

Outcomes Article



OECD-PCCB Network Workshop Series #1 Capacity Development to support developing countries access climate-related finance



The first virtual OECD-PCCB Network workshop, in collaboration with the [Commonwealth Secretariat](#), took place on 4th May 2022 and gathered over 120 stakeholders from donor and partner countries, international organisations, multilateral development banks, funds, academia and civil society. The workshop focused on capacity development to support developing countries access climate finance. The workshop included a technical panel discussion looking at the current bottlenecks that partner countries experience to access finance; and thematic discussions around three break-out groups that focused on (a) effective and innovative mechanisms to support partner countries; (b) supporting the capacity of the private sector of partner countries; and (c) initiatives helping SIDS access climate finance.

Representatives from the [OECD](#) and [UNFCCC PCCB](#) highlighted the importance of having the right capacity in the right place and with the right stakeholders to foster action for climate change. The [PCCB Network](#) is helping identify concrete capacity-related bottlenecks and look for ways to help countries lift them; while capacity development is at the core of donor activities. In fact, donors invest up to 40% of their climate-related Official Development Assistance in capacity development activities – yet these investments are not always delivering sustainable results. Investing in supporting partner country access to climate finance can be a way for donors to accelerate partner country action and ambition, according to a recent OECD report.

A technical panel included representatives from the [NDC Partnership](#), Ghana, the Commonwealth Secretariat, the [UN CTCN](#) and academia ([University of Queensland](#)). Panelists highlighted the following issues:

- Supporting the NDC process has paid off, with more realistic and better quality documents. The ambition needs to follow now in terms of resources flowing for NDC implementation in developing countries. Notwithstanding finance, bottlenecks exist in the demand (e.g. laying out needs for international financing, enabling environment) and the supply side (e.g. mapping needs, understanding NDCs and local contexts, engagement with the private sector, many pilots taken to scale or replicated).
- Partner countries need capacity development across all ministries, to go beyond the country's focal key. In some cases, co-ordination can help simplify and enhance access as well. For instance, in Ghana inter-ministerial working groups helped submit more proposals to the [Green Climate Fund \(GCF\)](#) than before, although progress is still needed at subnational level. Working through such country-owned institutions can ensure that capacity is enhanced and sustained over time.



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- Research has looked at how finance hits the local level and, in turn, help design more effective projects. Bottom-up approaches have been implemented for some time but sustainability is still an issue, unless the awareness and education components of projects are strongly embedded, as these help with local approval and ownership. Ultimately, donor activities ought to ensure that local actors are not only consulted, but also decide on financing allocations and priorities (where the donors take a role of facilitators building upon the diverse capacities of local stakeholders).
- Another element that enhances success from donor activities is by ensuring shared access from the benefits of capacity development initiatives across communities and to use existing entry points to multiply these benefits (e.g. in Vanuatu using technical colleges for students that skill up on a range of climate-related issues that then can benefit their communities once trainings are over). Such institutions could be created (e.g. establishing and funding climate change capacity academies).
- Unlocking climate finance requires time – and some institutions, such as the Commonwealth Secretariat or the NDC Partnership, engage through technical advisors deployed in-country. These advisors deliver capacity for accreditation and to ensure direct access; to develop policies and readiness, as well as to make sure that the private sector can engage. The benefit of working with an institution like the Commonwealth or the NDC Partnership is that they are able to tap and share lessons across countries where they engage.
- Another example of long-term engagement is provided by the CTCN, which is the implementing partner of the GCF, and has many success stories in accessing climate finance across a range of sectors (e.g. tourism, water and sanitation, renewable energy) and countries (e.g. Eswatini, Sudan, Seychelles, Tunisia, Mozambique). Effective access to climate finance requires time – it is a long-time process, requires the institutionalisation of needs, development of a climate change institutional architecture and the implementation of many projects to learn gradually over time, despite turn over.

Breakout Group 1

The first group, on effective and innovative mechanisms to support partner countries' included presentations and solutions from academia ([Arizona State University](#)), the UK, the [IIED](#) and the OECD. The presentations highlighted the following solutions:

- Ensuring more effective capacity building needs deep changes in how the business is conducted, sustainability is possible if peer-to-peer learning is embedded in activities, if we expand our understanding of what capacity is, who is able to receive this support and donors are open to other ways of knowing, dynamics and forms of knowledge.
- A UK-Fiji co-chaired Taskforce on Access to Climate Finance is looking into how to enhance access through, inter alia, capacity development. The Taskforce is aligned with climate national plans and takes a programmatic approach, focused on LDCs and SIDS. The Taskforce is now piloting its approach in Uganda, Bangladesh, Fiji, Rwanda and Jamaica.
- The IIED provided a comprehensive operational example on how to access climate finance through its ACT framework. This framework shies away from training and looks at the capabilities of systems, including stakeholder relations in the long run.
- The [EU4Environment programme](#), where the OECD is an implementing partner, focuses on how to accelerate readiness in Central Asia and Eastern Europe. The programme does so by supporting capacity development in greening public expenditure, subsidy reform, awareness raising, public spending and finance, enhancing planning and investing capabilities across sectors.



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The second group focused on initiatives that are helping SIDS access climate finance and featured presentations from Australia, the Commonwealth Secretariat, the [Adaptation Fund](#) and Antigua and Barbuda. Speakers highlighted the following solutions:

- SIDS in the Pacific are extremely vulnerable to climate change so need to access finance to develop their capacities as a priority. Australia highlighted the good practices that puts in place in the region and highlighted a recent [IME](#) report that explores how to lift capacity development barriers in partner countries.
- The Commonwealth Secretariat has developed a [Climate Finance Access Hub](#), which is a country-driven platform that focuses on supporting access to climate finance and that mainstreams youth and work with the private sector. The initiative aims to support donors scale up their activities through access to finance.
- The Adaptation Fund highlighted a successful project in the Seychelles, which enabled the country to access climate finance for several projects, and also presented several knowledge products to support SIDS, notably to streamline and fast-track accreditation and re-accreditation processes.
- In Antigua and Barbuda, having accreditation is not synonym to accessing finance and the country is working to develop a robust pipeline of bankable projects. The country, however, has to deal with the challenge of having been graduated from the ODA eligibility list, which makes it harder for it to access concessional finance.

The third group dealt with efforts to support the capacity of the private sector in partner countries, with presentations and solutions from the [Landscape Resilience Fund](#), Senegal's Bureau de Mise à Niveau, [GIZ](#) and the [UNU](#). Presenters highlighted the following solutions:

- The Landscape Resilience Fund presented its innovative (and prize-winning) model to overcome barriers for SMEs to access finance through capacity development, which is delivering first results in Ghana and soon in other developing countries.
- Senegal's BMN provided an overview of its activities and model, as well as a number of successful project activities that it has successfully in a range of sectors (urban design, renewable energy) to support MSMEs and with support of a range of donors (e.g. European Union, [UNIDO](#));
- GIZ presented its climate finance access and capacity building support activities, notably in the context of accessing GCF support, to which GIZ is an implementing partner. GIZ emphasises working with the private sector in climate change adaptation and to green the financial sector. It also is developing South-South networks and a sustainable finance policy navigator tool.
- The United Nations University (UNU) briefed participants on its Economics of Climate Adaptation programme, which looks at how to match the investment needs of donors with the needs of partner countries. It did so by presenting a case study of KfW's investments in Honduras building on its modelling platform (CLIMADA) that helps quantify hazards for decision-makers.

In the discussion plenary, participants also noted that the importance of moving towards a model where domestic partner country institutions can access finance directly from donors, instead of through intermediaries. The current situation also shows that there are many more accredited institutions with the GCF than bankable projects coming from these institutions. One area that is hindering the development of such projects is access to data – the topic of the next OECD-PCCB Network workshop. To support partner countries, participants highlighted the importance of sharing knowledge among countries and experts (e.g. GIZ's community of practice on accredited institutions) and to work with academia to ensure the sustainability of capacity development investments over time. The long-term deployment of experts is also a key tool to train government officials and for these to take a 'train the trainers' approach, while ensuring the transferability of skills across government. Finally, the work with SMEs is urgent, as is working with communities and the local level.

For further information on the workshop, please visit the event webpage (available [here](#)), where you can find all the presentations. The recording of the workshop is available [here](#) (plenary and breakout group 3); [here](#) (breakout group 1) and [here](#) (breakout group 2).



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