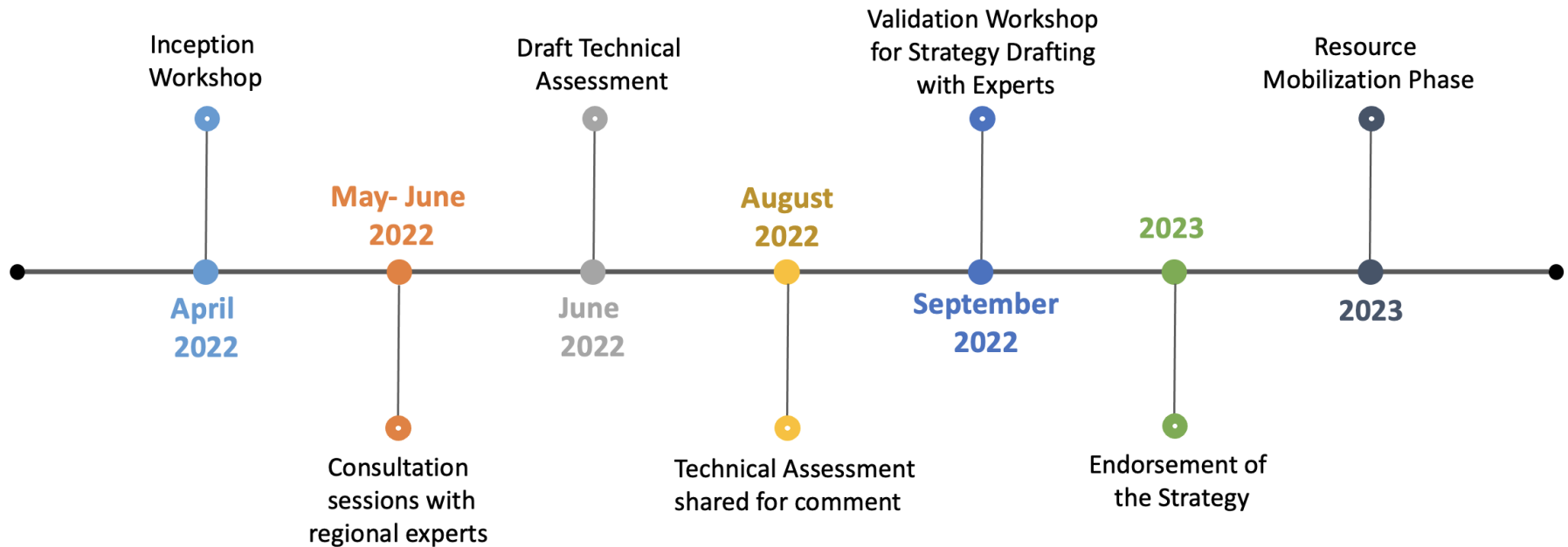
Project Objective

The project facilitates OECS independent states to:

1. Assess their climate finance barriers and prioritise climate finance and investment needs at the regional level
2. Develop a Climate Finance Mobilization and Access Strategy (inclusive)
3. Implement the mobilization and access of climate finance (partnerships)



OECS Needs Based Finance Project Milestones



Observations and Findings

Challenges and Opportunities

Climate Finance Gaps

- To finance the climate change needs expressed to date, the region needs approximately **USD 3,3 billion** up to 2030
- Approximately **USD 409 million** in climate finance needed annually from 2022 to 2030
- To date, the inflow of climate finance from public international sources has been on average **USD 84,856.29** per year
- The reported cost of mitigation measures is twice as much as for adaptation, but given the region's context, adaptation represents a bigger and more urgent priority

Domestic Market Development

- Improving needs assessment capacities
- Enhancing policy mainstreaming & integration
- Innovation on financial instruments such as convertible grants, blue bonds, conservation credits
- Learning from international networks to enhance domestic regulatory environments through best practice exchange

Barriers to Accessing Climate Finance

- Limited human resources and institutional capacity to develop and implement projects
- Data quality and temporality varies
- Insufficient awareness of procedures for international climate funding and their procedures
- Limited access to highly concessional finance due to classification as upper middle income and high-income countries

Capacity Building

- Generation of knowledge and capacity may implicate the participation of wider stakeholders, generating the means to implement improved climate initiatives, development plans and adaptation projects.
- This may catalyze the expansion of institutional and legal frameworks that are replicated at a regional level



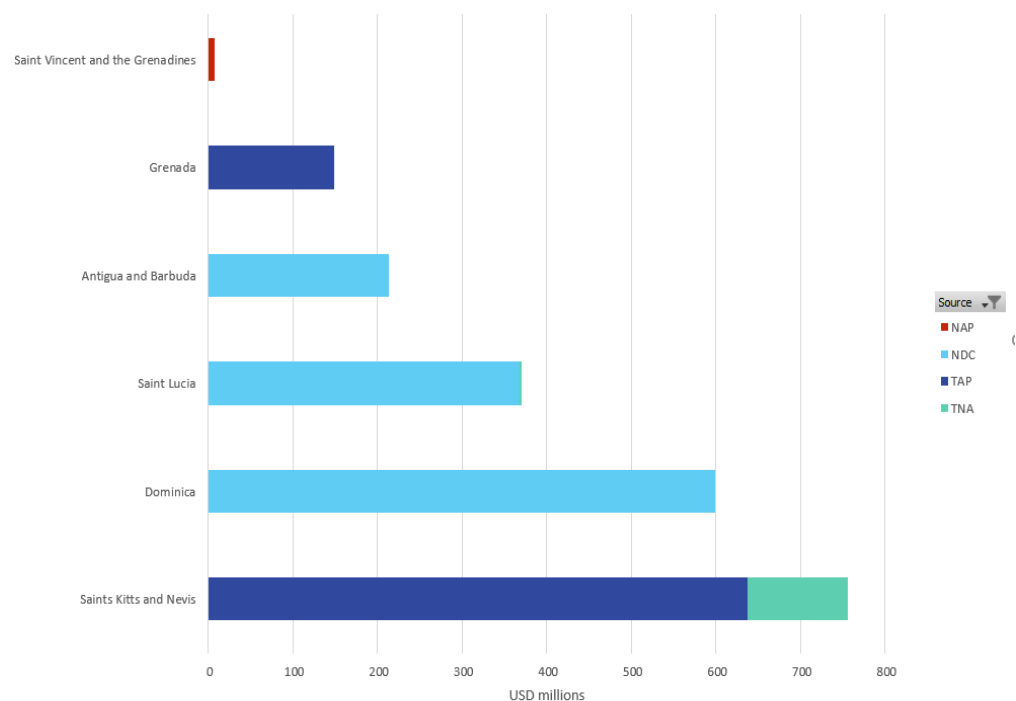
Options based on observations from the TA

Main objective: Increase access and mobilization climate finance

1. Strengthen climate finance data and reporting in the region
2. Climate finance capacity building and human resources
3. Financing for energy sector, resilience and adaptation
4. Match climate finance with country needs and priorities
5. Diversify sources of climate finance, including blue economy and carbon
6. Expand regional cooperation for mobilizing climate finance



1. Strengthen climate finance data and reporting in the region

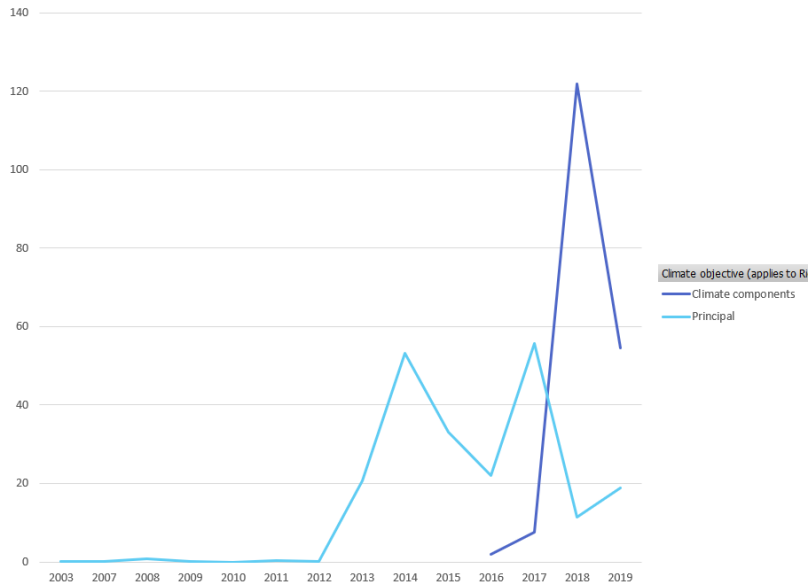


- Data quality and temporality varies greatly.
- Despite recent submissions of NDCs, many countries lack on adequate costing of needs.
- Some countries' costs are from previous NDCs and have not been updated in latest versions.
- Most do not have sector/time frame specific estimates.
- The availability of this information is a starting point for submissions to international climate- related finance projects.
- Technical assistance to show and retrieve data.



2. Climate finance capacity building and human resources

Climate-related finance flows from international public finance sources (2012-2019)



- Building domestic capacity to design and articulate quality project proposals is a common need among the countries, despite some success in accessing funds from bilateral sources and climate funds to date.
- Time frames are inadequate to properly take advantage of funds. Commonly too short to allocate given limited human resources.
- There is only 2 national AE (Antigua and Barbuda Ministry of Health and Environment and Grenada Development Bank), and two regional AEs (CCCCC and CDB).



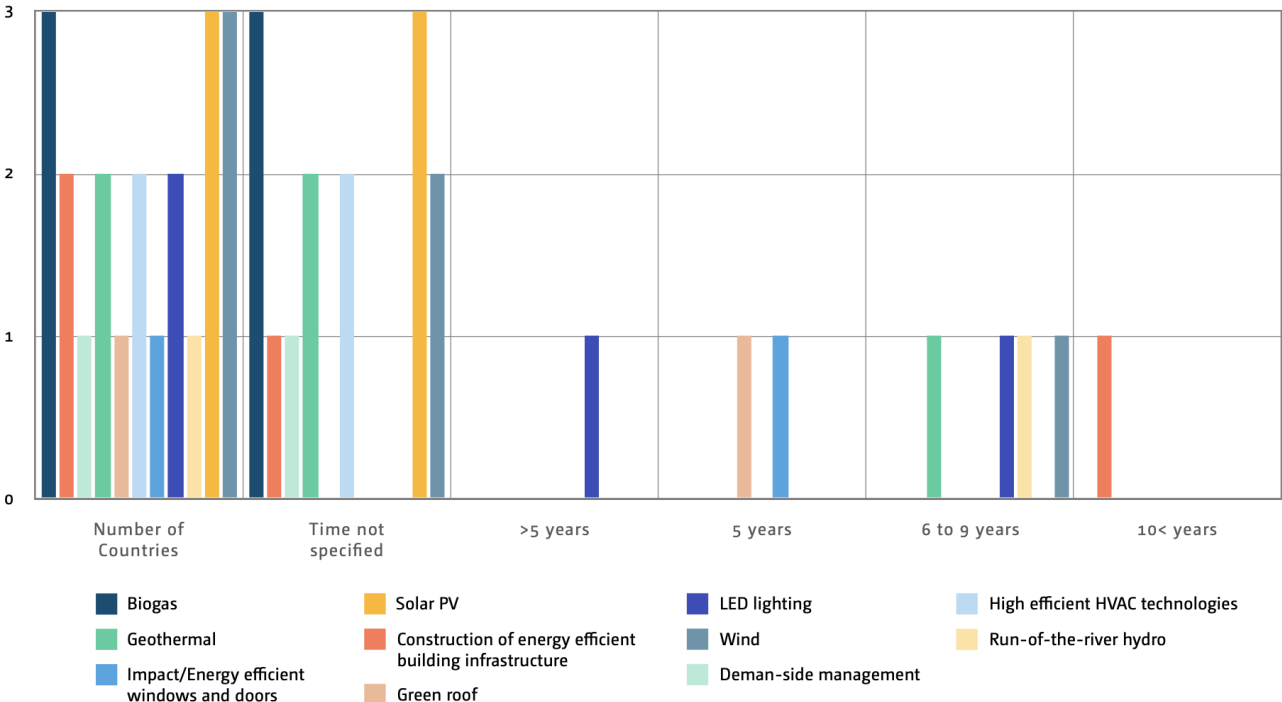
2. Climate finance capacity building and human resources

- Existing financial and technical expertise may be harnessed by engaging national and regional financial actors in the development of project pipelines and/ or innovative financial instruments.
- Evaluation of existing regional capacities and gaps in relation to preparing project proposals, and facilitate (with support of development partners) training to foster preparation of project and programme proposals for priority sectors, including financial structuring.
- Consolidate information (possibly on a common platform) on the various climate funds and funding facilities accessible to the OECS independent states, including procedures and eligibility criteria.



3. Financing for energy sector, resilience and adaptation

Energy needs by subsector and time frame



- Predominance of energy sector in NDCs require dedicated climate finance and enabling environment for private sector.
 - a) Policies to unlock renewable energy in domestic markets
 - b) Regional coordination on energy
 - c) Access to energy technology

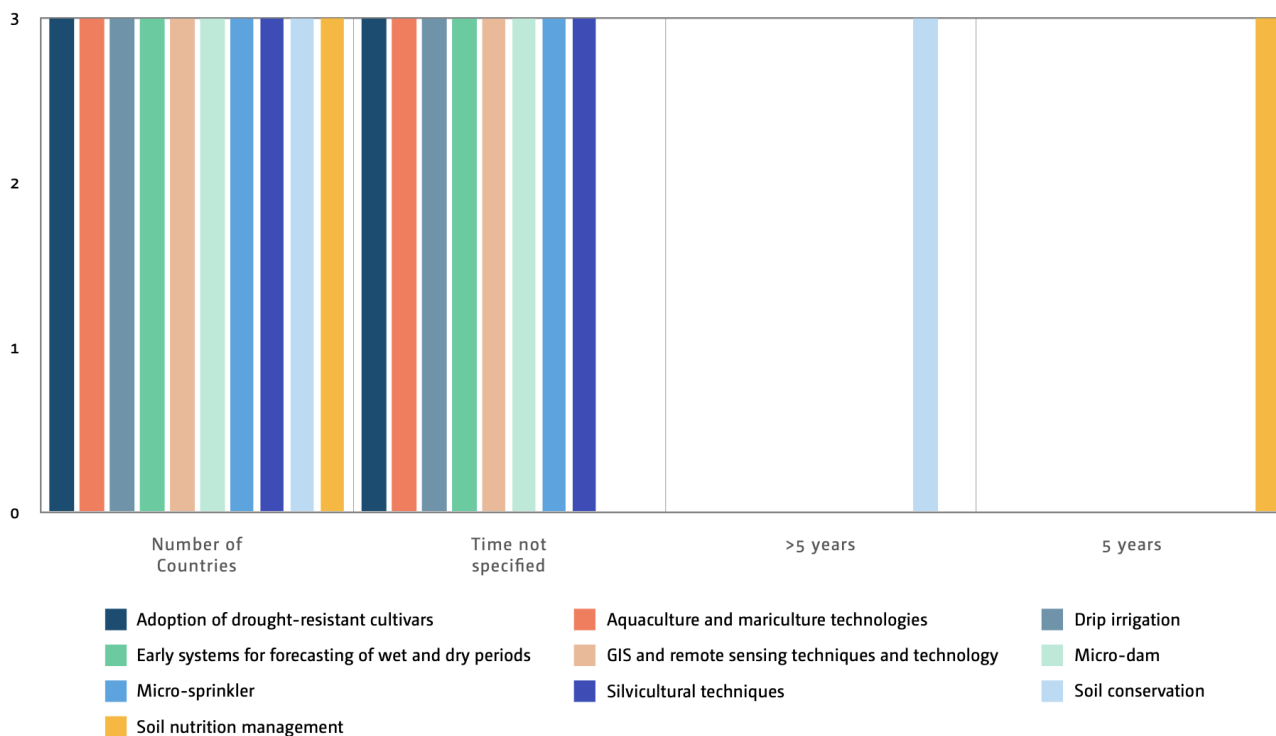
Source: NAPs, NDCs, TAPs, and TNAs.



3. Financing for energy sector, resilience and adaptation

- Adaptation and resilience: agriculture slide.
 - a) Focus on grant-based instruments and concessional financing
- Disaster risk and loss and damage funding

Agriculture needs by subsector and time frame



Source: NAPs, NDCs, TAPs, and TNAs.



4. Match climate finance with country needs and priorities

Table 12
Priority sectors for adaptation by country

	Agriculture forestry and other land use	Building sector	Coastal and marine ecosystems	Disaster risk reduction	General	Public health	Social sector	Tourism	Vulnerable groups	Water
Antigua and Barbuda		✓					✓			✓
Dominica										✓
Grenada	✓				✓			✓		✓
St. Kitts and Nevis	✓	✓	✓			✓		✓	✓	✓
St. Lucia			✓			✓		✓		✓
St. Vincent and the Grenadines	✓		✓	✓		✓				✓

- The most funded sector has been transport, disaster prevention and preparedness, and energy.
- Most funded needs appear to be different to priorities



Table 14
Mitigation priority sectors

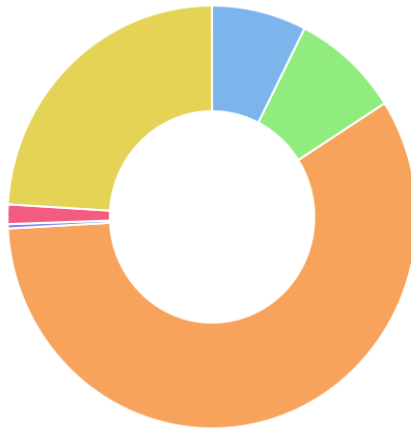
	Agriculture, forestry and other land use	Electricity	Energy	General	Industrial processes	Transport	Waste
Antigua and Barbuda	✓	✓	✓			✓	✓
Dominica	✓		✓			✓	
Grenada			✓	✓		✓	
St. Kitts and Nevis			✓			✓	
St. Lucia	✓		✓	✓	✓	✓	✓
St. Vincent and the Grenadines	✓		✓			✓	



5. Diversify sources of climate finance, including blue economy and carbon

ECCU Loans by Economic Activity

Dec 2019



● DISTRIBUTIVE TRADES ● TOURISM ● PERSONAL
● AGRICULTURE & FISHERIES ● MANUFACTURING & (MINING & QUARRY)
● OTHER

- Domestic climate finance facilities, green banks and initiatives are limited in the region.
- Government of Antigua and Barbuda has developed a national fund, the SIRF Fund, to serve as the primary channel for environmental, climate mitigation and adaptation funding from international and domestic sources.
- Grenada Development Bank has developed the Climate Adaptation Revolving Fund for Vulnerable Households and micro, small and medium manufacturing enterprises
- ECCB is mainly providing consumer loans and there are no climate-related loan or credit line instruments.
- GCF is developing a Sustainable Blue Economy Co-Investment Facility



5. Diversify sources of climate finance, including blue economy and carbon

- In many countries in the region, sea territory is larger than land territory. This provides potential for the development of sustainable blue economies.
- Coastal and marine ecosystems, disaster risk reduction, waste and water were stated as priority sectors for adaptation and mitigation. All related to sea territory.
- The Caribbean region has opportunities in this sector, with the possibility for development financial products that can provide funds from investors via bonds or credits (e.g. Ocean Conservation Credits (Niue, Pacific); GCF Sustainable Blue Economy Co-Investment Facility).
- Sustainable management of coastal zones provides enabling environment for economic development and resilience towards extreme weather conditions.



5. Diversify sources of climate finance, including blue economy and carbon

- Cooperation with institutional investors such as pension funds, to buy green bonds and invest in pooled clean energy infrastructure funds.
- Private sector engagement through an enhanced understanding of their possible contribution to climate finance.
- Establish a network of private sector climate finance entities across the OECS to develop ways and means to enhance the engagement of the private sector in climate finance related activities in the region.
- Expand range financial & banking products aligned with national climate action objectives at a national and regional level.



6. Expand regional cooperation for mobilizing climate finance

- Regional initiatives may provide opportunities for technical assistance and collaboration with governments facing similar barriers.
- Public accessible online knowledge platform for the region for compiling information on projects and programmes that have already been implemented or for which financing was successfully accessed
- Promotion of discussion and best practice sharing through regional in-person or virtual knowledge exchange forums.
- This may support national efforts to:
 - ✓ Develop institutional arrangements for climate finance
 - ✓ Enact enabling interventions and targeted support to strengthen the provision of climate finance
 - ✓ Strengthen the integration of climate in national budgeting processes and market supervision



Thank you!



https://unfccc.int/NBF_Project