

Strengthening National Capacities to Access Climate Finance

Strategizing Public Bilateral Finance in the post-2020
Paris Regime

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Realization in the Southeast Asia Region

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1. Recap and the Observed Gap

- **Asia** remains to be the principal recipient region of public climate finance flows (UNFCCC 2019)
- Among the multiple sources, significant portion of public climate finance is channeled **bilaterally** through existing institutions and instruments

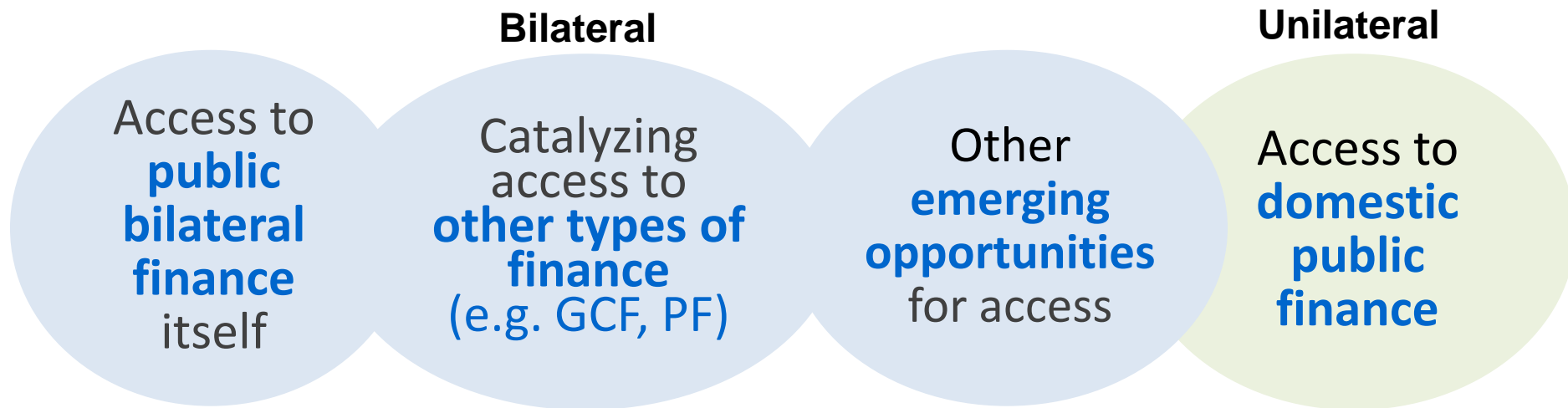
	Annual average USD billion	Area of support				Financial instrument		
		Adaptation	Mitigation	REDD-plus ^a	Cross-cutting	Grants	Concessional loans	Other
Multilateral climate funds ^b	1.9	25%	53%	5%	17%	51%	44%	5%
Bilateral climate finance ^c	31.7	29%	50%	–	21%	47%	52%	<1%
MDB climate finance ^d	24.4	21%	79%	–	–	9%	74%	17%

UNFCCC 2018

- Yet, there are observed gaps among the resource needs, available resources, and **the actual access attained** to meet specific climate objectives

2. Understanding the Access (1)

1. **Access** mostly discussed in the multilateral context, but holistic approach to access to finance (incl. bilateral) is important to maximize resource acquisition
2. **Multiple aspects** of access to public climate finance



3. Access is not only the matter of volume/sources – but entails **qualitative considerations** (e.g. planning capacity, proposal writing skills)

2. Understanding the Access (2)

- Despite country-specific nature of access, there are **Common Enablers** for enhancing access to public bilateral finance

Planning Capacity

1. Self-assessment & robust understanding of
 - **demand** (own priority needs)
 - **supply** (support landscape, players, instruments) shared among domestic stakeholders
2. Strategic selection of **instrument** to fit with specific demand
3. Strategic **selection of partners**

Proposal Formulation Skill

4. Preparations for robust proposal documents and follow up in line with domestic approval process & DP's procedures

2. Understanding the Access (3) Specifying Demand & Supply

Demand Side

- ❑ What are the **PRIORITY finance and capacity needs**?
- ❑ Sufficient data/evidences?
- ❑ Which part of the resource needs require access to public bilateral finance? (demarcation)
- ❑ What are **the domestic regulations & due procedures**?

- ✓ **Who's needs?** (shared priority by F/P, LMs, implementing agencies?)
- ✓ **What/which specific country experiences, systems or technology to learn more from/adopt?**

Supply Side

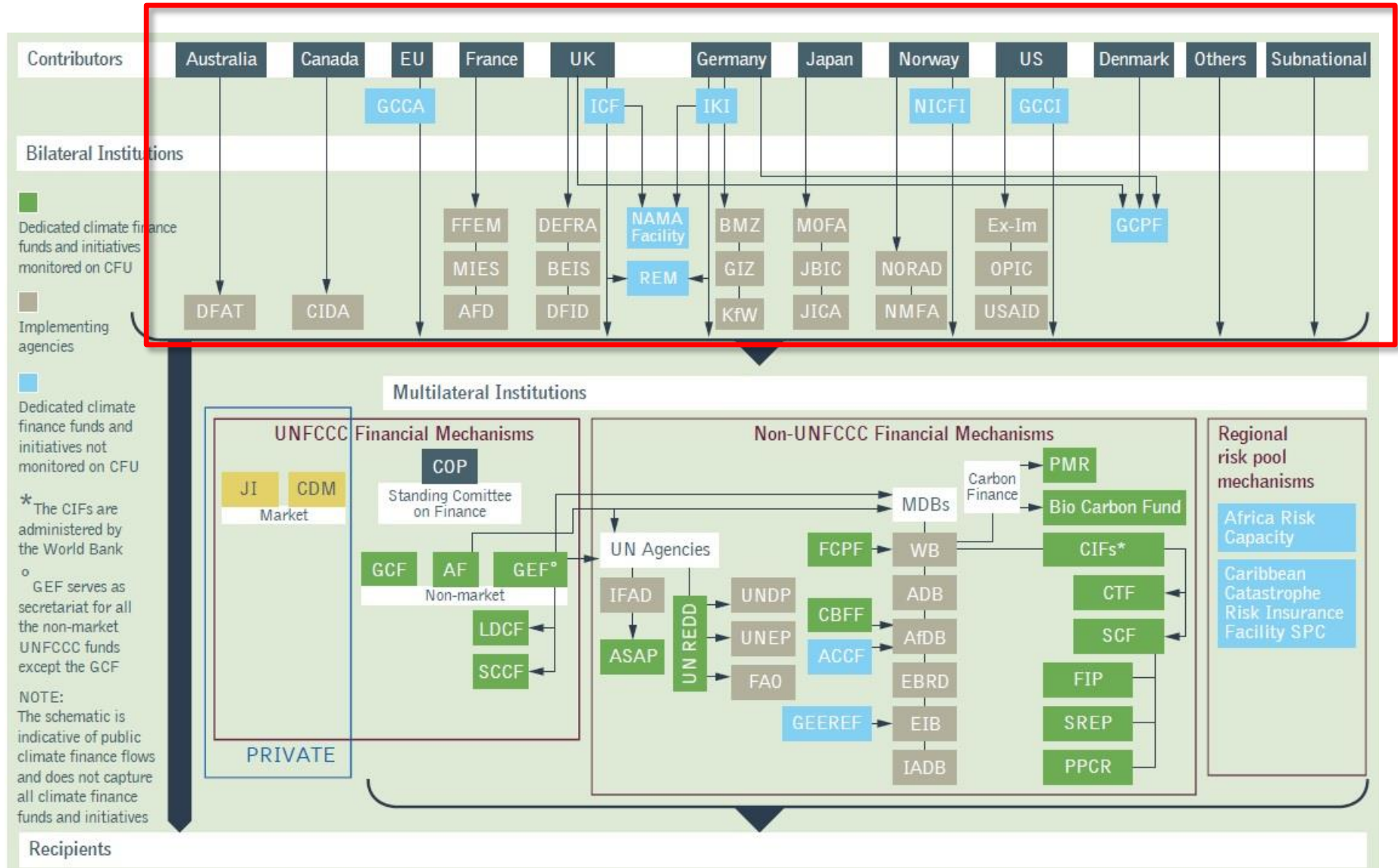
- ❑ What are the **existing, key bilateral support** available?
- ❑ Who are the **major bilateral players** in your country/region?
- ❑ What are their respective **comparative advantages**?
- ❑ What are the **bilateral players' due procedures** to enable access?
- ❑ Other requirements?

- ✓ Underlined focus of **climate support strategies, country support programmes**
- ✓ Available instruments

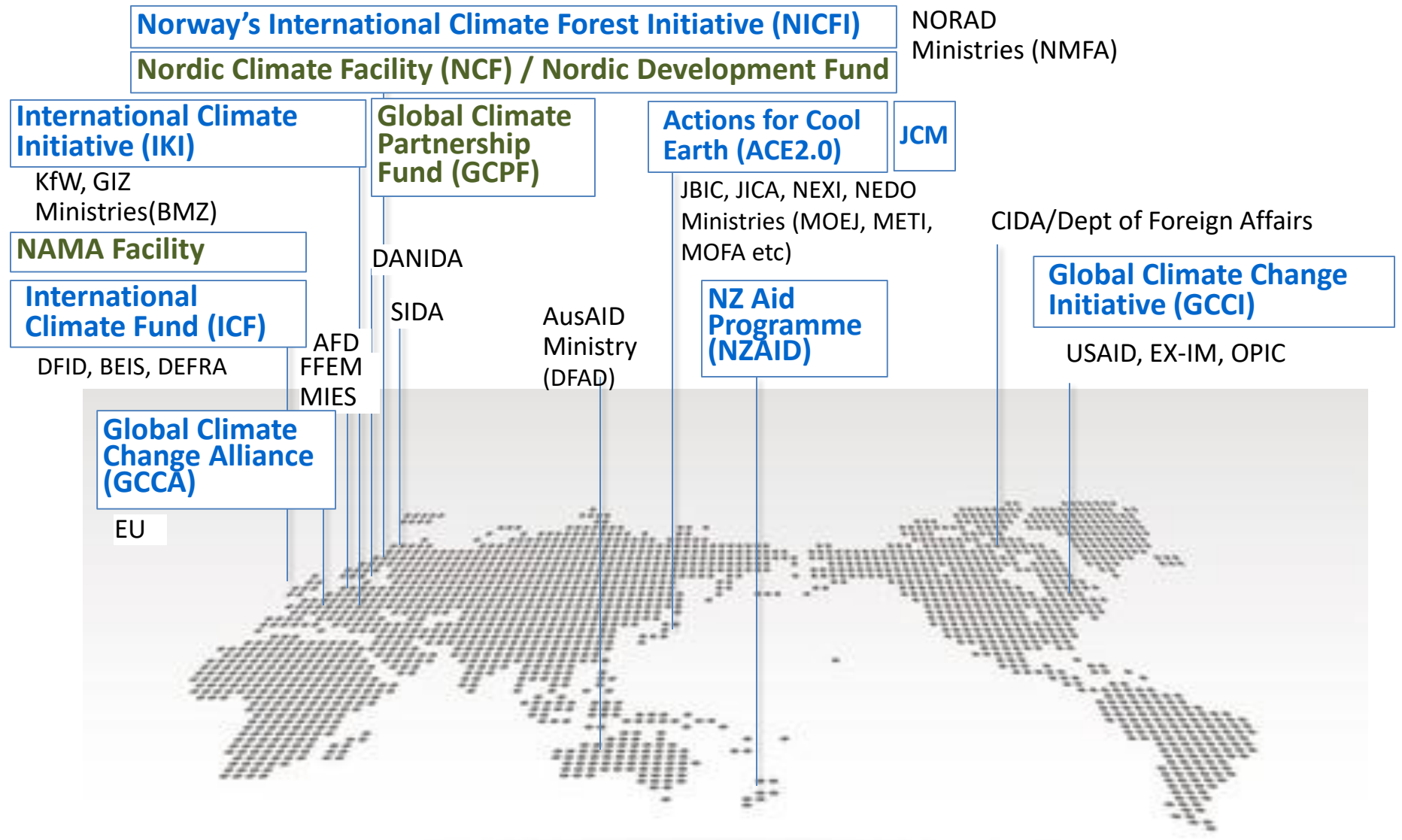
4. Existing Initiatives & Players (non-exhaustive)

* **Additional effort** required by the host country to identify which partners are active in specific country

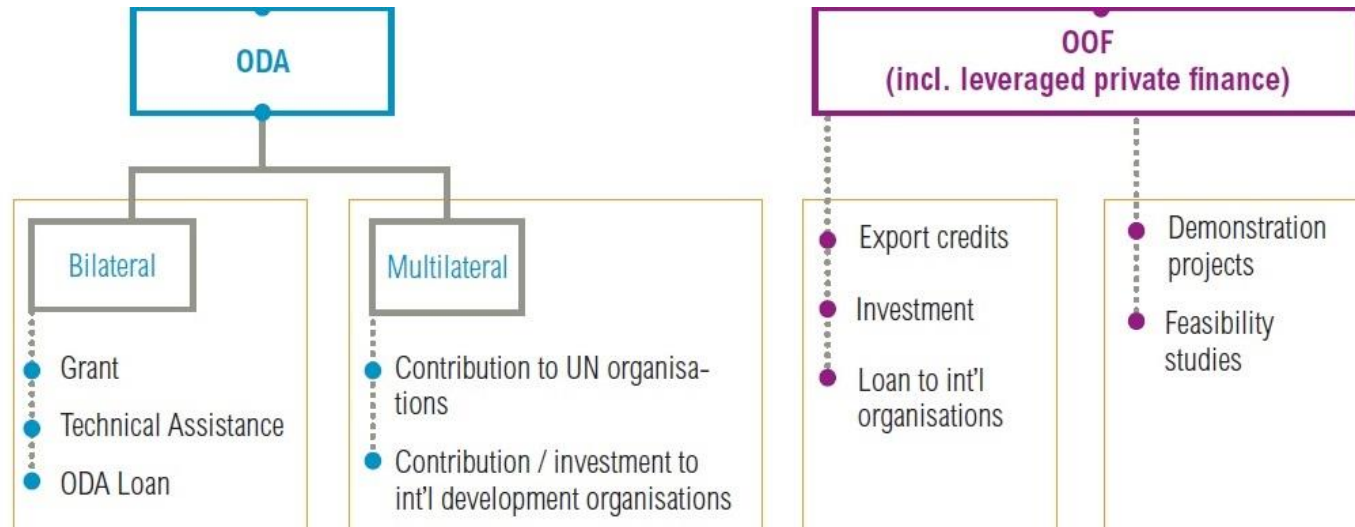
Bilateral*



4. Existing Initiatives & Players (non-exhaustive)



4. Key Instruments



Adapted from Kuramochi et al., 2012

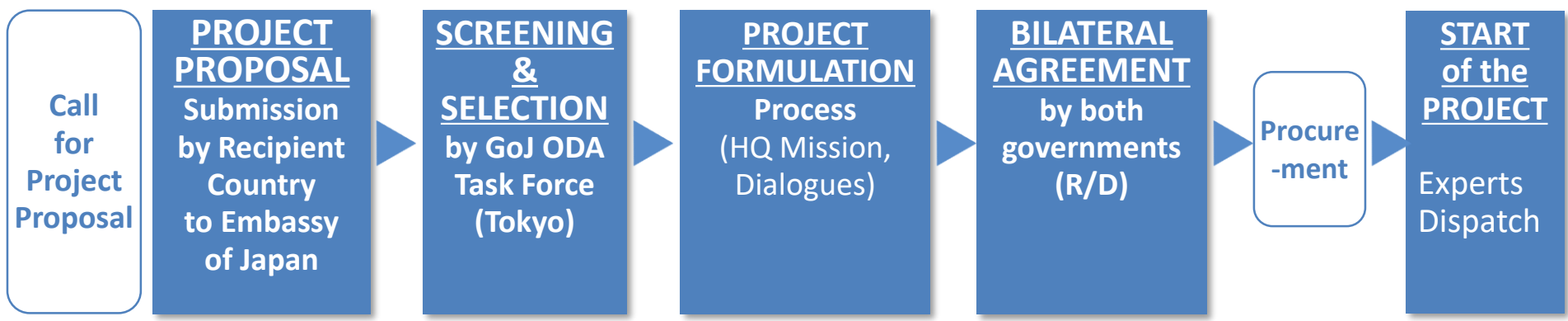
- Optimum mix differ according to **country-specific conditions and economic development stage**
- **Grant/TA** for national/sectoral PAMs, pilots, capacity building, but with differentiated access opportunities for LDCs and MICs
- **Concessional Lending** for e.g. climate-proof infrastructure projects, but with careful balance with country's absorptive capacity and debt ceiling
- **Guarantee & Equity Investment** to leverage private projects (e.g. RE/energy conservation/new tech)

Gradual shift of public financial institutions towards green/climate investment in line with **environmental, social and governance (ESG) investment** (incl. climate-related financial disclosure) movement

4. Due Procedural Requirements (e.g. Grant/TA)

- Defined **Annual Cycle** for Project Formulation/Planning
- Access to Bilateral Finance is **governed** by
 - (1) ODA procedures of DPs; and
 - (2) Domestic Regulations of the Host Country**
- Steps, formats, internal endorsements to be followed before the proposal package arrives at the respective Embassy
- Host Country have the **Designated Institution** handling Bilateral Cooperation matters (e.g. Bilateral Dept of Ministries, Cooperation Agency)

- **Expectation Management**
- Early actions/planning required to factor in **the lead-time**, and putting the documents into the formal procedure

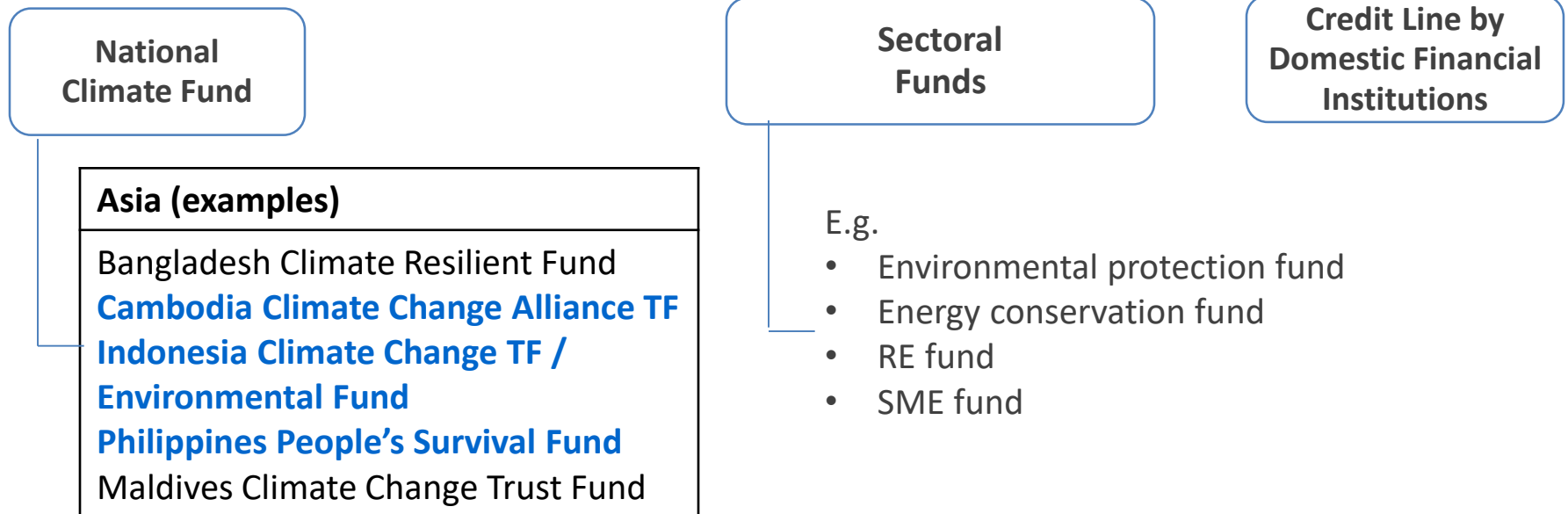


5. Other Opportunities for “Access”

- **South-south cooperation** as the new mode of bilateral cooperation to supplement conventional north-south bilateral support provided by OECD community

➤ how to factor in those opportunities?

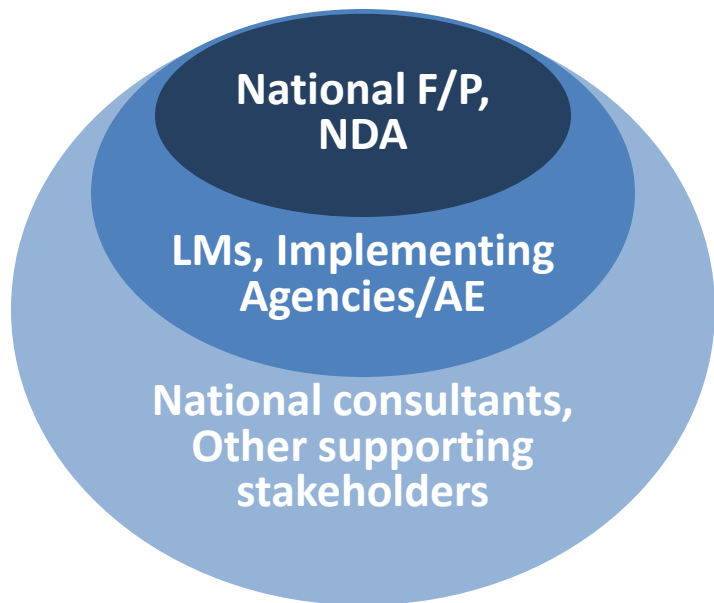
- Increasing demand for harnessing **domestic public resources**



- Are those domestic funds readily accessible by those who need?
- Resource allocation/earmarking for climate purposes?
- Rooms for improvements? (e.g. regulatory reform, allocations, etc)

6. Preliminary Observations for CB for Proposal Writing Skills

- Various **capacity building/training opportunities** available to AMS to develop proposal writing skills at regional & country level
 - UNFCCC WS, CF Ready, TGO/CITC write-shop, AIT/RRC.AP, etc etc
- CB mainly focusing on access to GCF, but the skills are **replicable** regardless of financial sources/funds;
 - e.g. investment criteria, scalability, differences from development projects



To further build national capacity to access,

- **Who** should nurture proposal writing skills in the country?
- **Who** should engage in CB opportunities?
- **What** is the best approach for participant selection?
 - appointment/nomination based?
 - open call for proposals?

6. Final thoughts..

- Public climate finance (bilateral) has a room to play in the post-2020 Paris Agreement implementation phase, although its role might change over time in rapidly growing Asia (e.g. catalytic role)
- Continuous effort to address **common enablers** increases the chances for access
- **Concerted, continuous effort** required to enhance planning capacity, and sound proposal development skill
- In view of regional diversity, **tiered approach** for accessing public climate finance according to different stages of economic development might be useful
- Capturing **south-south cooperation** and strategizing **domestic public finance** offers additional access opportunities
- Maximizing **peer-to-peer experience sharing** to expedite learning & implementation (e.g. how to effectively engage PS)

Thank you!